



Future Homeowner Tips

from Dunn Real Estate *find out more at dunnrealtor.com*

10 Steps to Prepare for Homeownership

1. Decide how much home you can afford. Generally, you can afford a home equal in value to between two and three times your gross income.
2. Develop a wish list of what you'd like your home to have. Then prioritize the features on your list.
3. Select three or four neighborhoods you'd like to live in. Consider items such as schools, recreational facilities, area expansion plans, and safety.
4. Determine if you have enough saved to cover your downpayment and closing costs. Closing costs, including taxes, attorney's fee, and transfer fees average between 2 percent and 7 percent of the home price.
5. Get your credit in order. Obtain a copy of your credit report.
6. Determine how large a mortgage you can qualify for. Also explore different loans options and decide what's best for you.
7. Organize all the documentation a lender will need to preapprove you for a loan.
8. Do research to determine if you qualify for any special mortgage or downpayment-assistance programs.
9. Calculate the costs of homeownership, including property taxes, insurance, maintenance, and association fees, if applicable.
10. Find an experienced REALTOR who can help you through the process.



7 Reasons to Own Your Own Home

1. Tax breaks. The U.S. Tax Code lets you deduct the interest you pay on your mortgage, property taxes you pay, and some of the costs involved in buying your home.
2. Gains. Between 1998 and 2002, national home prices increased at an average of 5.4 percent annually. And while there's no guarantee of appreciation, a 2001 study by the NATIONAL ASSOCIATION OF REALTORS found that a typical homeowner has approximately \$50,000 of unrealized gain in a home.
3. Equity. Money paid for rent is money that you'll never see again, but mortgage payments let you build equity ownership interest in your home.
4. Savings. Building equity in your home is a ready-made savings plan. And when you sell, you can generally take up to \$250,000 (\$500,000 for a married couple) as gain without owing any federal income tax.
5. Predictability. Unlike rent, your mortgage payments don't go up over the years so your housing costs may actually decline as you own the home longer. However, keep in mind that property taxes and insurance costs will rise.

6. Freedom. The home is yours. You can decorate any way you want and be able to benefit from your investment for as long as you own the home.
7. Stability. Remaining in one neighborhood for several years gives you a chance to participate in community activities, lets you and your family establish lasting friendships, and offers your children the benefit of educational continuity.

5 Common First-Time Homebuyer Mistakes

1. They don't ask enough questions of their lender and miss out on the best deal.
2. They don't act quickly enough to make a decision and someone else buys the house.
3. They don't find the right real estate professional who is willing to help you through the homebuying process.
4. They don't do enough to make their offer look good to a seller.
5. They don't think about resale before they buy. The average first-time buyer only stays in a home for four years.

for city homes
call eric miller
at **DUNN**
Real Estate Services
412-322-2000
www.dunnrealtor.com

Reprinted from REALTOR® Magazine Online by permission of the NATIONAL ASSOCIATION OF REALTORS® Copyright 2005. All rights reserved. www.REALTOR.org/realformag