



**MARTELL HOMES**  
AFFORDABLE LUXURY

# THE MARTELL MARKET REPORT



# Buying A House In 2021:

## A Step-By-Step How-To

Are you ready to take on the challenge of buying a home in 2021?

Make sure to read our how-to guide before you jump in.

### How To Buy A House In 12 Steps

Most home sales involve the following 12 steps:

1. Decide Whether You're Ready to Buy A Home
2. Calculate How Much House You Can Afford
3. Save For A Down Payment And Closing Costs
4. Get Preapproved For A Mortgage
5. Find The Right Real Estate Agent
6. Begin House Hunting
7. Make An Offer On A House
8. Get A Home Inspection
9. Get A Home Appraisal
10. Ask For Repairs Or Credits
11. Do A Final Walkthrough
12. Close On Your New Home

Let's take a closer look at what each of these steps involves and what you'll do along the way.





Buying a house is a major commitment. Before you begin shopping for properties or comparing mortgage options, you need to make sure you're ready to be a homeowner.

Let's look at some of the factors that lenders and homeowners alike should consider.

### **Income And Employment Status**

Your lender won't just want to see how much money you make. They'll also want to see a work history (usually about 2 years) to make sure your income source is stable and reliable.

Preparing your income is all about pulling the right documentation together to show steady employment. If you're on payroll, you'll likely just need to provide recent pay stubs and W-2s. On the other hand, you'll need to submit your tax returns and other documents the lender requests if you're self-employed.

### **Debt-To-Income Ratio**

Debt-to-income ratio (DTI) is another financial instrument mortgage lenders use to evaluate your loan application. Your DTI helps your lender see how much of your monthly income goes to debt so they can evaluate the amount of mortgage debt you can take on.

DTI is calculated by dividing your monthly debt by your gross monthly income. For example, if your monthly debts (credit card minimum payments, loan payments, etc.) total \$2,000 per month and your gross monthly income is \$6,000, your DTI is  $\$2,000/\$6,000$ , or 33%. Your lender will use the debts shown on your credit report to calculate your DTI.

It's smart to review your DTI before you apply for a loan. In most cases, you'll need a DTI of 50% or less to qualify for a mortgage, although this number varies based on your lender, loan type and other factors.

## Liquid Assets

Even with the help of a mortgage, you'll still need liquid assets to fund the purchase of a home, specifically your:

**Down payment:** Buying a home with no money down is possible, but most homeowners need to have some cash for a down payment. A down payment is the first major payment you make on your loan.

The amount of money you'll need for a down payment depends on your loan type and how much money you borrow. You can buy a home with as little as 3% down (though there are benefits to putting down more).

**Closing costs:** You'll also need to pay for closing costs before you move into your new home. Closing costs are fees that go to your lender and other third parties in exchange for creating your loan.

The specific amount you'll pay in closing costs will depend on where you live and your loan type. It's a good idea to be prepared for 3% – 6% of your home's value as an estimate of your closing costs. In some situations, part of closing costs can be rolled into your mortgage or paid by the seller using seller concessions.

## Credit Health

Your credit score plays a huge role in what loans and interest rates you qualify for. Your credit score tells lenders how risky you are to lend money to.

Taking steps to improve your credit score and reduce your debt can pay off big as you prepare to get a mortgage. Better numbers mean better loan options with lower interest rates.

Your credit score is based on the following information:

- Your payment history
- The amount of money you owe
- The length of your credit history
- Types of credit you've used
- Your pursuit of new credit

What score will you need to qualify for a home loan? Most lenders require a credit score of at least 620 to qualify for the majority of loans. A score above 720 will generally get you the very best loan terms.

### Willingness To Live In One Place

A mortgage can be a 30-year-long commitment. Though you don't need to live in your home for the entirety of your mortgage term, it's still a big decision. When you own a home, it's more difficult to move. Unless you're buying a second

home, you might need to sell your current home first, which can take time.

Decide whether you're ready to live in your current area for at least a few more years. Consider your career goals, family obligations and more. Each of these factors will play a major role in the type of home you buy and where you set up your primary residence.

## Timing

Deciding whether it's a good time to buy a house or not depends on a variety of personal factors (such as financial readiness and lifestyle preferences) and market conditions (such as economic health and current mortgage rates).

Ultimately, the right time to buy a home comes down to your own unique situation. Be sure to consult a financial expert before making any big financial decisions such as buying a house.





Once you decide you're ready to buy a home, it's time to set a budget. A good place to begin is by calculating your DTI ratio. Look at your current debts and income and consider how much money you can reasonably afford to spend each month on a mortgage.

Homeownership comes with several costs you don't need to worry about while renting. You'll need to pay property taxes and maintain some form of homeowners insurance. Factor these expenses into your household budget when you decide how much house you can afford. Having trouble coming up with a number? Use Rocket Mortgage's®

Home Affordability Calculator to get a rough idea of how much of a mortgage you can afford.

by Perry Thomas



# 10 Tips to Renovate your House Beautifully yet Economically

You are renovating because you want your house to look more beautiful and feel more comfortable. Consider your home renovation plan as a business plan or as your special project you are starting from scratch.

If you hire an architecture he plan for you, but if you want to save money the first step is to take charge of the project and do it to yourself. In this article we are sharing some DIY ideas on, how to renovate your house on budget?

The key to renovating your house on budget yet beautifully is primarily to plan the entire process effectively. The following sections will demonstrate how you can divide your entire renovation plans into sub-plans, according to the space you have and renovate your home effectively. If you are looking to find out top 10 ways to renovate your house beautifully yet economically then read below:



## **Divide and Conquer**

As mentioned earlier effective planning is the key to effective renovation. If you are renovating yourself then you need to focus on both the bigger picture and the smaller parts. You might have heard the phrase “whole is greater than the sum of its parts”, you can apply the same strategy to your home renovation project and devise a renovation plan for each area in your house. If you hire an architect for renovation, he will assess your requirements and then renovate accordingly. In this case since you’re in charge, you will brainstorm your requirements, write your end goal for each space in the house and decide the overall goal, and then move on to:

## **Budgeting**

Since you want to renovate your house economically it is important for you to decide the total expenditure requirements/limit. It is important to remember in budgeting that you cannot overestimate your budget, keep your budget underestimated and then move on to researching for things you need.





## Research

You will be surprised at the number of options you have once you start your research. The beautiful lamp that you liked at a high end store can be purchased at a lower price from elsewhere as well. So, when renovating your house on budget please remember that if you research to find the furniture you like, paint you want or the decorations you would like in your house, you are likely to find most of the supplies at an inexpensive price. Take advantage of online shopping, thrift stores and second hand furniture shops and see how far you will go. For step by step instructions on how you can decorate your house beautifully yet economically please read below:

## Doors Create the First Impression

The first impression of your house is your door. If you are unable to change the door completely and if your existing door is in a good condition then you should repaint your door. Your doors could also affect the lighting of your room, and you could benefit from this great technique interior designer Amy Lau uses, “When dealing with a dark room, whatever color is used on the walls, I paint the ceiling, trim, and doors the same color but 50 percent lighter. Too much of one shade can overpower a space.” So, when renovating on a budget if you are repainting your door try to use different shades according to the concentration of light in your house to optimize the lighting of your house the way you want to.

## Paint Affects Lighting

As mentioned earlier painting affects

lighting and when renovating your house you might opt for a new paint. In that case if you are already on a budget purchasing different colored pallets might seem counterintuitive. If you are on a tight budget then opt for a black and white palette, it will give your house a modern sophisticated look and you will have the guarantee that you can never go wrong with white or black.

## Small Rooms don't have to Look Small

If you are renovating to make a small house look bigger than an inexpensive and beautiful way of achieving that goal is to use mirrors. It's an inexpensive technique but it's used by one of the most famous architects of his time, Sir John Soane, who used mirrors in the breakfast room of his London house.

## Kitchens and Storage

If you are decorating/renovating your house then you are probably trying to declutter and maximize your storage as well. Utilizing your kitchen to its maximum capacity can help you minimize your storage problems. In order to do this on a low budget you can either DIY kitchen cabinets or storages from recycled material at your house, or take advantage of thrift shops in your area. No one knows your kitchen space better than you do and your storage needs building DIY storage kitchen cabinets will not only help you save money and reuse old materials at your house but it will also ensure that you're building exactly what you need. If you already have cabinets which are enough for storage then you don't need to replace them you can just

repaint them to make your kitchen look as good as new.

## Light Comes through the Windows

According to Marc Appleton, “half the experience of living indoors is seeing the outdoors” So when remodeling your house install large windows. However, you might not have the budget to change your windows in that case play around with paint and paint your windows a shade lighter than the rest of the room to maximize the light coming through the windows.

## Bathroom Renovation

You would be surprised at the number of inexpensive yet quality products you can purchase to renovate your bathroom. If you are looking to install new toilet fixture you can check out Toto Toilet, and if you are not planning to install any new items, you can fix up your existing toilet by changing the paint, changing cabinet paints and by fixing the pressure of shower etc.

## Floor Renovation

If you are on a budget then floor renovation might seem expensive, and if you cannot find a flooring installation under your budget then you should invest in renovating everything else according to your floor design.

The key to renovating or redecorating your house beautifully yet inexpensively is to devise a goal for yourself, and paint an entire picture of what you want and then step by step renovate each part of your house like mentioned above.

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