

## On the Home Front

Bi-monthly column by: Linda Skolnick

### Buying your first home? Here's what you need to know

You've made the decision to make one of the largest investments you'll ever make in your life—buying your first home. You're excited, but at the same time anxious. Some of the questions you may be asking are: Will I be able to afford the home of my dreams? Do I have enough money for a down payment? Can I get a home inspected before I make an offer?

Rest assured, you are not alone. According to the *2003 National Association of REALTORS® Profile of Home Buyers and Sellers*, first-time homebuyers accounted for 40 percent of the homes purchased in 2002. The homebuying process can be overwhelming, but if you go into it prepared, your first purchase can be a good experience. Here are some things to consider before making the plunge.

**Getting a mortgage**—Fear of being rejected for a home loan is one of the main concerns for first-time homebuyers. To lessen the stress, you may want to get pre-approved for a loan *before* looking at prospective homes. This will not only help you feel more confident, it will also give you an advantage when there are multiple offers for a specific home. The fact that your loan has already been approved is of great value to the seller: because it shortens the purchase process and there is less of a chance that the buyer will back out of the sale.

**Mortgage Payments**—The costs involved in the purchase of a home can be overwhelming to first-time buyers. However, with the help of a real estate professional, you can calculate out how much you will be able to pay each month in mortgage payments, and from there, what prospective homes offer a feasible payment plan.

**Down-Payment**—The down-payment amount varies depending on the value of the home you choose and your mortgage lender. And in some cases, first-time home buyers can purchase a home with no money down. Your real estate professional will be able to explain the different options available to you.

**Closing Costs**—First-time buyers often forget to consider the closing costs when making an offer on a home. Paying closing fees of up to 10 percent of the home sale amount is not unusual. Add that to the down-payment and you'll have quite a sum to raise before the final papers can be signed. However, a smart first-time buyer takes this into account *before* making an offer, and with some professional help, the costs can be estimated in advance.

**Making offers**—Don't feel pressured into making an offer on the first home you see. This is a common mistake of many first-time homebuyers. Make sure you view different homes to get a feel for the marketplace. When you do decide on a home to make a bid on, work with your real estate professional to get all of your questions answered first before making an offer. But don't wait too long to make an offer. The longer you wait, the greater the chance other prospective buyers may place offers, making it harder for you to negotiate a good deal.

**Condition of the Home**—Buying a “problem” home is another fear of first-timers. A home that needs major repairs can become a costly venture. And, unless the asking price is adjusted to reflect the hidden repairs needed, chances are the home is not worth as much as the seller is asking for it. To avoid unfortunate surprises, your real estate professional should advise you to hire a home inspector before you sign a contract. That way, you know what you are getting into.

Above all, remember that there are no silly questions. Make sure you understand and are comfortable with every aspect of the transaction. Your real estate professional can be an invaluable asset in helping you make educated decisions so that your first-home purchase is a rewarding experience.