

## 10 Helpful Tips for First Time Buyers

Every year over 40% percent of all homes purchased, are by first-time home buyers according to the National Association of Realtors. Many have done it, many are doing it, and you can buy a home too.

But like most things, there are ways to make the process easier and you'll want to know everything you can before making one of the biggest purchases in your life.

Here in capsule form are 10 baseline strategies to make that first purchase a good experience.

1. **Think credit.** Poor credit will make you a much larger risk in lender eyes and a larger risk means higher interest rates and higher monthly mortgage costs. Make a point of paying your credit card payments, auto loans, rent, and other payments on time, all the time, and in full. In addition keep your credit card balances low below 30% of your available credit, otherwise banks may see high balances as a sign in weakness in managing your money.

2. **Consider taxes.** Keep in mind that in addition to your mortgage payment you will have to pay taxes and insurance. Sometimes this is not included in your mortgage payment, so when you get your loan make sure it includes a escrow account for taxes and insurance.

When you buy a home mortgage interest and property taxes are generally deductible from income taxes. This means while monthly housing costs may be larger when you own than when you rent, what you save in taxes can make up some or all of the difference. For details and to find out if you qualify, speak with a tax professional.

3. **Know the real estate agents role.** Real estate agents are at the center of most property transactions. It's important for you to know what an agent does, who is represented, and how the system works. Typically a buyer does not pay anything to the agent and the seller pays all the buyers agent fees.

4. **Consider what location will work best for you.** Look at your needs, the needs of household members, and your preferences in terms of commuting, shopping, recreation, and other factors that are important to you.

5. **Plan on getting a home inspection as part of any offer you make.** A professional inspection can help you understand the condition of the property and the repair bills you are likely to face in the next few years.

6. **Look into the financing process as soon as possible.** Get pre-approved by a lender so that you generally know how much you can borrow, what you can afford, and so owners will see you as a serious buyer.

7. **Save Money.** You'll need money for a down payment, closing costs, moving, and other expenses. Put off trips, buying on credit, obtaining new debt and luxuries until after you're in your new home.

8. **Examine the different financial options which are open to you** -- consider FHA, VA, and state-backed loan programs which require little down and have liberal qualification standards.

9. **Look for gifts and grants.** According to NAR, 22% of all first time buyers receive gifts from relatives and friends. Some companies offer grants and other incentives to employees who are buying a first home. Community groups may also have programs and financing in place for first-time buyers, while the federal government has established special programs for teachers and police officers.

10. **Start now, don't wait!** Start taking steps now to get into a home. In most markets the longer you wait the higher the home prices will be and harder it may be to get financed.

Take your time, and ask as many questions as you like. Being a first-time home buyer is challenging, but millions of people do it each year and you can too.