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## **8 Questions to Ask Before Buying Your First Home**

*Do you really know why you are buying a house?*

Buying your first home is a big deal, and very exciting, but you shouldn't rush into this decision. Owning a home might not be something for which you are ready, even if you can afford it. To help first-time homebuyers figure that out, we queried real estate experts to compile the eight key questions every potential homeowner should ask before sealing the deal.

### **Why am I buying a home?**

"I know it sounds silly," says Elizabeth Kee, a real estate broker at CORE in New York City, "but I ask everyone this question first. There are many responses, and you'd be surprised to know that many times I end up talking people out of purchasing when they are buying for the wrong reasons."

One example she shared is people who want to be investors because they heard flipping New York real estate is very profitable. "[It] can be true only if you never have to sell, and you can sell when the time is right." Kee says.

Another example is being lent money by a friend or family member so you can borrow money to buy a home. "There is a reason banks don't let you borrow money to borrow money. You should likely only buy if the money is a gift that never has to be repaid."

### **Can I afford to buy a home?**

If you're living in the suburbs or the country, buying a home usually means buying a single-family house. If, however, you're in a city like New York, there are many more options.

"Knowing what your options are is very important. If you aren't someone who can qualify for a co-op, you shouldn't waste your time viewing 80 percent of the homes on the market in NYC," says Kee.

Condos are also an option in cities, and while they don't have the same qualifications as a co-op board, they usually cost more. So you have to figure out if buying a home is something you have the budget for. "I always start with the financials because as future buyer, or potential future buyer, you have to know whether you qualify to purchase or not," says real estate agent Elice Shikama of RE/MAX in Franklin Lakes, New Jersey. "Without being able to qualify, there's no further steps you can take."

Before you finalize the answer about being able to afford a home, Lynnette Bruno, Trulia's Vice President of Communications, recommends you factor in staying there for five to seven years.

"There are many one-time costs associated with buying a home and moving, and you'll unlikely be able to recoup if you sell your home in less than three years," she says. "You are gradually, over time, building your equity," says Shikama.

## **How much money am I qualified for?**

If you have enough money to purchase a home in a cash transaction, you're quite fortunate. But most first-time homebuyers will need a mortgage, so finding out how much of a mortgage you qualify for is a crucial step before starting the actual search for a home.

"If you don't know how much you qualify [for], how [are] you going to know, 'What price range should we look for?'," says Shikama.

## **"Many times I end up talking people out of purchasing a home when they are buying for the wrong reasons."**

"Determining your buying power is crucial to determining if you can buy what you want to buy," says Kee. "Understanding how one can liquidate other investments (while limiting penalties) and learning how to borrow money, based on your income, assets, and liabilities are often overlooked. If you plan to finance any portion of your purchase, you need to understand different mortgage products and how each product can affect your repayment monthly and long term. If you don't plan to live in that studio for 30 years, why would you pay more interest every month to get a 30-year fixed mortgage?"

## **Who is my team?**

The homebuying process usually requires a host of professionals working for you. "Buying a home is not only a significant investment, it can also be a difficult task and without the right team, success will be difficult," says Kee.

You need the right financial advisor to help you navigate your current financial situation; the right mortgage broker or banker to help you select the right mortgage product for a property they are willing to make a loan for; and someone who is committed to getting you the funds you need for your purchase.

"They need to be knowledgeable and able to be patient with you to educate you on what types of loans they can offer you for what you want to buy," Kee says. You also need a real estate attorney and a real estate agent, both local and knowledgeable, and a title agency.

## **Who are my trusted personal advisors?**

Yes, you need to have the professionals on your side, but you also need people who really know you personally.

"These are the people who will give you an objective opinion on the purchase of your home. Don't bring the friend who doesn't want to go to the second open house because they want to go to brunch and don't bring your mother if she wants you to wait to buy a home until you get married, have a baby, or have more money," Kee says.

"Once you decide you want to buy your home, you want someone to support that decision, take it seriously and help you to make one of the most important decisions of your life."

## **Are there any environmental issues in the area?**

Shikama says to check for nearby Superfund sites—extremely polluted sites containing hazardous materials that require long-term cleanup—or other contamination that could leach into groundwater or

emit fumes. There are more than 1,300 Superfund sites across the country, all of which are identified on the Environmental Protection Agency's website.

The U.S. National Library of Medicine also maintains the TOXMAP, a tool that maps reported locations of toxic waste sites and other environmental problems. It pulls information from the EPA, as well as non-EPA datasets.

### **How are the schools?**

If you're not raising a family, the school system doesn't really matter. If you are, Shikama recommends you check the local school system's website to see if it has reports, but many real estate agents will help compile the information.

### **What's the crime rate?**

You love the house and the schools have excellent ratings, but is it a safe place to live? Shikama says that real estate agents themselves won't tell you a place is safe because that could leave them liable. It's recommended that you get in touch with the local police precinct or police department to collect statistics and make the judgment for yourself.

There are also a number of online databases that you can search. Neighborhood Scout, Crime Reports, My Local Crime, and City-Data all break out reports by location. Family Watchdog also provides information on registered sex offenders.