

## **Rent Or Buy**

The nationwide housing market is slumping while other asset markets such as the Dow or S&P are performing well. Before you part with your savings, figure out whether you can make more money renting and investing in other markets than in real estate. Which is the better way to build equity? Renting a home is as much a roof over your head as owning one, after all.

## **Scope The Neighborhood**

Walk around and count the "for sale" signs. Have your broker look up how much time those houses have been on the market and how different the current asking price is from what it was at first listed. The slower the neighborhood, the more likely a buyer is willing to accept a lower offer as sellers are intimately aware of how well other houses in the area are doing. If the neighborhood market is in the doldrums, make a lower offer, ask the seller to pay closing costs or reconsider buying in the area.

## **Check The Environmental Record**

Private data groups aggregate information about every leaking gas tank, former drug lab, possible water pollutant or Centers for Disease Control concern. Since most states have very limited disclosure requirements, make sure you find out the environmental risks of the land around your home, especially neighboring lots at higher elevation as contaminants flow downhill.

## **Check Out The Public Schools**

Even if you're without kids, or plan to send your tots to private school, find out how good the local public schools are by checking test scores. Extremely high-demand, good public schools ensure that there will always be a strong pool of buyers who are willing to pay a premium over neighborhoods in nearby districts.

## **Have An Exit Strategy**

A corner lot, the quality of roof tile or an uneven yard may not make a difference to you but it likely will to whomever you try to sell the house to. When you're buying in, make sure you have a plan for getting out. A small discount when you buy may not be worth the extra time the house will sit on the market when you try to sell it.

## **401(k) (for US investors)**

Many 401(k) policies allow for a loan up to 50% of the account, or up to \$50,000. If you're not in the 22% of first-time home buyers who are gifted their down payment, borrowing from a 401(k) can be an effective strategy. It won't get you a tax write-off, but you'll be repaying interest yourself as a lender. The risk is that if you lose your job or switch jobs you have to pay back the down payment loan within 60 days or pay taxes and penalties.

## **Home Owners' Associations**

If you thought landlords were restrictive, wait until you live under the jurisdiction of a tough HOA. Read the fine print on the scope of the HOA's power and what they can prevent you from doing, whether that's repainting your house or building a fence.

## **Local Preservation Laws**

Many of the nation's older suburbs have restrictions and barriers to remodeling in order to preserve a historic look and feel. Chances are that at some point in owning a home you'll want to remodel or do some kind of addition. Go to the preservation board and get a sense of what is and isn't permissible.

## **Legal Fees**

Chances are, the legal wranglings of a first home buy will not be exceedingly complicated, but you will need a lawyer. Especially the case in new constructions, where contracts are overseen by the state attorney's office, your real estate attorney, while important, will not be doing huge amounts of heavy lifting. Try to negotiate a flat fee upfront.

