

# My Dream Home

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Presentation by: Matthew

# About Me

- 30's
- Single
- Software Engineer
- Work in Seattle, Washington
- Annual Salary: \$66,000.00
- Monthly debt: \$550.00



# Dream House Desires

My dream house would ideally meet the following criteria:

- 10 years or newer and Turn key ready
- Low maintenance
- Easy commute to work
- Between 1800-2800 sq ft. and have 3 bedrooms
- Lots of young professionals in the neighborhood
- Close to golf, sports courts, jogging trails, and gym
- Close to great restaurants, pubs, and Starbuck's
- Close to girl friend and buddies
- Yard for a dog



# Evaluating My Criteria

To make sure that the criteria I had set for my dream home made sense both financially and personally I decide to map it in relationship to what I knew and had learned about buying and selling real estate.

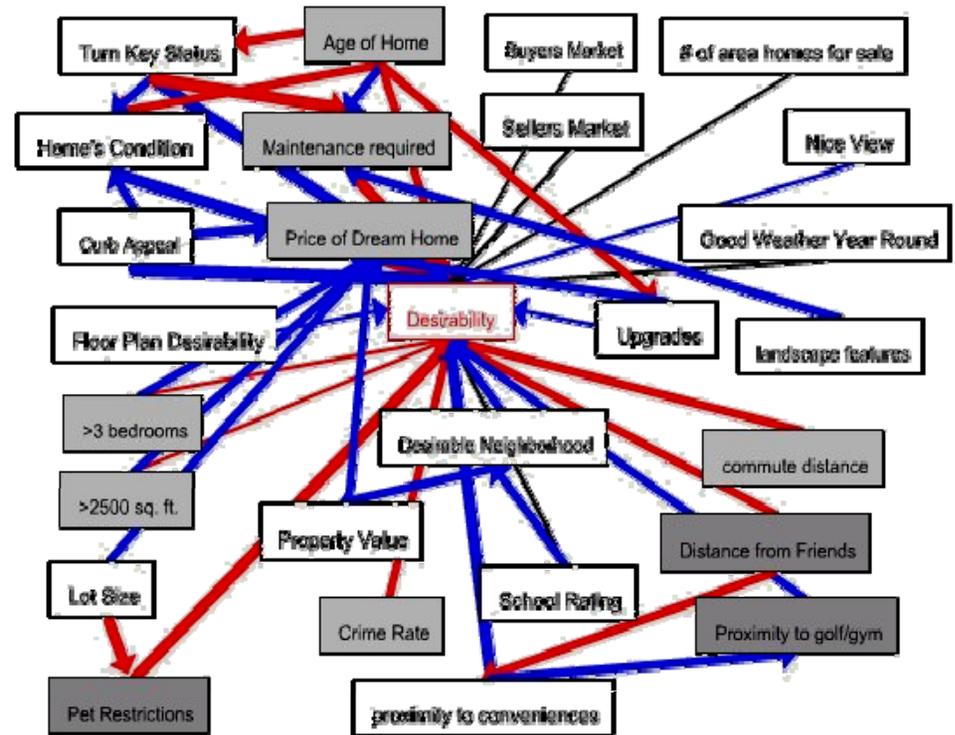
What I learned:

Some factors (such as > 3 bedrooms & > 2500 sq. ft.) that many would expect in a dream home and that increase price - actually decreased desirability for me.

Some factors ( good weather, market conditions, school rating) actually did not affect desirability one way or another for me.

Some factors (pet restrictions, proximity to golf & friends) needed to be factored in.

Some factors I hadn't considered (crime rate) were important to me and I would need to add to my list.

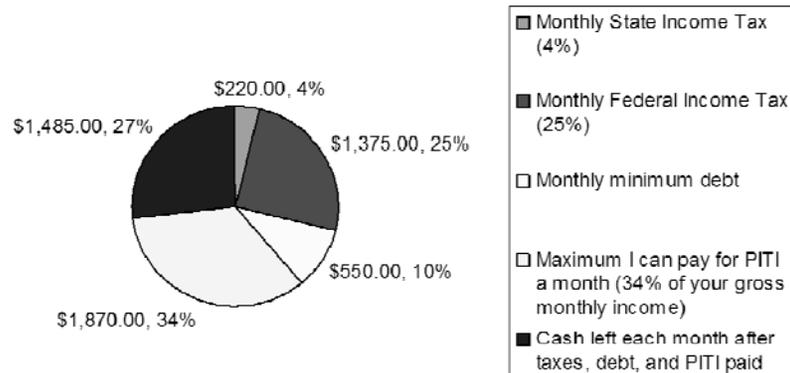


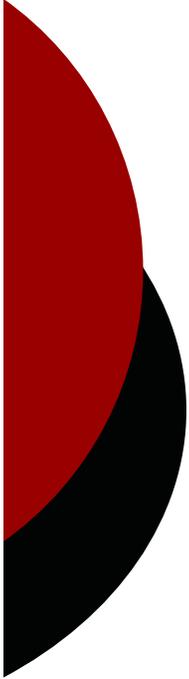
# How Much Home I Can Afford



Annual Income	\$66,000.00
Monthly Gross Income	\$5,500.00
Maximum I can pay for PITI a month (34% of my gross monthly income)	\$1,870.00
Maximum Loan Amount I qualify for	\$238,750.00
Maximum Purchase Price I can afford with \$250,000 down	<b>\$488,750.00</b>

How My Monthly Gross Salary is Distributed

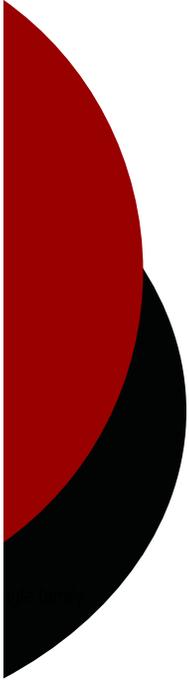




# House Hunting

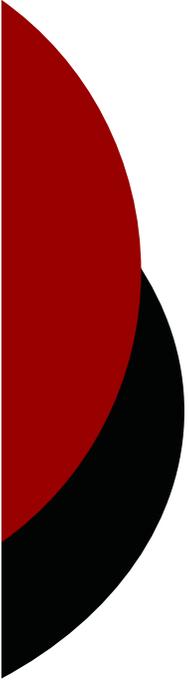
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1. I narrowed my options to 9 properties and created a spreadsheet with all the information I had about them.
2. I filtered the spreadsheet according to my criteria and discovered that only the single family homes had no pet restrictions and a yard for my dog.
3. This left me with 5 properties. One was more than 15 miles from work so I eliminated that one as an option.
4. I then compared the 4 properties left. Only one of which was brand new built in 2004, which was ideal. It also was the only one with 3 bedrooms – the rest all had 4. Since 3 was the number I was really looking for – this seemed to be the logical home choice.
5. But first ...I would have to consider neighborhood demographics, cost, and make sure it met all of my dream home criteria.



# How It Measures Up

10 years or newer	Yes – brand new
Low maintenance	Since it is brand new – it shouldn't need any repairs/ small enough to maintain easily –I will need to landscape the back yard however
Close to golf, sports courts, jogging trails, gym	4 golf courses within 5 miles Several gyms and sports facilities in area
Close to great restaurants, pubs and Starbucks	Lots of pubs and restaurants and 7 Starbucks within 5 mile radius
Easy commute to work	14.6 miles from work
Lots of young professionals in neighborhood	30% in this zip code are young and mobile. 32.5 is the median age 50% of which are under age 35/ Most hold professional and managerial positions
3 bedrooms and less than 2500 sq ft	3 bedrooms and 2450 sq ft
Close to girlfriend and buddies	Within 5 miles of girlfriend and 10 miles of most buddies
Yard for dog	Yes



# The Home I Chose

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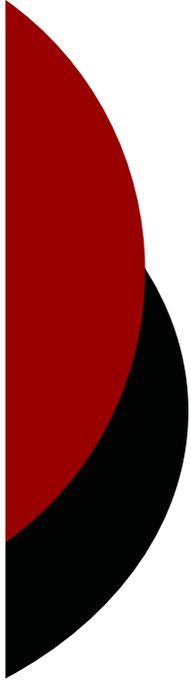
- Single Family Home
- Renton, WA 98056
- \$372,950
- 3 Bed
- 2.5 Bath
- 2,450 Sq. Ft.
- Year built: 2004/New construction
- Lot size: 6629
- Deck and Patio



3 bedroom & 2.5 bath w/main floor den & upstairs open loft. kitchen island, slab granite counters. Dining room w/coffered ceilings & indirect lighting. Large master suite w/private sitting room, double walk-in closets.

Close to Lake Washington, Kennydale and Newcastle. This home development is close to freeways and all community activities.

Homes range in size from 2400-3300 square feet and are priced from the \$370,000s.



# Dream Home Costs

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Purchase price:	\$372,950
Down Payment:	\$250,000
Loan Amount:	\$122,950
Interest: (5.5% over 10 years)	\$37,169.70
Monthly Payments:	\$1,334.33
Total Payout:	\$410,119.79

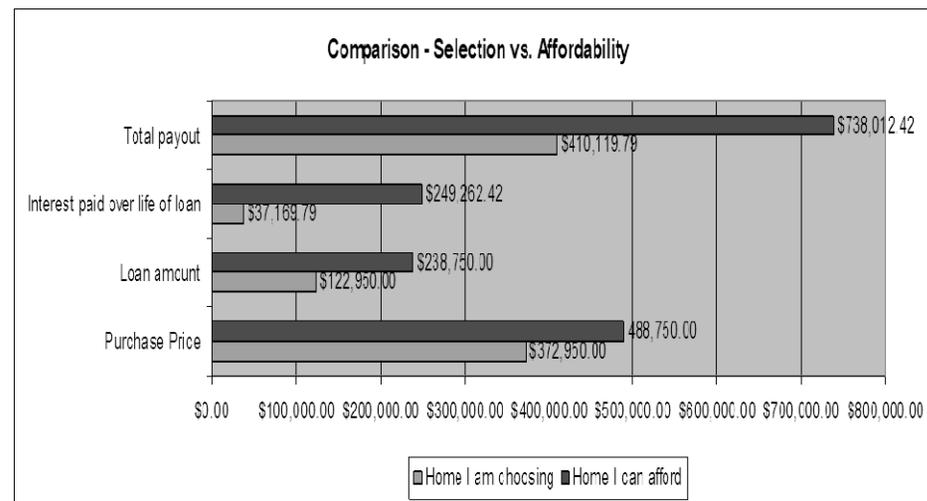
Percentage paid above purchase price over  
life of loan: 9.97%

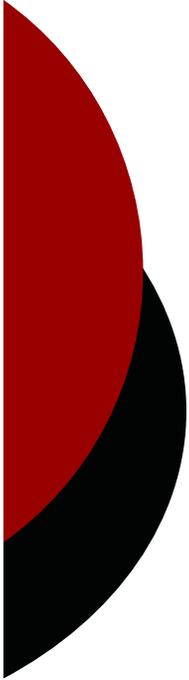
# Selection vs. Affordability

By selecting a home that costs \$372,950 instead of the maximum \$488,750 that I can afford...I save:

- **\$115,800** off the purchase price
- **\$212,092.63** in interest (smaller loan needed so I can finance over shorter period) Instead of paying \$249,262.42 in interest (30 yr. loan) I will only be paying \$37,169.79 (10 year loan)

**Total Savings = \$327,892.63.**



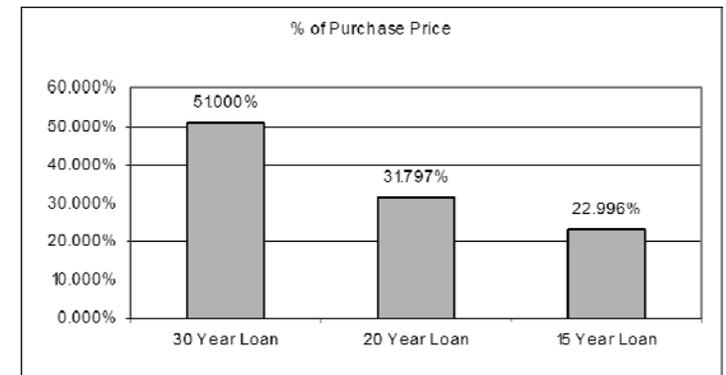
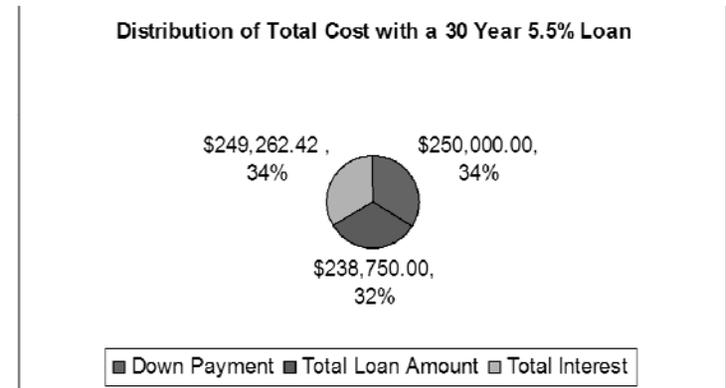


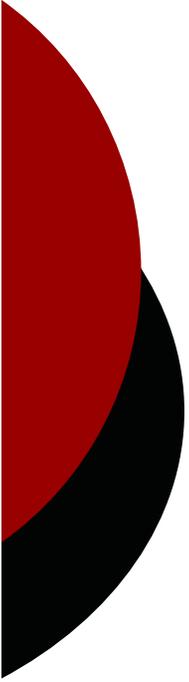
# Money Wise

Why I have decided to purchase a home that cost considerably **less** than my budget will allow:

After doing the calculations based on the maximum purchase price I can afford I realized I would pay \$249,262.42 in interest with a 30 year loan which is 34% of the total price to be paid out and 51% above purchase price.

I believe it is in my best interest to select a home that I can afford to finance over 10 years instead so that my money is spent on principal rather than interest.





# Without Compromise

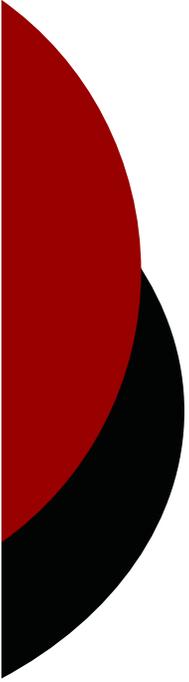
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Because the home I selected still meets all of the criteria I had determined I wanted in my dream home I haven't compromised my wants.

By making the decision I have, I will own my home 20 years sooner and will save a ton of money over time.

So ten years from now, when I am in my 40's I will own my home. Instead of making monthly house payments, I will be able to invest my money in other ventures, buy additional properties, or save for my retirement.





# In Conclusion...

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I believe that my Great Aunt would approve of my decision to purchase this particular dream home because:

- I have made a wise decision regarding budget and financing in order to plan for my financial future.
- I chose a beautiful new house; one that meets all of my dream home desires.
- Additionally...If in the future I do get married and start a family, this home will still be perfect. I selected a home that I will not outgrow.