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Top 7 Tips for First Time Homebuyers

by Eric Bramlett

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. Zero down programs are very common, and are quickly becoming the norm, rather than the exception to the rule. Because your new home is collateral for the loan, there are *many* banks that will jump at the chance to loan you 100% of its value. Perfect credit isn't a requirement, either. Because real estate typically appreciates in value, it's often easier to be approved for a 100% mortgage than it is to borrow 100% for a car!

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 \$150,000 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 have access to the Multiple Listing Service, which is a database that lists roughly 99% of the homes for sale in a given market. This means that your Real Estate Agent doesn'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.

5) Make a List of "Must Haves" & "Wants"--- Many new home buyers mistakenly think that they will "just know" when they "walk into the one." While some buyers DO fall instantly in love with a home, this is not the norm. You'll find your search is easier, and you will be more confident in your decision, if you take a systematic approach to your search. The best way to organize your search is to make two lists: Your-- "must haves" and your "wants." Your "must haves" are the absolute necessities in your new home - in fact; you don't even need to view a home if it doesn't have every "must have." Great examples of your "must haves" are price, school district, size, etc... Your "wants" are the qualities that you would like for your new home to have, but it's not a necessity. Great examples of "wants" are color, flooring, kitchen appliances, surround sound, and type of exterior. By taking the time to articulate what you need and want in your new home, you will know exactly what to look for when viewing prospective homes.

6) Pick Your Favorite Neighborhoods--- You can always make changes to your house, but you can never change its location. Most home buyers already have a good idea of where they would like to live because of school districts, work, or other factors. However, neighborhoods can be pretty different, even in the same area of the city. Ask your Real Estate Agent to email you a list of homes in the specific area of town you're interested in.

Take a drive through the different neighborhoods on the list your Real Estate Agent sends you, and choose your favorites. Pay attention to area amenities, how well the yards & common areas are kept, and if you see a lot of "for lease" signs - which can be an indication of a heavy rental area, and lacking in "pride of ownership." After you have picked your favorite neighborhoods, and you know your "must haves" and "wants," you can literally make a list of EVERY home available that meets your criteria, and view those homes.

7) Make Your Decision!!!--- Homebuyers often hesitate after they've found the right home because they're not confident about their decision, or their decision-making process. Your home is probably the largest investment of your life, and it's normal to feel butterflies in your stomach before putting your first home under contract. However, if you do your due diligence - and you have if you followed the steps above - then you will have your bases covered. If you've found a home that meets all of your "must haves," most of your "wants," is in the right neighborhood, and in your budget - it's the home for you! Don't wait and let another buyer take YOUR home!

Buying your first home *can seem very intimidating, but can be extremely exciting.* If you think that buying a home is right for you, it probably is. Make sure and follow these important tips and you'll know you made the right decision when you find your first home.

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