

A SOUTH DAKOTAN'S GUIDE TO BUYING YOUR FIRST HOME VOLUME 2: SEARCHING





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INTRODUCTION

Your first time applying for a mortgage, house-shopping, obtaining a home inspection – it can get daunting. Arm yourself with the knowledge you need to feel confident in your decision-making process, from setting your budget to closing on your first home.

After all, there are several key benefits to buying a home, including setting yourself up with more living space, the tax benefits that come from mortgage interest or a mortgage credit certificate, the ability to make improvements as you see fit and a sense of pride and ownership of your own space.

The following volume will help you find and select the right real estate agent, determine your ideal neighborhood and what to look for during a house viewing.



WHAT SHOULD I LOOK FOR IN A REAL ESTATE AGENT?



ASKING THE RIGHT QUESTIONS

Choosing the right real estate agent can depend on a variety of factors. You need to establish a level of trust with the person who's representing you, so often the best first step is to ask friends and family for recommendations. Once you've found a potential agent, ask if he or she is full-time, how many clients he or she is currently handling, how quickly and often he or she can communicate with you, how long he or she has been doing realty work and how well he or she knows your desired neighborhood or city.

Remember to do your research – ensure your real estate agent of choice has completed training and has the credentials to properly represent you. **Find the right person to help you find the most ideal living situation.**

ASK YOURSELF:

- Have you heard good things from friends about a given agent?
- Does your agent know your needs and your financial limitations?
- Do you trust your agent to get you the best deal?

WHAT SHOULD I LOOK FOR IN A REAL ESTATE AGENT?

UNDERSTANDING EXCLUSIVE AND NON-EXCLUSIVE CONTRACTS

Some real estate agents and brokers may ask you to sign a contract to work with them. These contracts traditionally come in three possible forms.

- In a non-exclusive not-for-compensation contract, the broker or agent will not receive compensation, the buyer can use the services of additional brokers or agents and either party can end the agreement at any time.
- In a nonexclusive right-to-represent contract, the broker or agent may receive compensation (paid by the buyer or another party) if he or she presents the house the buyer purchases. It typically cannot be broken unless outlined in the contract.
- Finally, an exclusive right-to-represent contract prevents the buyer from using additional agents or brokers during the agreement, outlines a commission to be paid, typically lasts longer and usually cannot be broken.

ASK YOURSELF:

- What level of commitment do I have to my agent?
- What level of commission am I willing to pay my agent?



HOW DO I FIND THE RIGHT NEIGHBORHOOD?

DETERMINING MUST-HAVES VS. WANTS

A lot of factors go into determining your ideal neighborhood – and since you'll be settling down with your new home for the near future at least, these are things to take seriously when selecting an area.

Do your research – find out which neighborhoods have higher crime rates, which are closest to desirable schools (if there are children in the picture) and which are experiencing the most value appreciation. **Set yourself up for future success by choosing wisely.**

ASK YOURSELF:

- How much safety and security matter to you?
- How much does school or park adjacency matter to you?
- How long do you plan on staying in this first home?



HOW DO I FIND THE RIGHT NEIGHBORHOOD?

MATCHING YOUR APPROXIMATE BUDGET TO YOUR OPTIONS

Real estate prices can vary greatly by state, city or even neighborhood. No matter what South Dakota city you live in, your real estate agent will be able to assist you in finding the right fit for your desired price.

Current major-market highs and lows (and median home values):

SIOUX FALLS

- High-Cost Areas: Southeast (\$377,484) and West (\$230,550)
- Low-Cost Areas: Central (\$113,342) and North Central (\$88,959)

RAPID CITY

- High-Cost Areas: South (\$293,468) and West (\$208,820)
- Low-Cost Areas: Southeast (\$98,372) and Central (\$112,523)

ABERDEEN

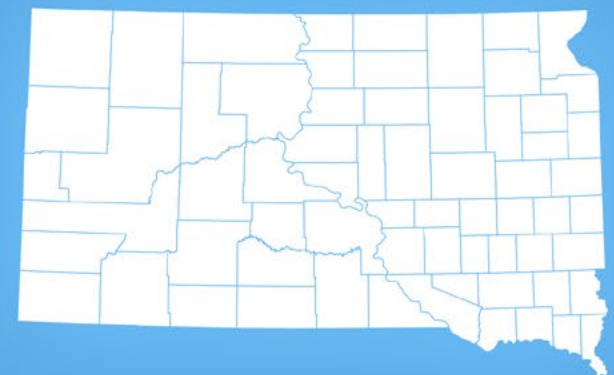
- High-Cost Areas: South Central (\$177,394)
- Low-Cost Areas: City Center (\$92,130)

PIERRE

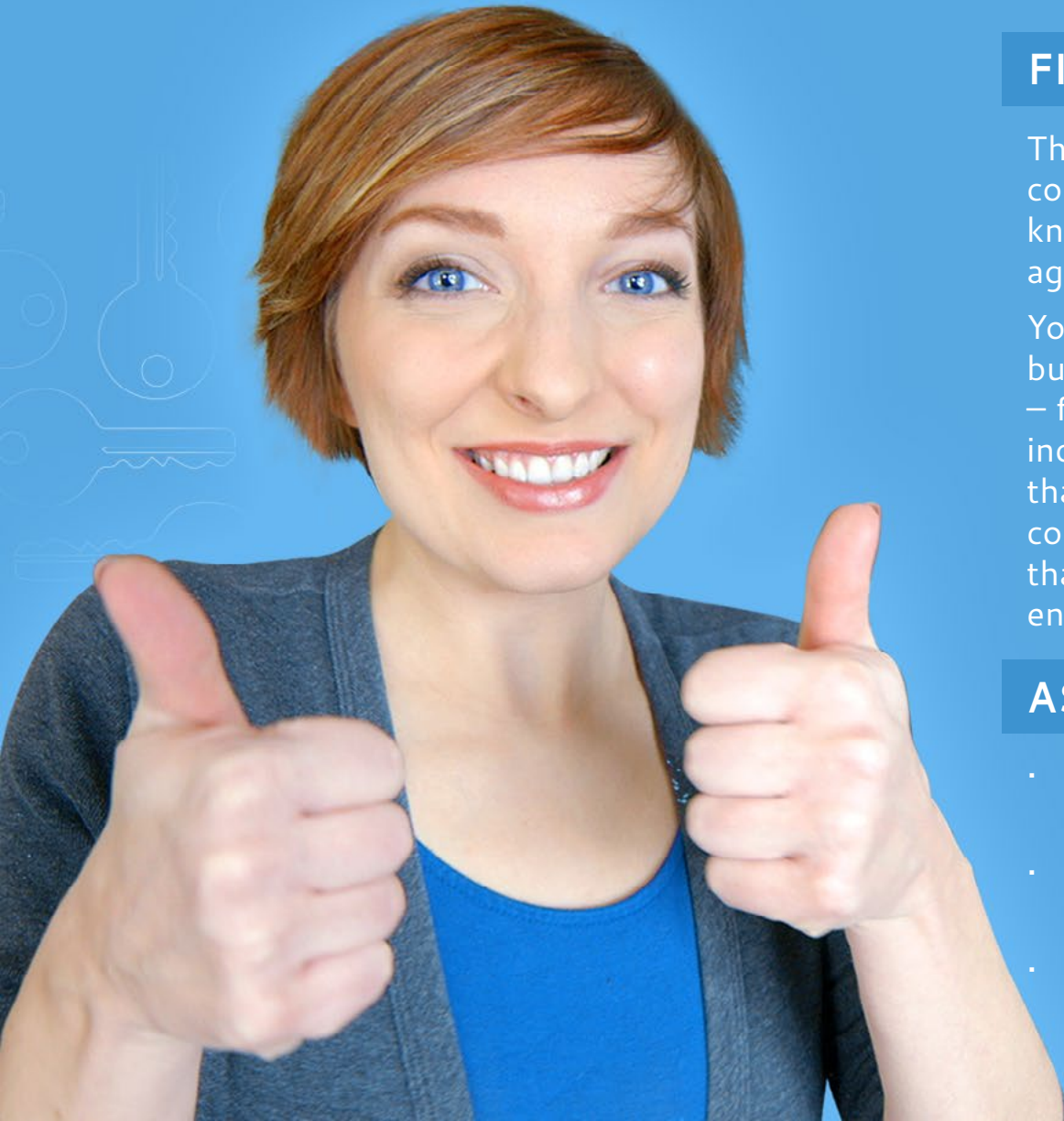
- High-Cost Areas: North and Southeast (\$175,088)
- Low-Cost Areas: Southwest (\$126,149)

ASK YOURSELF:

- Are you willing to pay more for a desired location?
- Are you willing to pay more for a work-adjacent neighborhood?



HOW DO I FIND THE RIGHT NEIGHBORHOOD?



FINDING THE RIGHT SPACE

There's more than one way to buy a house – they come in all shapes and sizes, so it's important to know your needs so you can let your real estate agent know what to look for.

You can choose from existing houses or opt to build your own. And the types of buildings will vary – from single-family houses that are zoned for one individual or family to occupy, to condominiums that are owned properties that are part of a larger complex, to townhouses that are owned properties that are connected but with separate street-level entrances. **Meet your needs with the ideal setup.**

ASK YOURSELF:

- How much room do you need for your family, belongings, etc.?
- Are you interested in an existing house or building a new one?
- Would you prefer a single-family house, condominium or townhouse?

WHAT SHOULD I LOOK FOR DURING A VIEWING?

ASKING THE RIGHT QUESTIONS

Once your agent begins showing you houses, make sure that you're asking the right questions about the property in question before falling in love with it. The length of time the property has been on the market, for example, sometimes indicates how much wiggle room you have in price negotiations.

Your agent may be able to tell you other details, such as how much the average utility cost for the house is, how recently the house's exterior was updated (i.e., roof, siding, paint, etc.) or how recently major appliances, such as the furnace or central air unit, were updated. **Don't be afraid to ask.**

ASK YOURSELF:

- Do you know enough about the house to make a yes or no decision?
- Did you ask questions about the house beyond your visual impression?
- If it's an older house, do you know which elements of the property have been updated in the last five or 10 years?



WHAT SHOULD I LOOK FOR DURING A VIEWING?



DETERMINING YOUR DEAL-BREAKERS

Remember that buying a house is a big decision – don't settle for something that doesn't fit your needs. Write a list of "deal-breakers" before going to viewings. Maybe there's a certain number of bedrooms or bathrooms that you'd ideally want. Or maybe living on a busy intersection is a big red flag for you.

Know what you will and won't put up with, and it'll help you weed out properties that just won't work. **Don't be afraid to have an opinion – take your time and do it the right way.**

ASK YOURSELF:

- What features do you require in a house – from square footage to room counts to flooring?
- What features do you require in a lot – from the yard to the deck to privacy?
- How much are you able to potentially spend on needed upgrades after you move in?

CONCLUSION

Any questions about the first-time homebuying experience? We're here to help. Register for updates from us at SDHDA.org or contact us via email at info@sdhda.org.

Keep an eye out for Volume III of the Homebuyer's Guide, focusing on **closing on your perfect home**.

If you haven't already, check out Volume I of the Homebuyer's Guide focusing on **Financing**.

