

OWNING IT

A GUIDE TO THE MOST IMPORTANT STRATEGIES FOR HOUSE HUNTING & FINANCING

+
**READY
TO SELL?**
HOW TO MAKE IT
SMOOTH & MAXIMIZE
YOUR PROFIT

SO YOU WANT TO BUY A HOUSE...

The real estate forecast doesn't show any signs of cooling off. So how do you navigate a hot market (more buyers than sellers) prone to bidding wars and all-cash offers? Our BHG *Owning It* guide zeroes in on the most important strategies for house hunting and financing. If you're ready to sell, there's info for you, too.

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Celebrating 100 YEARS of Inspiration

THEN & NOW

We've been helping people with their homes for a while. Take a look at this comparison.

1922

average home price:

\$7,200

(~\$120,000 today)

VS

2022

average home price:

\$360,000

90%

OF HOME BUYERS
WOULD USE THEIR
REAL ESTATE
AGENT AGAIN.

Source: National
Association of REALTORS®



Focus the Hunt

Finding the right place is the most difficult step in the home buying process. Keep these things in mind to help hone your search.

NEW (NOT FOREVER) HOME

First-time buyers might want to look for a starter home (length of stay: three to five years) instead of their dream home, so they can save money and build equity.

SQUARE FOOTAGE (NOT ROOM COUNT)

In the past, counting bedrooms and bathrooms would

help you get a sense of how big a home is. But today's construction methods and fix-and-flips allow builders and remodelers to be creative with tight spaces. "Think about how spacious you want your home to feel," says Joseph Mag-saysay of Better Homes and Gardens Real Estate Preferred Properties in St. Louis. "Usable square footage is a better indicator of roominess and

comfort level than bedroom and bath counts alone."

LOCATION (SHORT AND LONG TERM)

If you plan to stay in your home for longer than five years, think beyond nearby coffee shops and proximity to work. Also look at long-term needs like schools and hospitals that become more important as you age.



Let's Talk Money

Best Mortgage Practices

Before you start comparing houses, find a lender who can work with your financial situation and offer the most mortgage options. Five things to keep in mind:

PREQUALIFIED VS. PREAPPROVED

Mortgage prequalification gives buyers a sense of how much home they can afford. Preapproval requires documentation of the buyers' financial stability and credit history. Being preapproved lets sellers know you're serious and ready to buy.

COMPARE AND SAVE

Many assume their local bank will deliver the best mortgage rates and terms. But online

banks can also have competitive rates. Websites like bankrate.com and nerdwallet.com use your ZIP code, credit score, and other loan factors to see a list of competitive and licensed lenders.

MORTGAGES ARE NOT ONE-SIZE-FITS-ALL

Ask your lender to explain the different mortgage options—such as fixed rate and adjustable rate—and help you determine the best financial fit.

NO-MORTGAGE OPTIONS

In 2021, 30 percent of home purchases were all cash buys. Some buyers are independently wealthy or investors. Others stockpile savings for years, choose to take out loans against retirement funds, or cash out stock options.

MORTGAGE SAVINGS

It can feel like a mortgage goes on forever. The simple step of making two extra payments a year—by paying half the

THE KEY TO SUCCESS IN A COMPETITIVE MARKET

"HOME BUYERS SHOULD BE PREAPPROVED AND FLEXIBLE ON CLOSING AND POSSESSION DATES."

—Katie Butler of Better Homes and Gardens Real Estate Reliance Partners in Sacramento, Yolo, and Placer counties



CAUTION

DON'T WAIVE CONTINGENCIES

Last year, some people felt compelled to waive contingencies (for financing, inspections, appraisals, and more) to make their offer look more desirable to a seller. Contingencies are safeguards for the buyer, so waiving them absolves the agent and seller from any responsibility.

Ways to Save on Home Insurance

These tips can save money for first-time buyers and current homeowners.

SHOP AROUND

Like mortgages, it saves to shop around. Check out sites like hippo.com and policygenius.com to find the best coverage for the lowest cost in your area.

BUNDLE UP

Insurance companies offer discounts when you combine services. Auto and homeowners insurance are likely pairings, but recreational vehicles (ATVs and boats) and life insurance can also be combined.

ADD SAFETY AND SECURITY FEATURES

Putting in an alarm system, security cameras or installing an overhead sprinkler system, rather than just a smoke detector, may get you better rates.

GET THE COVERAGE YOU ACTUALLY NEED

Tragic stories exist of people being underinsured, but many people are overinsured and don't realize it. Did you opt for a fine jewelry rider, forgetting that you have since gifted the family heirlooms? Did you mistakenly add earthquake insurance, although there hasn't been one in your area in known history? The insurance you purchase needs to mesh with the reality of your risks and estimated losses. Look up weather risks, appraise any jewelry and art, and consider whether it is worthwhile to opt in or out of riders and additional coverage.

Other Costs to Note

EARNEST MONEY

Also known as good faith money or deposit. It's a portion of the down payment buyers include with their purchase offer.

HOME INSPECTION

A report conducted by a licensed inspector that gives buyers a better understanding of the condition of the home and what should be fixed.

CLOSING COSTS

Fees and processing expenses for obtaining a loan, usually around 3–5 percent of the home purchase price.

MONTHLY FEES

Property taxes, association dues, and utilities (could include garbage removal).

monthly payment every two weeks instead—can shave years off your mortgage and save you thousands of dollars in interest over the lifetime of the loan. Check with your lender first to make sure it's a viable option for you.

47%

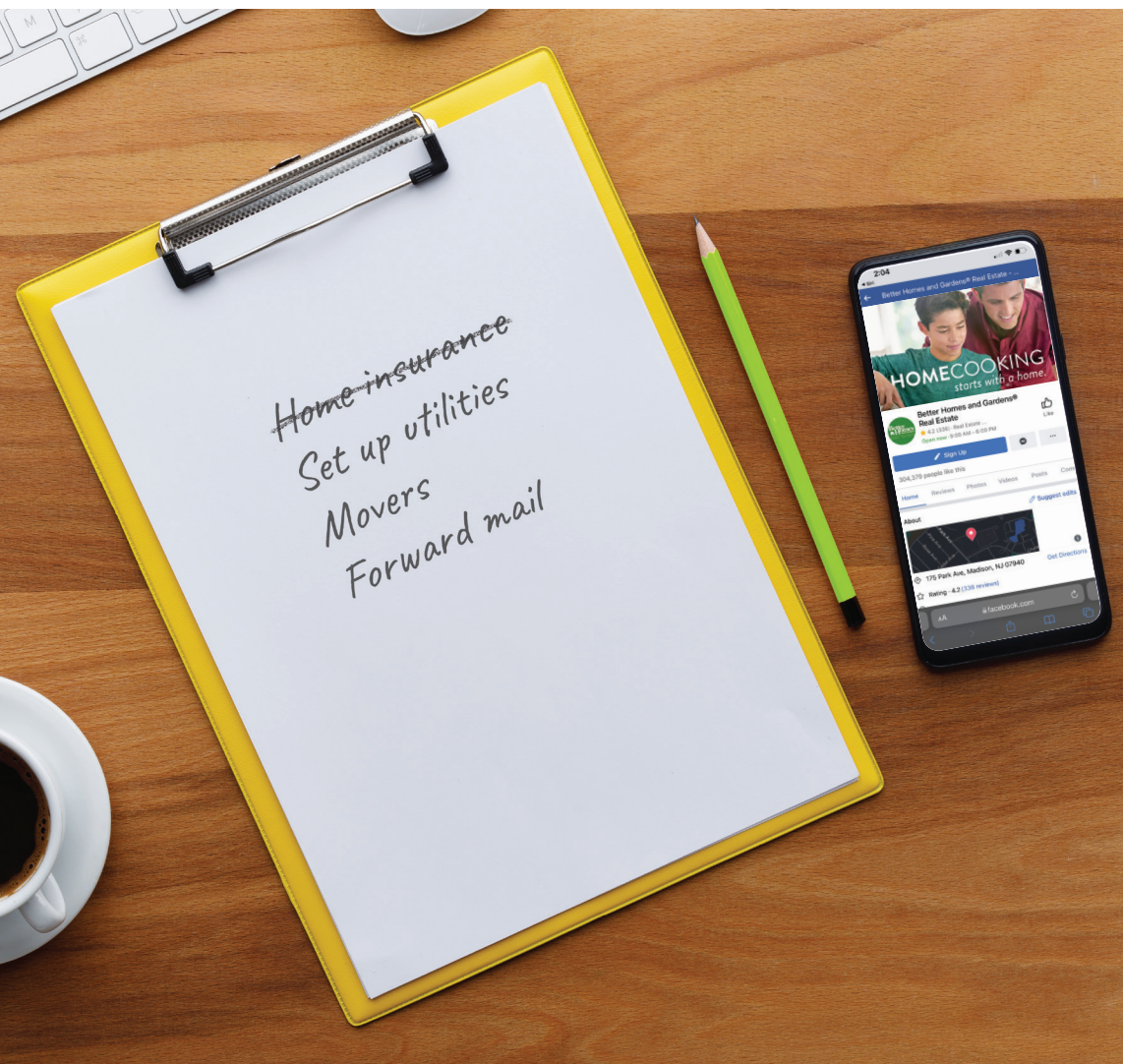
OF FIRST-TIME HOME BUYERS WERE PLEASANTLY SURPRISED THEY COULD AFFORD A HIGHER PRICED HOME.

Source: NAR

1 IN 3

PEOPLE NEVER SHOPPED AROUND FOR HOME INSURANCE A SECOND TIME AFTER SETTLING ON THEIR INITIAL POLICY. POLICY HOLDERS SHOULD CHECK INSURANCE RATES EVERY YEAR TO SEE IF THEY'RE GETTING THE BEST PREMIUMS. *Statistic: Policygenius*





Before You Sell

☑ TOSS AND DONATE

If you haven't used it in a year, it's not worth packing up and moving to a new place or paying for storage. Websites like caringtransitions.com help older adults and their families with downsizing, estate sales, online auctions, and relocating.

☑ THINK LIKE A BUYER

Real estate agents agree: It's all about making rooms look larger and livable. "Less is more," says Scott Vaillancourt of Better Homes and Gardens Real Estate The Masiello Group in Bedford, NH. "Try to depersonalize and declutter so that prospective buyers can envision their families moving in."

☑ DO AN INSPECTION

Have a friend walk through your home with fresh eyes and give honest advice for fix-ups. Another option: Pay for your own home inspection (around \$400) and get a heads-up on the repairs potential buyers may ask to have done.

☑ NOT SURE ABOUT SELLING? CONSIDER RENTING YOUR HOME

Keeping your home as a rental (short- or long-term) might be a good option if you don't need to sell it to buy another. Ask your real estate agent if it makes sense in your area.

Checklists

Moving into or out of a home can be chaotic. Make sure these tasks are on your "don't-forget" list.

Before You Move In

☑ LINE UP INSURANCE

Lock in your insurance provider and plan so you'll have coverage the day you officially take ownership.

☑ CONTACT UTILITIES

Have electric, gas, water, and internet services placed in your name and new address.

☑ FORWARD MAIL

Stop by the post office to forward your mail to your new address or do it online at USPS.com (it's free). It's best to allow two weeks' notice.

☑ ARRANGE MOVING HELP

Hire a moving company, rent a truck, or gather boxes for a moving party with friends (free pizza and beer always help). Keep in mind rental vans and

trucks are busiest on the first and last of the month when most leases and rental periods end.

☑ MEET THE NEIGHBORS

Introduce yourself and give neighbors your number before you move in—in case they have questions about people coming and going. The Next-door app lets you connect with neighbors and find lost pets.

12 Things to Know About Real Estate Agents

Working with a licensed pro to compare homes, negotiate an offer, and navigate myriad specifics and paperwork will save you time and ease your mind. Consider these points.



1 The best source for finding one? Friends who just bought or sold a house.

2 Who's a REALTOR®? A real estate pro who is a member of the National Association of REALTORS® and commits to the organization's code of ethics

3 Your agent can recommend other team members, such as the lender, inspector, and title company.

4 They're trained to compare homes, communicate promptly, and keep up with financing options.

5 Your agent can handle the arrangements if you find a "for sale by owner" home.

6 Agents have access to a proprietary database of homes for sale known as a multiple listing service (MLS).

7 Agents know the pros and cons of your neighborhood.

8 Moving out of town? A real estate agent where you live now can connect you with an agent in your new city.

9 You might be able to hire your agent as a property manager if you choose to rent rather than sell your house.

10 Bonus: your agent might also be a notary—handy for future business paperwork.

11 They can recommend contractors and other home improvement pros.

12 The agent you choose looks out for your best interests.



bhgre.com

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