

## 5 Property Tax Questions You Need to Ask

1. What is the assessed value of the property? Note that assessed value is generally less than market value. Ask to see a recent copy of the seller's tax bill to help you determine this information.
2. How often are properties reassessed and when was the last reassessment done? Generally taxes jump most significantly when a property is reassessed.
3. Will the sale of the property trigger a tax increase? Often the assessed value of the property may increase based on the amount you pay for the property. And in some areas, such as California, taxes may be frozen until resale.
4. Is the amount of taxes paid comparable to other properties in the area? If not, it might be possible to appeal the tax assessment and lower the rate?
5. Does the current tax bill reflect any special exemptions that you might not qualify for? For example, many tax districts offer reductions to those 65 or over.

## 10 Questions to Ask Your Condo Board

Before you buy, contact the condo board with the following questions. In the process, you'll learn how responsive—and organized—its members are.

1. What percentage of units is owner-occupied? What percentage is tenant-occupied? Generally, the higher the percentage of owner-occupied units, the more marketable the units will be at resale.
2. What covenants, bylaws, and restrictions govern the property? What grandfather clauses are in place? You may find, for instance, that those who buy a property after a certain date can't rent out their units, but buyers who bought earlier can. Ask for a copy of the bylaws to determine if you can live within them. And have an attorney review property docs, including the master deed, for you.
3. How much does the association keep in reserve? How is that money being invested?
4. Are association assessments keeping pace with the annual rate of inflation? Smart boards raise assessments a certain percentage each year to build reserves to fund future repairs. To determine if the assessment is reasonable, compare the rate to others in the area.
5. What does and doesn't the assessment cover—common area maintenance, recreational facilities, trash collection, snow removal?
6. What special assessments have been mandated in the past five years? How much was each owner responsible for? Some special assessments are unavoidable. But repeated, expensive assessments could be a red flag about the condition of the building or the board's fiscal policy.
7. How much turnover occurs in the building?
8. Is the project in litigation? If the builders or homeowners are involved in a lawsuit, reserves can be depleted quickly.
9. Is the developer reputable? Find out what other projects the developer has built and visit one if you can. Ask residents about their perceptions. Request an engineer's report for developments that have been reconverted from other uses to determine what shape the building is in. If the roof, windows, and bricks aren't in good repair, they become your problem once you buy.
10. Are multiple associations involved in the property? In very large developments, umbrella associations, as well as the smaller association into which you're buying, may require separate assessments.

## 10 Questions to Ask Your Lender

Be sure you find a loan that fits your needs with these comprehensive questions.

1. What are the most popular mortgage loans you offer?
2. Which type of mortgage plan do you think would be best for us? Why?
3. Are your rates, terms, fees, and closing costs negotiable?
4. Will I have to buy private mortgage insurance? If so how much will it cost and how long will it be required? NOTE: Private mortgage insurance usually is required if you make less than a 20 percent downpayment, but most lenders will let you discontinue the policy when you've acquired a certain amount of equity by paying down the loan.
5. Who will service the loan? Your bank or another company?
6. What escrow requirements do you have?
7. How long is your loan lock-in period (the time that the quoted interest rate will be honored)? Will I be able to obtain a lower rate if they drop during this period?
8. How long will the loan approval process take?
9. How long will it take to close the loan?
10. Are there any charges or penalties for prepaying the loan?

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## 10 Things a Lender Needs From You

1. W-2 forms or business tax return forms if you're self-employed for the last two or three years for every person signing the loan.
2. Copies of one or more months of pay stubs from every person signing the loan.
3. Copies of two to four months of bank or credit union statements for both checking and savings accounts.
4. Copies of personal tax forms for the last two to three years.
5. Copies of brokerage account statements for two to four months, as well as a list of any other major assets of value, e.g., a boat, RV, or stocks or bonds not held in a brokerage account.
6. Copies of your most recent 401(k) or other retirement account statement.
7. Documentation to verify additional income, such as child support, pension, etc.
8. Account numbers of all your credit cards and the amounts of any outstanding balances.
9. Lender, loan number, and amount owed on other installment loans—student loans, car loans, etc.
10. Addresses where you lived for the last five to seven years, with names of landlords, if appropriate.

## 6 Creative Ways to Afford a Home

If your income and savings are making homebuying a challenge, consider these options.

1. Investigate local, state, and national downpayment assistance programs. These programs give loans or grants to cover all or part of your required downpayment. National programs include the Nehemiah program (<http://www.getdownpayment.com>) and the American Dream Downpayment Fund from the U.S. Department of Housing and Urban Development (<http://www.hud.gov>).
2. Get the seller to provide financing. In some cases, sellers may be willing to finance all or part of the purchase price of the home and let you repay them gradually, just as you do a mortgage.
3. Consider a shared-appreciation, or shared equity, arrangement. Under this arrangement, your family, friends, or even a third-party may buy a portion of the home and thus share in any appreciation when the home is sold. The owner/occupant usually pays the mortgage, property taxes, and all maintenance costs, but all investors' names are usually on the mortgage. There are companies that can help you find such an investor if your family can't participate.
4. Get help from your family. Perhaps a family member will loan you money for the downpayment and/or act as a cosigner for the mortgage. Lenders often like to have a cosigner if you have little credit history.
5. Lease with the option to buy. Renting the home for a year or more will give you the chance to save more toward your downpayment. And in many cases, owners will apply some of the rental amount toward the purchase price. You usually have to pay a small, nonrefundable option fee to the owner.
6. See if you can qualify for a short-term second mortgage to give you the money to make a higher downpayment. This may be possible if you have a good income and little other debt.