

The time has come, and you are ready to buy a home. Whether it's your first time buying a home, looking for a vacation home, or you decided it's time to upsize or downsize, this checklist will get you where you need to go! There are 7 steps to buying a new home.

# 1 Find Out How Much You Can Afford

When I say how much you can afford, I mean how much you can *really* afford without being overly strapped and giving up some things you like to do. Sit down with a pad of paper and a pen and write down everything you spend money on, and I mean *everything*!!

Below are a few things to think about. Once you have it all down, add it up and subtract it from the income you are bringing home. There's no right or wrong answer. Being honest about spending will be in your best interest. Write it all down because it's all part of everyday living. If you decide to give up the "extras" after you buy your home, then you'll have more money for the rainy-day fund.

**CURRENT MORTGAGE OR RENT** — Depending on the situation (1<sup>st</sup> home, replacement home, vacation home, etc.), this may become part of what you can afford.

**ELECTRIC** — How much is your current electric bill?

**GAS**— Do you currently pay for gas to heat where you live?

**HOUSE PHONE** — Yes, believe it or not some people still have house phones! If you do, how much is it?

**WATER** — Do you currently pay for water where you live?

**HOA** — Do you currently own a home with an HOA? This, too, could depend on the buying situation.

**GYM MEMBERSHIP** — This is one of those items people tend to forget they have, unless you're good at using it!

**CAR PAYMENT(S)** — We all have them! You're lucky if you don't, but if you don't, will you need to have one soon?

**CAR INSURANCE** — It's a necessary evil.

**GAS FOR THE CAR(S)** — How much do you currently spend on gas for the car(s)?

**CAR MAINTENANCE** — Look back over two years and average it out monthly. Tires, tire rotations, oil changes, etc.

**PLAY MONEY** – How many times do you eat out? Do you go to the movies once a week? Ball games? Dancing?

**CIGARRETTES** – Do you smoke? You need to add that in!

**ALCOHOL** – Do you drink beer, liquor, or wine?

**FOOD** – I think this one is as big as my mortgage! How much do you spend on food per month?

**COFFEE** – Do you have that daily Starbucks craving? That doesn't go away. Add it in!

**CELL PHONE(S)** – What are you spending per month on your cell service?

**CABLE/SATELLITE** – What does this run you a month? It might be an expense for later.

**INTERNET** – What does this run you a month?

**NETFLIX/HULU/AMAZON ETC.** – Are you a binge watcher? This doesn't stop after homeownership either!

**SAVINGS** – How much are you currently saving? If you aren't, add a number here because you will need to have a rainy-day fund once you own a home! There is always something that needs to get done in your home, or things you want to do!

**CHILDREN** – Dance classes, back to school items, back to school clothes, football/baseball sign-ups, orthodontics, etc. What is your budget for these items?

**PETS** – Our four-legged furry friends need stuff too! Food, shots, kitty litter, boarding, etc. If you have pets, add how much you spend.

**MISCELLANEOUS** – Think about what else you spend money on and be aware if this is a one-time thing or if it's something you always do and like to do (vacation, ski passes, hunting passes etc.)!

## 2 Get A Mortgage Person

Before we say anything else, I have one word to nail my point home: **LOCAL!**

Don't just jump on the internet and use someone halfway across the US. You want to use someone that is familiar with your state. Check with your normal bank. You can always reach out to your Realtor and ask for referrals as well.

Your mortgage person is essential because they will get you preapproved. They will let you know how much money you can get a loan for, what your payments will be, and how much money you'll need to put down to purchase your home.

Remember step one? You don't have to go after a home with an \$1800 monthly payment when you know that daily Starbucks trip isn't going away. Be realistic and don't strap yourself. Homeownership doesn't have to feel like a noose around your neck. You can find a nice, affordable home and still have some left-over money after the mortgage payment!

### 3 Get a Realtor

Not all Realtors are created equal.

You want to work with someone who is knowledgeable about the industry, state regulations, and the area. You want someone who isn't afraid to find the answers they don't know offhand, and you want someone who will promptly respond to your phone calls, texts, or emails.

Meet with your Realtor and go through what you are looking for and how much you plan on spending. Make a list of must-haves and a list of would-likes. Give the Realtor a copy of your pre-approval letter right away. This will help when it's time to write the offer. The Realtor will be able to forward it along with the offer.

It's important to find a Realtor you like working with. Some personalities just don't mesh well. Find someone who is intuitive to your needs. The last thing you want to do is work with multiple Realtors, which could create conflict and tension.

Realtors don't get paid until a house is sold. Gas, wear and tear on their vehicle, and their time come out of their pocket upfront. If you start to work with a Realtor and decide they may not be for you, have a conversation with them and let them know why it isn't working out. The Realtor can either decide to adjust their process, or not.

### 4 Review the Purchase Contract

Ask your Realtor for a copy of the purchase contract. Review the contract, and if you have questions, don't hesitate to ask a Real Estate attorney. It is always better to familiarize yourself beforehand, so when the time comes to sign, you're comfortable with what you're signing.

## 5 Ready. Set. Look.

Now that you have chosen a Realtor, stay off the internet! Sites like Zillow, Redfin, and Realtor.com are great for looking at pictures, seeing descriptions, etc.; however, they are not updated immediately. You may fall in love with a house only to find out it's already under contract.

Your Realtor is going to take your must-haves and would-likes, feed it into the MLS (multiple listing service), so it will automatically email you active listings. When a new listing comes up that meets your criteria it will automatically send you an email. You can also ask your Realtor for a web address that will allow you to look at just-in-time listings.

When you are ready to go out and look at homes, my advice would be to never look at more than 4 homes at a time. Write good notes on each one you see because by the time you see the last one, you'll forget what you really liked or disliked on the first house.

Narrow down your choices and make an appointment to go for a more detailed look on your final choices. This way, you can be aware of the top home choices again and be ready with a backup in case the first choice falls through.

## 6 Start Negotiating

Once you decide on a specific home, ask your Realtor to run a comparative analysis. Make an offer immediately. Your negotiating position reduces dramatically if another buyer starts negotiating on the same home before you have a contract signed.

## 7 Negotiate to Contract Status

Your Realtor helps you negotiate to contract status. If you and the seller can find common ground, then you can sign a contract and move forward. If you can't come to an agreement that makes sense for both of you, go with your second choice, or start looking at other homes.

## Tips for Buying a Home

### **DON'T BUY ANYTHING ON CREDIT!!!**

Aside from that, here are a few big tips and reminders for buying a home:

- It's not time to buy a car.
- Don't use your credit cards.
- Don't open another credit card thinking you will use it after you close
- Wait until after you close before spending money.
- Time is of the essence! Make sure you know your dates, and get your to-do list completed before the date on the contract, or you'll be in jeopardy of losing your money.
- Hire a home inspector to go through the home. You'll want to know what the issues are before moving in. You may be able to negotiate some of the items found on the home inspection with the seller to address before closing.
- Shop for home insurance.
- Review closing documents 24 hours before closing.
- Bring your funds needed to the closing, along with your driver's license or picture ID.
- Congratulations! Move into your new home!

I look forward to helping you find your home!

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