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FIRST HOMSE BUYERS TIPS

Purchasing your first home is a big step that comes with some very serious decisions. Many homebuyers are intimidated by the process, and continue renting much longer than they should, or need to. However, if you break the home buying process down into these simple steps, and follow these important tips, you will find the process less intimidating, and much more manageable.

1) Before You Begin, Ask Yourself One Question

Will you live in your next home for at least 3 years? If the answer is "Yes," you should probably purchase, rather than continue renting. With average appreciation, you'll break even on your closing costs after 2 years, and start making money at year three. Every year after that will put more money in your pocket! The most expensive aspect of real estate is buying & selling, so the longer you can live in the home the better. However, purchasing makes sense if you can make as little as a 36 month commitment.

2) You Don't Need a Down Payment!

It always surprises me how many people want to purchase a home, but don't because they believe that a hefty down payment is required. Your first home buyers grant is sometimes all you need to purchase a low cost property. Because your new home is collateral for the loan, there are *many* banks that will jump at the chance to loan you 95% of its value. Low doc loans can also be available for the right person.

3) Get Pre-Qualified

Pre-qualification is a *very* important step, and the step that first time home buyers dread the most. Qualifying to buy a home is pretty easy and requires relatively little work for you. Pre-qualification is what gives you buying power and allows you to make an offer on your dream home when you've found it. More importantly, pre-qualification will let you know how much your new home will **REALLY** cost - in monthly payments. A \$180,000 or \$300,000 home doesn't mean a lot to most buyers - but \$1200 per month and \$2500 per month are tangibles that everyone can understand. After your lender pre-qualifies you, ask them for a "payment table" that shows you a rough estimate of **TOTAL** monthly payment based on purchase price. Pick your payment, and you know the price range to shop in.

4) Consult a Real Estate Professional ASAP

Many first time home buyers avoid contacting a Real Estate Agent because they dislike high pressure sales. However, Real Estate Agents have an advantage over traditional salespeople because they don't have to sell - he/she merely presents your options. The most important qualities to look for in your Real Estate Agent are his/her knowledge of your specific market and their willingness to help. Interview a few agents and choose one that will help guide you through the process. You'll find the help & insight will be invaluable - and you'll be glad you contacted your Real Estate Agent sooner, rather than later.