1. Set your budget

Although it's tempting to dive in and begin searching for your dream home, serious buyers know it's usually better to begin with some budgeting. If you're like most people, you will be financing some portion of your home. But how much mortgage is right for you? How much house you can afford generally depends on four things:

1. Your credit history
2. Your monthly income
3. Your down payment
4. Available mortgage rates

Homekeys has tools to help you make better buying decisions. Check out all Homekeys purchase and refinance calculators under the tools section of our website:

- How much should I borrow?
- Which is better for me, a 15- or 30-year mortgage?
- Should you pay points to get a better rate? (a point equals 1 percent of the loan amount)
- Calculate the annual percentage rate (APR) for your loan.

Balance your personal and family goals with a sound financial strategy. Go ahead and pursue your dream home, but first run the numbers to avoid financial nightmares. After setting your budget, you can make better decisions on what kinds of homes to look for. House or condo? The answer is a combination of what fits your budget and your family's specific needs. Next, it's time to make sure your credit is up to par.

2. Check your credit

As a rule, borrowers with higher credit scores qualify for the lowest available rates. Before applying for a mortgage, be sure to check your credit and try to fix any issues.

It’s best to request credit reports several weeks before applying for a loan, but some credit problems are minor and can be fixed fairly quickly. When you receive your credit report, verify that all the information is accurate. Be sure that information like names, addresses, dates, employment history and account numbers are correct.

- In addition to legitimate credit issues such as bounced checks or late payments, also carefully inspect your credit report for mistakes. Credit reports may contain serious errors affecting consumer credit. The Fair Credit Reporting Act requires credit reporting agencies to fix credit report mistakes.
- If you discover errors on your credit report, act quickly by sending a detailed letter explaining the problem and the correction you are requesting. Be sure to attach supporting documents and a copy of the credit report with any errors highlighted.

3. Get pre-approved, not just pre-qualified

What's the difference? Being pre-qualified is like standing in line at the ticket window, while pre-approval means you have reserved seats to the show. Pre-approval demonstrates to sellers that you can afford their home, and boosts your credibility and negotiating strength.

Pre-qualification provides a general guideline of the loan amount a lender is willing to provide. It does not constitute a final loan approval. Pre-qualification is a positive step, but it does little to prove to sellers that you can afford to buy their property.

Pre-approval means you have completed a loan application, had your credit checked and that a lender has approved your loan for a specific amount and interest rate. You can then present this document to a seller as proof that you can afford his or her property. Pre-approval helps signal to sellers that you are making a serious offer. Be aware that final approval may depend upon property appraisal, existing liens, inspections or other factors.

It's easy to get pre-approved by a mortgage lender. Start as soon as possible.

4. Search properties

Today, the majority of buyers begin their home search online at real estate Web sites like **www.Homekeys.com.** The reason is simple … in minutes, buyers can research hundreds of properties and quickly eliminate those that don't meet their needs.

5. Visit properties

Your home search on the Web probably has turned up several properties that meet your general criteria such as beds, bath and square footage. Now it's time to compare individual homes to see which one best meets your needs. At this point, there are steps buyers should take for more effective comparison shopping, and to limit the "emotional buyer" syndrome that can lead to overpaying and buyer's remorse. Here are some key points for smart buyers: Have your priorities straight before visiting a house. For example, square footage may be up for debate, but not school districts or security systems. Knowing what's most important in advance will keep your house visits on track.

- Separate the structural from the superficial. The seller probably has applied a fresh coat of paint (See Homekeys' Seller Guide) and planted some flowers, but that won't make up for limited closet space, dark rooms or an impractical floor plan. Now is not the time to be shy ... sellers should expect you to look in cabinets and open and close doors and windows. Disclosure laws are in place, but it's still a good idea to ask sellers outright if major repairs are needed or have recently been done.
- Use your tools wisely. Some savvy buyers carry a digital camera and take photos to help them remember property details and features. Photos are also useful if a dispute arises as to condition of the property or fixtures or furnishings being removed by the seller. If you are in doubt, ask the seller for a list of what's included in the sale.

6. Make an offer

You've gotten pre-approved for a mortgage, found a home and you're ready to make an offer. But how much should you offer? With today's powerful online tools or the help of a Homekeys Realtor®, buyers can estimate the values of a property they are interested in.

- Check recent sales of comparable neighborhood properties. Look for homes of roughly the same age, style, square footage and bedrooms/baths.
- Get an objective estimate of property value. You can hire an appraiser or estimate the value of your home online using an automated valuation model (AVM) technology. Homekeys Realtors can also help. Contact us for details.
- In addition to recent comparable sales, currently listed properties provide an important point of comparison when estimating property value.
- After you have done some homework as a buyer, now consider adjusting your valuation results up or down. Your visit to the home should give you an idea of the property's condition and whether it needs maintenance or repairs. If you used a buyer's checklist, review it for any reasons to lower your estimate of value. Reasons to raise an estimate include upgrades such as roofs, floors, kitchens, bathrooms, pools and water or golf views. You might also ask the seller if they can provide a home warranty.

Be prepared to compromise.

Approaching negotiations with a confrontational "win-at-all-costs" attitude is unlikely to yield positive results. Many professionals who teach executive negotiation skills say a more realistic goal is to find a mutually beneficial solution in which both parties can "win." This means being aware that you may have to sacrifice something to reach agreement at some point. In this case, be sure to identify in advance what you will and will not give up to ensure you're happy with the deal in the long term.

Back up your offer

When offering to buy a property, you don't have to explain how you arrived at a particular dollar amount. But you may fare better in negotiations if you have some objective basis, such as examining comparable sales.

The best way to show a seller you mean business is to accompany your offer with a purchase contract and a substantial "good faith" deposit. For your protection, be sure to place any deposit into escrow with an attorney or title company rather than providing funds directly to the seller. As a courtesy, Homekeys can refer you to professional providers of title services in your area.

You should be prepared to walk away from unacceptable terms. You may be reluctant to give up after all the time you've invested in the buying process, but emotionally tense negotiations can sometimes benefit from a cooling-off period. Walking away (or watching the other party walk away) may be uncomfortable, but it is always preferable to accepting terms you can't live with.

7. Contracts

After you have decided how much to offer, you must make some decisions regarding the sales contract. Typically, serious offers to buy are presented in the form of a sales contract with a "good faith" deposit. In addition to hiring an attorney with real estate experience to prepare their contracts, independent buyers and sellers have several available options: You can find a standard "Sale of Real Estate" contract on the Web or at an office supply store. This is the most inexpensive route, but probably also the riskiest. The quality of these one-size-fits-all contracts varies widely, and they may cover only the fundamentals needed to complete a very simple real estate transaction.

Let Homekeys do it for you. As part of our service, we will prepare sales contracts for buyers that wish to make an offer on a property.

About "write-ins" – Careful! Changes written in to contracts by buyers and sellers may not be legally binding. Consider having the contract reviewed by an attorney with real estate experience to ensure any written changes are legal and acceptable to both parties.

8. Choose a lender

In the process of purchasing a home, some buyers get so caught up in price negotiations that they overlook the importance of getting the right mortgage. Paying careful attention to mortgage and closing costs can help you to save on your initial and ongoing monthly expenses. Smart buyers should begin researching the various types of loans and terms available and learn which options best meet their needs. You can get a loan through banks, credit unions or a mortgage broker.

- Large banks are reputable and offer competitive interest rates, but may have more stringent lending requirements than some alternatives. In response to competition, many large lending institutions have recently loosened up lending requirements.
- Credit Unions and smaller banks may offer more flexibility, but sometimes can't offer rates as low as larger competitors.
- Mortgage brokers are service providers who don't lend money directly. Instead, they provide a service by matching your needs with available loans from different sources. A broker's access to several lenders can mean a wider selection of loans and terms for you, and brokers generally contact several lenders for you.

Note: While you are evaluating lenders to find the best financing for your need be sure you understand:

1. What information you are required to provide to your lender

2. Monthly payments and interest rates
3. The loan's annual percentage rate (APR). The APR is higher than the corresponding interest rate because it includes applicable points and other fees, expressed as an annual rate.
4. Your down payment amount and total costs of the loan
5. Whether your loan is adjustable or fixed-rate
6. Whether or not you should pay points (loan origination fees)
7. Total fees and what's covered by each fee
8. Whether you need private mortgage insurance (if your down payment is less than 20 percent).

In addition to providing a loan, your mortgage lender should also help you understand your options and help you choose the financing and terms that best fit your needs. Don't be afraid to ask questions.

Note: Buyers and sellers must agree on a mutually acceptable date to close the sale. Buyers should make sure the closing date occurs before any established interest rate lock-in period expires.

9. Close the deal

Because of inspections, approvals and appraisals taking place in the days before closing, many issues naturally surface at this stage. As a buyer, you should expect that some problems will arise, and remain patient when they do. In fact, some issues can work to the buyer's advantage. For example, suppose an inspection reveals that significant roof repairs are needed. To preserve the sale, the seller may repair or replace the roof, or provide a significant break in sales price. Here are some other steps you can take to prepare for a successful closing:

- Review the results of any property inspections to ensure all work is satisfactorily completed, and clearances for completed work provided. In addition to home inspections, this might include inspections for termites or lead-based paint.
- Two weeks before closing, contact the phone, water, trash, cable and electric companies to establish service in your new home. Consider using a utilities connection service to organize all your accounts.
- Arrange for proper insurance coverage for your property.
- If your new home does not have a warranty, consider a Home Warranty to protect your investment.
- Compare services and pricing for several moving companies and confirm arrangements, addresses, dates and estimates after you have selected a company.
- Request to see all loan documents in advance of closing and review them carefully to make sure you are getting the loan you agreed to. If you don't understand any part of the loan documents, consult an experienced attorney or title agent. Homekeys can refer you to professional providers of title services in your area.
- Get a final estimate from the title or escrow company of the money required to cover the remainder of the down payment and closing costs. Be aware that you will need to bring proof

of identity and a license or photo I.D. to the closing. Also be aware that fees are usually required to be paid by cashier's check.

- Once you receive your settlement statement, compare actual amounts with the estimates you were given. Be sure you understand all transaction fees and have an approximation of their total cost. Your total cost may include fees for origination, discount points, appraisal fees, credit reports, lender-required inspections, mortgage insurance application, flood insurance, document preparation, courier services and more. Some fees such as mortgage and flood insurance may be payable before closing.
- Carefully walk through the property you're buying before signing any loan documents. Make sure any repairs or improvements the seller agreed to are completed to your satisfaction.
- Be sure you receive all keys, alarm codes and remote controls at closing and consider having locks and security codes changed after you take possession of the property.