

Set a goal of homeownership in the new year: What you need to do to prepare yourself | Home & Living

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It's the most wonderful time of the year. Shopping, holiday parties, family gatherings around a cozy fireplace, laughs and joy, unforgettable memories ... no wonder it's the favorite season for most Americans.

It's also a time when we reflect on the passing year and set goals for the coming one. Independent of what's going on in the world, homeownership remains an inseparable part of the American Dream. If you are not a homeowner, why not make that dream a one of your goals for 2018? After all, "goals are dreams with deadlines," says author Diana Scharf.

Why become a homeowner? Owning a home is potentially one of the biggest and best financial investments you can make. If the history has taught us right, real estate always appreciates, provided you're in it for a long run. Your accountant will tell you about the tax advantages. Whether it's a small condo, a townhouse or a large single-family home, you will have a corner of this world to call your own.

Here is a quick snapshot of what you need to do to prepare yourself:

Commit to the idea of buying a home. Only you can decide whether this is the right decision for you. Weigh all the pros and cons. Are you currently paying rent? How much house would that rent get you if you owned one? You might be surprised. Does your current residence have the space you need? Are you in the school zone you want to be in? Do you have a yard? Can you have a pet?

These are just some of the reasons that may direct you toward buying a home. Once you have made a firm decision you are ready to move on to the next step.

Determine what you can afford. It's time to go loan shopping. You should contact two to three lenders to determine your budget and pick the one with the best terms. You can go to your bank, a mortgage company or a credit union. Be prepared to provide them with your two most recent W2s and/or tax returns, last two months of bank statements and most recent pay stubs. The lenders will pull your credit report, evaluate your debt-to-income ratio and determine what purchase price you can qualify for. It's important to shop for the loan in a short period of time so the credit pulls don't negatively impact your credit history. After your credit profile evaluation is complete, the lender will issue a preapproval letter, which is typically good for 90 days.

Hire a Realtor. It's important to get a Realtor involved early on in the game. The seller traditionally pays the agent's commission in this market, so the service is essentially free to buyers. All terms and conditions should be verified. Your Realtor can save you a considerable amount of time and groundwork.

Check out the agent's online profile, and read their reviews to make sure you can work together as a team. You may also want to interview one or two other Realtors and select the one you feel most comfortable with. Need help finding a Realtor? Go to HRRRA.com and click on the "Find a Realtor" button.

It's shopping time. Now is the time you have been waiting for. Remember all the HGTV shows you watched? The thrill of picking the house? Now it's your turn. You will find pretty quickly that the reality is a bit different from HGTV. You can easily become disappointed if you have set move-in-ready, beautifully renovated and moderately priced modern homes as your measure of standard.

Let your Realtor guide you in setting your expectations as to what you can expect to find within your budget. Be sure to have your list of needs ready. It generally breaks down into two categories: requirements and a bonus list. Your requirements are the absolute must-haves: location, minimum number of bedrooms and baths, square footage, parking, proximity to work, schools etc. Your bonus list can include additional perks like crown moldings, jetted tub, pool, gazebo, workshop etc. Depending on circumstances, you may have to sacrifice some features to get others. That's just the nature of the beast.

Submit an offer. Now that you have found the right home you are ready to submit an offer. Ask your Realtor to provide you with a market analysis on the property and the neighborhood so you can determine a strong offer price. Setting a positive atmosphere in negotiations will go a long way for you. One way to achieve this is to send a personal letter to the seller along with the offer. Include information about your family and what you love about the home. In today's market with the low inventory there is a chance that your first offer may not go through. In fact, it's not unusual to submit several offers on different homes before one gets accepted. Don't get discouraged. Have faith that the house you end up buying will be the perfect one.

Prepare for contract closing. Once your offer is accepted, it's time to get busy. Typically, there is a 30- to 60-day time frame that's packed with inspections, full loan application, appraisal, etc. This topic deserves an article of its own, so I'm not going into too many details. Remember to follow your Realtor's advice and also do your own research. Virginia is a "buyer beware" state, so use all the resources available to conduct your due diligence.

It's closing day. The loan is approved, the seller receives the funds, and you receive the keys. The closing marks the end of the home-buying journey and the beginning of a new and exciting life journey. Congratulations. You are now a proud achiever of the American Dream.

Happy holidays, and may 2018 be your best year yet.

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