



Pennsylvania Association of REALTORS®

NEWS RELEASE

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FOR IMMEDIATE RELEASE

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ARE YOU READY TO BE A HOMEBUYER?

Check Credit, Budget and Organize Financial Documents

HARRISBURG, Pa. (June 12, 2007) – When you make the decision to buy a home, spend a little time doing some financial housekeeping. Shoring up credit, crafting a budget and organizing financial documents will go far in smoothing the way to a home purchase.

Work on your home-buying project before you even start shopping for homes. Keep in mind that most buyers take eight weeks to actually shop for a home, according to a survey by the National Association of REALTORS®. Your financial prep work should start well ahead of those eight weeks.

Including:

- Take advantage of the free credit reports everyone is entitled to see. Many web sites offer "free" credit reports but there's a catch. They require you to sign up for a free trial of a credit-monitoring service that will cost money if you fail to cancel during the free trial period.
- The official site where you can get free, no-strings-attached credit reports annually from the Equifax, Experian and TransUnion credit bureaus is www.annualcreditreport.com. You can receive one free credit report from each of these three agencies every year.
- Secure all the financial documents when you apply for a loan
- Make copies of your income tax returns
- Bring W-2 wage statements, paycheck stubs, bank and investment account statements, recent credit card statements
- Bring documents of divorce decrees and proof of child support payments.

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Having these documents handy will help you figure out your down payment, monthly mortgage, plus property taxes and insurance. There is a difference between the maximum payment a borrower can qualify for -- which can sometimes be surprisingly high -- and the amount you can comfortably afford.

First-time buyers in particular often don't know how they can afford a mortgage that's higher than their rent because they can deduct the cost of the mortgage on their tax returns. A good REALTOR® can help you figure out the bottom line.

There are many aspects to a real estate purchase:

- Deposits, up-front costs (inspections)
- Settlement costs
- Purchase price and financial reserves (for repairs and other expenses after moving in)
- Buyers should be sure how they will find the money to cover each expense (savings, gift, mortgage, etc.).

Sellers may want to ask for proof that the buyer can afford the home. Most buyers will require mortgage financing to buy a home, so most will elect to include a mortgage contingency in the Agreement. In short, the contingency states that the buyer won't have to move forward with the purchase if an application for mortgage financing is denied.

To help the seller judge whether a particular buyer is likely to be able to afford the property, the Agreement asks buyers to be fairly specific in stating what their mortgage requirements will be.

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The Pennsylvania Association of REALTORS® (PAR) is a 34,500-member trade association that serves as the "voice for real estate" in the Commonwealth of Pennsylvania. A member organization of the National Association of REALTORS®, PAR is comprised of residential and commercial REALTORS® who subscribe to a strict Code of Ethics and Standards of Practice.

Editors Note: This release is part of a series recognizing June as Homeownership Month by the Pennsylvania Association of REALTORS® and the Pennsylvania Association of Mortgage Brokers (PAMB). For interviews and more information contact Samantha Elliott Krepps, (PAR), 717-561-1303 or skrepps@parealtor.org.