

Figure 4.5

- *HOW YOU'LL BE NOTIFIED OF NEW PROPERTIES?* You may get a daily e-mail, or you may get a phone call a few times a week. Find out how and when you can expect to be informed.
- *WHAT ARE THE RULES OF YOUR LOCAL REAL ESTATE MARKET?* You need to be prepared for the offer process before you find a home you love. This is particularly important if you're in a hot market where you may need to act quickly.

Sizing Up Homes

Searching for homes is a little like dating: you have a pretty good idea what will make a good match, but you never know exactly when the sparks will fly. You might spend a few weeks combing the market, or you might fall in love your first trip out. No matter how long it takes or how many stops on your journey, getting the right home under contract is essentially a three-step process:

1. Check out homes that match your criteria.
2. Write and negotiate an offer on the right home.
3. Inspect the property before finalizing the deal.

At the end, you can take the optional fourth step of breathing a big sigh of relief because once you and the seller have agreed on a final contract, you're in the home stretch.

It's the big day: your first trip to see homes. You meet with your agent, Cindy, to review the list of homes she picked out of the MLS (Multiple Listing Service) based on your personal criteria, and then you head to the first property. Cindy opens the door, and you both step inside. What happens next is a team effort.

What You See

You've just arrived at 123 Mockingbird Lane. From the MLS printout, you know it's got three bedrooms and two baths, just like you wanted. From the sidewalk, it looks fantastic. As you step into the living room, you're immediately wowed by the fireplace and its classy stone hearth. You mentally arrange your furniture and decide your couch would fit perfectly against the side wall. As you move to the kitchen, you note that it's open and spacious, but you also wonder if there's enough counter space for the high-intensity cooking you love. Walking through the bedrooms, you think they seem a little small, but that master bedroom has a great walk-in closet and a nice view of the yard. As you head back downstairs, you think you might really like it—but it's your first home to visit so you're not quite sure.

What Your Agent Knows

Your agent follows you inside. Having previewed the home before showing it to you, Cindy knows the fireplace is beautiful but also knows that most of the homes in the subdivision have them. When she worked her way through the house, she looked for telltale signs of disrepair. Cindy hadn't seen any stains on the ceiling, so she's thinking there hasn't been any major leaks. However, she had seen some slight cracks around some of the windows, and one of the doors had stuck. This told her the foundation could become a problem down the road. She knows the yard is bigger than most of the ones nearby and has especially elaborate landscaping.

Comparing Notes

Above all, your property should be right for you, however offbeat and funky your tastes may be. Remember, though, that someday you will have to sell this home to someone else, and in the meantime you'll have to deal with maintenance. If your agent strongly cautions you against a particular home, we urge you to pay attention. If you had decided that Mockingbird Lane was the right home for you, for example, Cindy would have

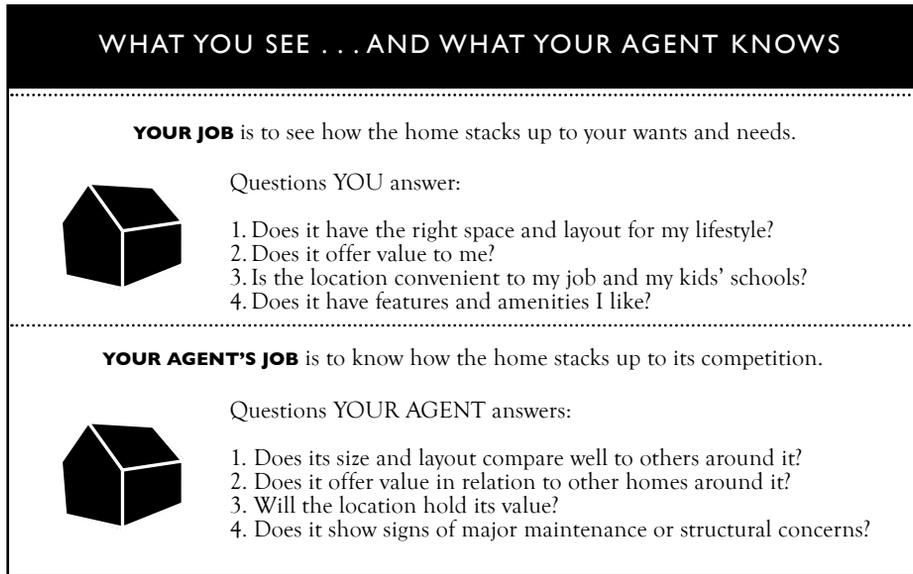


Figure 4.6

cautioned you that foundation problems could crop up at some point and encouraged an inspection before you made an offer. Even if you don't mind a sticking door or two, the next buyer might. "I want to be excited with you, but I'm also looking at our relationship," says Austin, Texas, agent David Raesz. "In five or seven years when you're ready to sell, I don't want you saying I got you into something I can't get you out of."

Refine As You Go

Every property teaches you something. As your search progresses and your knowledge grows, tap into these new insights to continually refine your criteria. Imagine, for example, that you decided to look for homes in the Mockingbird Lane area because of its convenient location, even though the homes are a little smaller and older than you'd like. Then, after looking at a dozen homes in the area, you realize they all share the same flaw—they're all just a little too small. Maybe it's time for you to reshuffle your priorities and consider a longer commute in order to buy a bigger, newer home. These kinds of refinements are perfectly normal. In fact, they

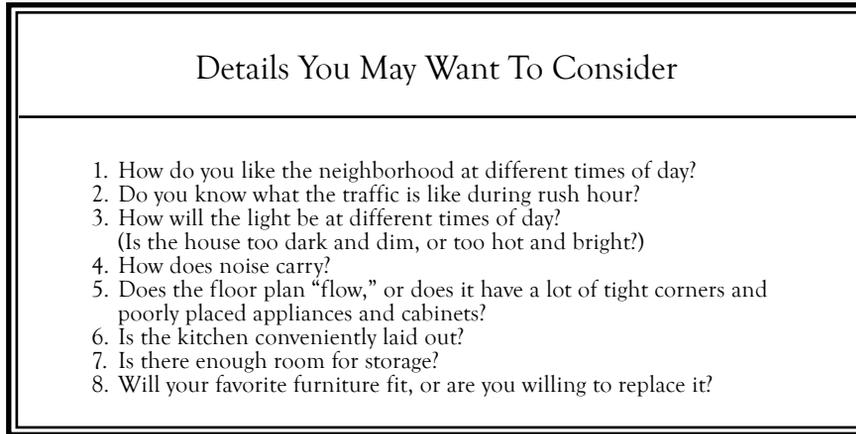


Figure 4.7

enhance your search as you share them with your agent and use them to better focus on the right property for you.

There are also some helpful things you can do while you evaluate homes during your search. After a day or two of looking at several properties, it can become hard to remember which homes were more appealing and why. In fact, after viewing numerous homes in a few hours, they can become one big blur.

To help you remember each home distinctly, take along a notepad and write down the address of each property you visit before you get out of the car. While you tour the home, take short notes about the things you like and don't like and note a distinguishing feature (for example, a purple birdhouse or a stained-glass window) that will jog your memory after a long period of looking.

You can also write your home notes on the back of the MLS information sheet that your agent will typically provide you for each property you visit. Then, when you get home, you can sit down and sift through your notes and start to rank the properties according to affordability, size, features, amenities, condition, layout, and location, among other things. After you do this a few times, it becomes easier to figure out which homes don't fit your needs and which ones do. Then, with a top ten list (or better yet, top two or three), you can ask

your agent to take you back for a second look. Please note that in some markets and for some homes, you need to be prepared to move faster than the pace we are describing. You also may choose to check out some homes without your agent.

During your second visit to a home that has made the cut, take a little more time wandering through it and taking notes. Look a little more closely at the roof, walls, floors, layout, bedrooms, and bathrooms. Venture outside and stroll around the yard, front and back. Imagine what it would be like to live there. And then, when you think you've found the one, it's time to get serious about making an offer, which we'll cover in the next chapter.

Notes to Take Home

- Careful consultation with your agent is the way to more accurately pinpoint what you are looking for. The right house will meet all your important needs, and as many of your additional wants as possible.
- The questions you should ask yourself include:
 - What do I want my home to be close to?
 - How much space do I need and why?
 - Which is more critical: location or size?
 - Would I be interested in a fixer-upper?
 - How important is home value appreciation?
 - Is neighborhood stability a priority?
 - Would I be interested in a condo?
 - Would I be interested in new home construction?
 - What features and amenities do I want? Which do I really need?
- You'll learn as you look at homes—it's wise to refine your priorities along the way.
- Visit YourFirstHomeBook.com for worksheets and other helpful resources.

Jay's First Home



When we lived in New York City, it never occurred to us to buy a home—almost everybody we knew rented. Then we moved to Austin, Texas, where I started working for Keller Williams. Mo Anderson, our CEO at the time, taught an orientation class on balance sheets, assets, and liabilities. She was passionate about building financial independence, and her advice sunk in. Suddenly, not buying a home just wasn't an option.

It didn't happen overnight. My wife Wendy and I spent a year paying off our college debt and saving money. But once we began looking, it happened really fast. People have always told me that when you find the right house you will know right away—kind of like meeting the right person and falling in love.

When we first saw the house pictured on the Internet, it didn't look at all promising. The black-and-white photograph, which had been taken through a metal chain-link fence in terrible lighting, made the house look dejected and sad. Still, it had the right address—in South Austin near Zilker Park and Barton Springs. It was the classic Austin neighborhood. And the price was right, too, only \$5,000 more than we had budgeted.

The house looked even worse in person than in the photograph. Pink cinder block masquerading as stucco. No real driveway, just broken concrete and gravel. And, that ugly chain-link fence guarding an overgrown lawn. To make matters worse, it was raining that day. Then we opened the front door and went inside, and I remember saying to Wendy, "This is it."

That little bungalow had everything we valued: location, layout, and light. The previous owners had added a nice living space at the back with lots of windows. We immediately began referring to it as the sunroom.

Even though I knew this house was the one for us, we forced ourselves to look at four others that day. But by 9:45 in the evening we called our real estate agent and put in an offer. We bought it for \$175,000.

My wife Wendy's dad is a great handyman, and she's pretty handy, too. He helped us install a new kitchen sink and garbage disposal. Wendy and I painted the house in bright pastel colors and put in a stone walkway and new floors. We ripped up the chain-link fence, except for the gate with the little metal lions on top, which became the focal point of our landscaping. My grandmother in Mississippi is known as "The Gardener." She gave us daylilies and hollyhocks to plant. Before long that little pink bungalow looked quite charming.

When I think of that first home, it reminds me of a carefree time with lots of dinner parties and hanging out with friends in the backyard. We have great memories of working on the improvements together. We spent three very happy years there until Gus, our first child, came along, and we needed to find something larger.

We still have that house and use it as rental property. Wendy enjoys showing it to prospective renters. She says it's easy to sell something you really love. The best part? That funny little house we bought for \$175,000 appreciated to be worth more than \$325,000 in only five years.

Although we didn't really plan it that way, it's turned out to be a great investment. As Wendy says, "It's the best investment we didn't know we were making."

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