

Benefits of Owning a Home



The real estate market is constantly changing, and even the casual observer knows that there has been a downturn in the market over the last few years. What this means, though, is there has maybe never been a better time to buy a home. Interest rates are at historic lows, and there are numerous homes available in every price range. There are many benefits to owning your own home and there is a home out there for everyone.

While they certainly aren't the homeowner's favorite thing when they are being paid, mortgage interest and real estate taxes are much more palatable when April 15 comes along. There are significant tax savings available because of these payments, as they are typically wholly deductible on both federal and state taxes. This benefit is even more pronounced in the first few years after purchase, as monthly mortgage payments are largely interest payments. This is a benefit you'll never get from renting.

As your home appreciates in value, you are building equity, which is the portion of the property that is actually owned. This can allow a homeowner the opportunity to cash out their equity for other needs, borrow against it, or merely watch the value appreciate over time. When a first-time homeowner is looking to sell and buy their second home, this accumulated equity can mean a much larger down payment available to be put down on the new home.

It provides powerful peace of mind to know exactly what you will be paying monthly and that this amount will not be going up. In the rental world, a landlord could raise the payment every couple of years. With a fixed-rate mortgage, your payment will not change. This stability provides ease in developing a monthly budget. If interest rates go down, refinancing your home can lead to an even lower monthly payment.

Finally, there is no limit to the freedom found in owning your own home. Sure, there are maintenance costs, but it is nice to know you can paint any wall any color you want, redecorate at will, and even move a wall if you need to. You can play your music as loud as you want and not worry about a downstairs neighbor. It is your home, and you can do with it what you'd like. These are just a few of the benefits of owning your own home, and the joys that you can derive simply can't be matched as a tenant.

Home Inspection Checklist

You found a house you want to buy. It might be your dream house. But, after you make an offer on it, you need to have an inspection before you finalize the sale. In fact, any good real estate broker will make any bid contingent upon a successful home inspection.

What Should an Inspector Look At During a Home Inspection?

A good inspector will have a comprehensive list of items to check. However, here is a list of the basics.

Start outside. The inspector should look at the roof, gutters, and siding on the outside of the house. He should also look at any structures or elements around the house such as the driveway, sidewalks, drainage, detached garages/sheds, fencing, landscape, and swimming pools.

Go from the ground up. The inspector needs to look at the basement, foundation, or crawlspace. He needs to look for water problems, cracks, or shifting. If there is a basement space, does it have lighting and a good stairway? If it is a crawl space, can someone get under it to do maintenance?

Look at the mechanics next. That means looking at the plumbing, electrical, and heating/air conditioning. These systems require regular maintenance and need periodic replacement. The inspector should determine how old these systems are, are they in good condition, and are they up to current standards.

Kitchens and baths are next. These rooms get the most wear and tear in any house. They will require an update periodically. The inspector should look at all fixtures. Are the cabinets in good shape? Are the appliances working? Does the electrical outlet have GFCI protection? The inspector should look more than just these items.

Windows and doors are important. Are the windows and doors in working order? How old are the windows. Will they need replacing soon? Are the door locks adequate and working well?

Go to the top next. The attic space is almost as important as the basement. The inspector should note how much insulation is in place. This is also the place to look under the roof. Are there any signs of water damage? Is there adequate ventilation in place?

If there is a fireplace, the inspector should take a thorough look to see if there are any major issues. Every room needs inspection for sagging ceilings, cracked walls, or signs of water damage. Any inspection needs to look for signs of mold. Mold can be very expensive to remove. It is better to find it before you buy.

Home Buying Basics

What do you need to know to buy your own home? Buying a home can be very exciting, but very stressful at the same time. Knowing the basics can help you deal with the stressful parts.

Be Pre-Approved

Before you go shopping for a dream home, you need to find out how much a bank or mortgage broker will lend you towards a house. The lender will look at your credit history and income to figure out the maximum amount they will give you. Once you have that figure, it makes buying an affordable house much easier.

Find a House You Can Afford

Review your monthly expenses. With your car payment and other debts, how much do you feel comfortable paying in a mortgage payment each month? Once you get that figure, you can use an online calculator to figure out how much that means with a 30-year mortgage. Try to keep your mortgage at or below that amount.

Once you have a comfortable figure in mind, and then go shopping. Most people know the areas they are comfortable living in. Find a real estate broker that works in the area where you want to live. That person will know what is available in your price range.

Bidding

When you find the house you want to buy, the next step is putting in a purchase offer. Your real estate agent can help you put in a fair offer for the house. Sometimes you can offer a lower price than what they are asking, but there is no guarantee that they will accept it. They can accept an offer, make a counteroffer, or reject the offer completely.

Once the owner accepts an offer, the next step is getting an inspection. Any home can have hidden damage or problems. It is important to make any offer contingent upon a successful inspection. Most times, you will likely find only minor problems. But, you do not want to face replacing a faulty roof or foundation because you did not get an inspection.

Finally, once you have a good inspection, the sale is almost complete. The final step is getting the mortgage into place. With a preapproval, that process is much easier. Usually within 30 days of making an offer, you will sign the mortgage and finalize the sale on your new home.

Mortgage Loan Types

Home ownership can take considerable effort to achieve. It means legwork and homework all to find a dream home. However, a dream home can be found and the process can go smoothly following these home buying tips.

First, consider the situation. Does employment involve traveling around? If so, buying may not be an option. However, if the job is at home, then buying a home creates stability. It also builds equity and invests in the future, so go for it!

Home buying can be expensive due to the down payment and closing costs. There are also other expenses like furniture and landscaping after moving in. There may be repairs and there's no landlord to call when things break. That's why it's a good idea to have cash saved up for these things when buying a home. It's a good idea to have at least 20% of the price of the home, an extra \$1,000 for closing costs and a few months worth of living expenses in case an emergency arises.

The next step is getting pre-approved before shopping for a house. It's time to shop around and see what lenders will be willing to lend. This gives the homeowner some idea of the maximum they can afford to spend. Lenders also help homeowners understand the mortgage process. There are fixed rate loans, which are usually the safest because they provide a set monthly payment. Under a fixed rate, owners can opt to pay off their mortgage in 15 or 30 years. Other options are available.

Real estate agents guide buyers through the ownership process helping them find a home, making them a good offer. Agents are experts in the field and know the market. Agents will help buyers do a thorough search for a home since some tend to fall in love with their first choice. Homes are a huge investment. It's a decision that shouldn't be made lightly. It's good to shop around to find the perfect fit.

Before buying any home, please have it inspected or appraised to find any problems that need taken care of. This can also increase the value of the home and lets the buyer know they are making the right decision purchasing this home. If the inspection goes well and the lender approves the loan, the buyer has just purchased their new dream home.

When thinking about real estate & financing, ONLY THINK ABOUT:

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