

Buying a Home? Five Steps to Success

Buying a home is a daunting task at the best of times, but when you are buying a home in a new country, it is especially challenging and a worrisome process for most new immigrants.

Many of my customers moving here from overseas ask: “What are the most important things for us to consider when buying a home? I usually share a number of key points with them – things they should do to ensure their property purchase is a success, and I am happy to share those here.

Establish a Budget and Decide on Financing

Decide how much you can afford to spend, and whether you will purchase with cash, or obtain a mortgage. If you wish to finance the purchase, mortgages are *not* typically available for new immigrants who do not have a credit history in the United States. You may have to wait until you have established yourself here for a couple of years before you can obtain a mortgage. However, mortgages *are* available for foreign nationals who reside outside U.S.A. Typically these loans are designed to assist foreigners in purchasing vacation homes, but with forward planning they can be a very useful part of your immigration strategy. Use this kind of loan to establish a vacation property here that you can move into once you have obtained your visa. Typically this kind of loan will require 30-35% deposit and proof of your assets and income in your home country.

Location, Location, Location!

Arguably the most important consideration for any real estate purchase. Think about where you will be spending time once you relocate:

How long will the commute be to your place of work?

Where will your children go to school, and how are the local schools rated?

How close are you to shopping, restaurants, entertainment and leisure activities?

What kind of neighbors will you have – similar age and interests?

Remember Florida is a popular retirement and tourist destination and we have some neighborhoods that cater almost exclusively to retirees and tourists, and they may not be ideal if you are looking for a family-based community, and one with a stable population where you can get to know your neighbors well.

Location is also an important factor in determining how your home may perform as an “investment”:

Is it in an up-and-coming area?

Are the surrounding homes of similar or larger size and price?

What are the local authority’s plans for developing adjoining or nearby land?

How easily will the home resell in the future?

Understand the True Costs

It's not enough to know the price of the home. You need to consider "closing costs" and ongoing cost of ownership. Closing costs are associated with the process of a buying a home. They may include inspections, stamp duty, title insurance, property taxes and building insurance for instance. If you pay cash for the property, budget 2.5% of the purchase price to cover closing costs, or a little more if your purchase a newly constructed home. If you have a mortgage, the closing costs may be significantly higher. You should also consider the ongoing cost of ownership. Gated communities with resort style amenities come at a cost. Be sure you understand the Home Owners Association (HOA) fees and property taxes, and factor these into the annual running costs of the property.

Plan Early for Your Currency Needs

Even a slight movement in the exchange rate between your home currency and the U.S. Dollar can mean a big difference in the actual cost of the home. Early in the process, establish a relationship with a specialist foreign exchange company who will help you change funds at the best possible time and rate. When exchanging large amounts of money, even a small movement in the exchange rate can mean big savings to you, so plan well ahead for this aspect of your move.

Choose an Agent, not a House

Yes, this sounds backwards, particularly if you come from a country where homes may be purchased only through the agent or broker who has listed the property for sale.

The real estate market in U.S.A is typically structured in such a way that all real estate agents have access to all properties that are being offered for sale. A good agent will also know local builders and new construction options in their market. Your chosen agent works for you, not for the seller. Typically your agent will share in the seller's agent's commission, so their services are free to you as a buyer. All real estate agents must be licensed by the state in which they do business, and there are more than 127,000 agents in Florida alone! Try to locate an agent who is a Certified International Property Specialist (CIPS) – this indicates they have gone through additional education to make them more effective at serving overseas buyers. They will be in a position to compare and contrast the American way of doing business with the way real estate transactions are conducted in your home country. They will also be able to introduce you to other professionals you will need to ensure a smooth purchase and transition, from the mortgage company to a home inspector, or a tax advisor to help you decide how best to take title to the home.

Just as you have taken care to choose a qualified immigration attorney to assist you in meeting immigration requirements, continue to surround yourself with other professionals, and their guidance will certainly help take the stress out of this aspect of your move to U.S.A.



ABOUT THE AUTHOR

Patricia Tan emigrated to U.S.A from England, accompanied by her husband and two children, in 1997. She and her family are now U.S. citizens. Patricia has been a licensed real estate agent for more than 10 years. She is a Certified International Property Specialist (CIPS), Graduate of Real Estate Institute and she specializes in working with international buyers. Patricia operates her real estate business within Coldwell Banker Residential Real Estate– the largest real estate company in Florida, and one of the biggest companies across U.S.A. You may contact Patricia at +1 941 504 9232, by email at Pat@PatriciaTan.com or through her website www.YourGlobalAgents.com