



Real Estate  
YOUR HOME | YOUR LIFE

# The Prequalification Process

When working with your local bank or mortgage broker, the prequalification process is one of the first steps in your journey of becoming a home buyer.

But what does it mean to be prequalified? How can you make sure you're ready to make the leap from renter to owner?

When you prequalify for a home loan, you're getting an estimate of what you might be able to borrow. This number will be based on information you provide about your finances, as well as a credit check executed by your bank's third-party partner.

Prequalification is also an opportunity to learn about different mortgage options. You can use this time to work closely with your lender to identify the right fit for your needs and goals of home ownership.

These needs may differ if you are buying your first home or entering the property investment space, so be sure to have a clear idea of your goals before engaging with your lending partner.

## THE PROCESS

Preapproval is as close as you can get to confirming your creditworthiness for a new home loan. The first step



© ADOBE STOCK

is generally to complete a mortgage application. From there, your lender and underwriting team will verify the information you provide.

If all goes well, and your credit check comes back without major issues, you'll be pre-approved. If you're pre-approved, you'll receive a preapproval letter, which is an offer

to lend you a specific amount. These letters are generally good for 90 days, but you can ask about specific timelines with your local lender.

## BE PREPARED

Lenders look at every detail of your finances when going through their preapproval process. This includes loan

payments you are currently making or your current employment situation.

Don't be intimidated by this. They are merely trying to protect their investment in your home and future. But you should be prepared to answer such questions as soon as they come up.

One way to make sure

you're ready is to take a hard look at your finances, outstanding loan payments and current income. Once you understand how much you bring in versus how much is going out on a monthly basis, you will be ready to answer questions related to your wherewithal to handle a mortgage payment.

# Should You Move for a Job?

When considering a new job, geography is one of the most important factors at play for many families.

Relocating can bring plenty of stress on parents and young children who may be intimidated about finding new friends, churches and schools.

And if you've taken part in any job interviews, you know that this question comes up if you're targeting a role outside of your geographic location. Another example is when a company decides to move its headquarter to a new city.

Although technology has opened the door for more remote workforces, these still may be decisions that come up in your life.

## KEY FACTORS

The following list includes important considerations that experts recommend when relocating for a job, according to a recent report in Business News Daily.

- Potential relocation expenses.
- Cost of living in the new area.
- Advancement opportunities upon relocation.
- The impact on your family.
- Finding a new job for your spouse.
- The local school systems for your children.
- A backup plan if the relo-



© ADOBE STOCK

cation doesn't work out.

If you decide that moving makes the most sense for your career path and your family's overall health, working through these factors will validate your decision.

## KEY STEPS TO TAKE

Once you decide to relocate, there are many steps to

take to make sure your move is successful. Some of these steps include selling your home, finding a new home, calculating the cost of moving, shipping all of your items long-distance, finding a new school and more.

Finding a Realtor with a history of helping new-to-town residents will be key in a

seamless move.

Make sure this is one of the first things you take care of by researching online and making calls ahead of time to Realtors in your new target city.

Don't forget to ask your company if they offer relocation services or a moving bonus. These are incentives

designed to attract and retain top talent.

Check with management and study the options available to you, as getting some assistance on moving can greatly help your family's wallet and give you extra peace of mind while you go through the stress of moving away from your home.

# Research Local Agents

Selecting the right local Realtor can make all the difference when it comes to finding your dream home. It can also make a huge impact on how much you pay or profit when the negotiations are all finished.

As long as you put in your homework on researching potential Realtors, you're likely to land someone who works hard to make sure your experience is a successful one. Start with your friends and family members to see who they recommend.

Then look into local media outlets like newspapers and TV channels to find which companies or individual Realtors are actively advertising their businesses, as this is a great sign of a successful organization looking to find more clients.

## RELATIONSHIPS MATTER

Relationships are everything when it comes to finding the right Realtor for you. Your goal should be to find someone who you click with; someone who can help support you during the process and who has your best interests at heart.

Throughout the process of buying or selling your home, you will be working closely



© ADOBE STOCK

with this person, likely on a daily basis. So making sure you are able to trust and build a strong relationship along the way is a very important factor to consider.

## QUESTIONS TO ASK

Consider the process of hiring a Realtor like a job interview. You want to make sure

this person is the right fit for you and your goals.

You would never hire a strictly commercial real estate agent to help sell your traditional home, for example, even if they tell you they feel comfortable entering such a transaction.

Here are a few questions to ask your prospective Realtor

before signing any kind of documentation:

- How long have you worked in real estate?
- How long have you lived in this area and how well do you know it?
- What type of property do you specialize in?
- Have you worked with other clients in my desired

area and price range?

- Will you show me homes when I'm available?

Once you feel comfortable with a Realtor, don't be afraid to utilize their services as frequently as needed. Remember, they are making money off your property transaction and are there to help you along the way.

# Technology and the Home Search

Especially as in-person networking events have taken a hit due to the COVID-19 pandemic, technology and social media platforms have become more important than ever before.

They have given us a way to connect with people without being physically with them, and we're able to learn more about new things through digital content, videos and screen-shares.

This includes online groups or forums that help you find specific items or explore certain interests. The real estate industry is one of the sectors that has been transformed by technology.

Fancy online videos and virtual tours have replaced the in-person home visit, at least initially. You're able to get a good idea of what a prospective house has to offer without even making a trip to see it.

This, in turn, cuts down on your research time and gives you more potential homes to add to your initial list for consideration.

## WHAT TECHNOLOGY DO BUYERS PREFER?

Here are the tech specs buyers think are most helpful in today's home search process, according to a recent survey



© ADOBE STOCK

by Realtor.com.

- **61 percent:** taking a virtual tour of homes on the market.
- **58 percent:** checking out accurate and detailed listing information using technology.
- **53 percent:** looking at accurate and detailed neighborhood information.
- **51 percent:** checking out high-quality listing photos.
- **39 percent:** participating

in video chat walk-throughs of homes with their agent or landlord.

## LOOK FOR A GROUP

Joining a real estate social media group can be great way to find emerging properties, identify talented Realtors and learn more about new cities you are considering moving to. Search on your favorite

social media platform for real estate groups in your local area. You may be surprised by how many groups and individuals are involved.

If you're willing to share specific information, including where you're looking to buy or sell, or if you're looking for any off-market opportunities, you may find people who can help you.

## UPGRADE YOUR PHOTOGRAPHY

Consider using drone photography to tell your home's story. Drone photography is a benefit for buyers who are moving to a new city or buying a vacation home out of town. Ask your Realtor if he offers drone photography services. If not, look for a local drone pilot who specialize in real estate.

# City or Rural Living?

Life in the city has been an attractive and convenient way of living for a lot of people. The COVID-19 pandemic, however, has changed the game.

In a recent Gallup survey, nearly half of all U.S. adults said they'd prefer to live in a small town or rural area in 2020. This is a 9% increase from 2018, when just 39% of respondents said the same.

Being forced to quarantine has left many people desiring more space than they may find with a city apartment. Other factors, such as cost and environmental sustainability, are also driving people out of the cities.

Time will tell if this is a fad or a longer-term trend in the living habits of Americans.

## BY THE NUMBERS

Some of the largest cities in the U.S. have reported large numbers of people moving away for more rural portions of the country in 2020.

Here are some key findings from the Gallup poll that may explain why.

- White men over the age of 55 were among the most likely to prefer rural, small-town settings.

- Those between the ages of 18 to 34 had a 10 percentage-point increase over the



© ADOBE STOCK

last two years, with 39% preferring rural/small-town life.

- The largest broad demographic increase came in non-white adults, where a 12 percentage-point increase over the last two years means 39% now say they'd prefer more spacious parts of the country.

## CONSIDER THE COSTS

If you're thinking of purchasing a new home in the countryside, there may be opportunities to get pre-approved for a loan that's perfect for rural homebuyers. USDA-backed mortgages offer qualified buyers the option of no down payment for homes in designated rural areas.

These types of loans, coupled with low interest rates, have made this the perfect



© ADOBE STOCK

time to look into homes outside the city.

Consider your daily living costs when deciding between the city and the country. Owning and insuring a car

can add to your monthly bills, and spread-out living in the country almost certainly requires one. In the city, however, you may be able to rely on public transportation to

cut down on your transportation costs.

These are things to consider when deciding on a landing spot for you and your family.

# Consider all the Costs

Most first-time homebuyers concentrate on the down payment, and for good reason. This is likely the largest chunk of money you'll be putting toward your new home.

The most responsible homeowners, however, are also prepared for other costs, both during the transaction and after the loan is officially closed.

Experts recommend that you include in your budget enough to cover your down payment, closing costs, origination fees and broker's commission by the time you are ready to close the deal for your new home.

Around the corner includes additional costs, including property taxes, insurance premiums and any homeowners association dues. Taxes and HOA dues vary, so be sure to ask for details from either your Realtor or HOA manager.



© ADOBE STOCK

## HOW MUCH DOES A NEW HOME COST?

When you're thinking of getting a mortgage to buy a home, the first cost that you have to consider is the home's listing price. As of January 2020, the median sale price across the United States is \$306,000, which is a 6.7%

increase from this time last year, according to data from Redfin.

Of course, that number can vary widely, depending on where you live. No matter your budget, be prepared to find some savings by being strategic and creative with your Realtor.

## HOW TO SAVE SOME MONEY

One of the best ways to save money on a new home is to take advantage of an inspection that reveals issues with the home.

Let's say your inspector finds an issue with the roof that may require it to be repaired within

the next few years. It will make sense to ask the seller to reduce the price of the home by the fair market value for a new roof to protect yourself from getting stuck with this big cost once you move into the home.

You should also be compensated for smaller issues, like

interior or exterior damage to the home, by asking the seller to make the necessary price reductions on the home.

Don't be afraid that you may lose the house. Especially if the seller is motivated to sell, you may find that they are willing to make certain cost concessions to get the deal done.

# What Is an HOA?

Homeowner's associations can be great for many communities because they ensure a certain standard of living for people.

On the flipside, some homeowners may find the HOA to be too involved in their daily decision-making and living habits.

Before moving into a HOA community, it's important that you understand its rules and standards, as well as the rights you have as a homeowner. Pay close attention to any restrictions or costs that may not fit your goals.

## HOW THEY ARE MADE UP

HOA members are elected from among the residents to take care of a variety of items. These may include maintaining the grounds, providing master insurance, selecting community utilities and managing overall finances of the community or buildings.

The HOA's bylaws will spell out which responsibilities are the duties of the association, and which are that of the unit owners.

Making sure that you understand the difference will be key in helping you find a home with an HOA that fits your budget and needs.

## THE COSTS

It will be important to ask



© ADOBE STOCK

your potential HOA about any costs that come with living in the community. Most HOAs will require all unit owners to pay a monthly fee. You may also need to be financially prepared to cover one-time assessments for large community expenses.

Work with your local financial planner or accountant to

help you build a financial plan for managing these potential HOA costs as you consider whether or not it makes sense to search for this type of community.

## WHAT TO CONSIDER

To help you find the right HOA for you, consider these tips from the financial sup-

port blog WiseBread.

- Attend a board meeting.
- If the association is professionally managed, meet with the manager.
- Check the association's annual budget and make sure it's accurate and balanced.
- Ask for a copy of the Reserve Study and take the time to understand it.

- Check the curb appeal closely in daylight and in the evening.
- Make note of any obvious deferred maintenance.
- Ask about the history of special assessments.
- Evaluate the transparency of the board and manager.
- Read the association's rules and standards.