

TIPS FOR FIRST TIME HOME BUYER

Buying a home can be a long, complicated and frightening process, and it is important to be prepared. Knowledge is power when it comes to negotiating the difficult world of home prices, interest rates and mortgage loans. For a first time home buyer, the more information you can gather before you start shopping, the better off you will be.

Look Beyond the Price

When it comes to securing a quality mortgage loan, it is important to look beyond the interest rate to the true cost of the loan, both now and in the future. Read the paperwork, including the fine print, carefully, especially if the interest rate is below market rates. Upon closer inspection you may find that the interest rate is guaranteed for only a short period of time, or that it is subject to rise sharply in the future. Your mortgage loan may be the most important contract you will ever sign, and it is essential that you understand your rights and your responsibilities before signing on the dotted line.

In many cases it will make sense to hire a lawyer to review the mortgage paperwork for you. However, obtaining the professional services of a REALTOR®/Broker will provide the first time homebuyer programs designed to help them become homeowners, and the REALTOR®/Brokers have and worked with many attorneys who are able to provide the legal advice you may need and at a price you can afford.

Every Situation is Unique

Every homebuyer will have a different set of circumstances, and it is important for the lender to consider those factors. Some homeowners may plan to move in a year or two, and they may be able to benefit from a variable rate mortgage. Others will plan to remain in their home for decades, and those home buyers may benefit from the stability of a fixed rate mortgage and its predictable and stable monthly payment.

It is also important for those buying a first home to factor in the additional costs of the mortgage when deciding how much they can afford to pay. Things like closing costs and the high price of private mortgage insurance can drive up costs and eat into funds that would otherwise be available for home improvements, furnishings and other essentials. In some cases sellers may be willing to pay some of the closing costs, and some lenders will be able to negotiate those closing costs downward. The key is to ask those questions before the closing date arrives, and to be prepared to search for a better deal if necessary. It may be in your best interest having a Professional REALTOR®/Broker representing you and they can help you negotiate good mortgage terms and/or recommend Lenders who's offering competitive rates and closing costs.

It's very important for first time buyers to be on the lookout for any hidden fees. These small nuisance fees can add up to hundreds of dollars on closing day, so be sure to scour your paperwork for any such fees. If you are unsure about the legitimacy of any charge/s be sure to ask for a valid explanation. Again, an experienced real estate attorney can provide valuable insight into which fees are reasonable and which are out of bounds, and having a Professional Realtor®/Broker representing you, will help tremendously.

And of course first time home buyers should not lose sight of the home itself in the quest for the perfect mortgage. Any defects should be pointed out to the seller well before the closing is to take place, always hire a Home Inspector to inspect the home for you and report their findings in writing. The costs of every needed repair should be carefully negotiated prior to the purchase, and buyers should always follow up to make sure that all requested repairs have been made with a personal inspection before closing, your REALTOR®/Broker will present such to the Seller or Seller's Agent and negotiate these repairs to be fixed/repaired.. A home is a major purchase, and it is important to make sure that everything has been taken care of before moving in.

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