

## Tips for First Time Home Buyers

I often have buyers come to me and ask how to get started buying a first home. Here is some advice for first time buyers.

### **Think Ahead and Save**

If you think you are ready to buy your first home, you should have been planning and thinking about it well before today! You will need to have some cash ready for a down payment, so start saving! A 20% down payment is still the norm, but not absolute. Some lenders now offer loans that require less than 20 percent down—sometimes as little as 5 percent on conventional loans. If a 20 percent down payment is not made, lenders usually require the home buyer to purchase private mortgage insurance (PMI) to protect the lender in case the home buyer fails to pay. (If government-assisted programs such as FHA (Federal Housing Administration), VA (Veterans Administration), or Rural Development Services are available, the down payment requirements may be substantially smaller.)

For example, if you want to buy a \$300,000 home and are planning to get a standard mortgage loan, you will want to have \$30,000-\$60,000 in cash for a down payment.

Regardless of which loan you choose, make sure the payment is comfortable for your budget. There's nothing that will kill the excitement of buying a home quicker than realizing shortly afterwards that the payment is a struggle.

### **Know your Credit History**

Understand what your credit report is showing and know your credit score. Almost all lenders today will include the credit score when underwriting a loan for approval. Lenders credit criteria will vary, but a low credit score or too much negative credit will result in a loan denial from the majority of mortgage lenders for a first time home buyer.

### **Get Pre-Approved**

A good Real Estate agent will ask you if you have spoken to a lender and if you are pre-approved for a loan. It won't do you or your agent any good to look for homes if you can't afford them! Pre-approval lets you and your agent know exactly what you can afford and what homes to look at. It also shows sellers that you are serious and ready to buy their home.

### **Find the right Real Estate Agent**

Using a REALTOR® is wise! There's just too much at stake to go it alone when buying your first home. Find an honest agent, **like me**, that will work with you to locate homes that fit your budget and have the majority of features you are looking for.