



Tips for a First-Time Home Buyer

For many people, buying a first home is a rite of passage and ownership in part of the American dream. And while many excited hours are spent planning interior color schemes, choosing new furniture and dreaming of moving day, many first-time buyers spend equal amounts of time fretting and fearing the home buying process. Let's face it; if you've never purchased a home before, the prospect can seem downright intimidating. There are many decisions to make—legal, financial and emotional, just to name a few. Luckily, there are steps you can take to ensure an enjoyable experience.

Do Your Research

Information is essential. Being an educated consumer puts you on the best track when you do start searching for a home. For example, many first-timers think that it's cheaper to rent than to buy or that you have to be a permanent resident of the United States to buy a home. In reality, you only need a work permit to be a homeowner and in some cases, the down payment for a new home can be the same as the starter costs for renting.

Not only do first-time buyers need to be informed about the home buying process and requirements, but also it is crucial to carefully review personal needs and wants before beginning the process. Determine parameters ahead of time and make sure you know the difference between what you need in a home and what you want. Many first-timers misinterpret a want as a need and as a result dismiss homes that perfectly fit their needs during their search. Examples of needs include square footage, number of bedrooms, garages, adaptation for the handicapped or school proximity. Examples of wants include wood floors, skylights, paint color and specific brands of appliances.

Talking with those who have recently been through the process, attending home buying seminars, or talking with builders and their representatives at the Parade of Homes are all good ways to do your research.

Focus on Your Financials

One of the primary things a first-time buyer should do before beginning the process is to get a good financial picture in order. Developing a home buying budget will save you surprises later in the process. New home sales and marketing professionals are excellent resources for getting home finance information. Their job is to educate consumers about home purchasing and finance options. Lenders also can help you gain an understanding of how a home is financed. And don't forget to regularly review your credit reports, available from credit scoring companies.

There are four crucial financial elements to be aware of when buying a home: mortgage pre-approval, down payment, mortgage options and closing costs. Investigate the costs for each of these elements and make sure to always get comparison offers from lenders.

Find Good Representation

Having a representative you can trust to help you through the process can make a huge difference for the first-time home buyer. In the world of real estate, it may be easy to think everyone carries more weight than you in the process, especially if it's your first time. But the truth is that the

consumer is the most important person in the process. If you decide not to buy, the entire process stops. So flex your consumer muscle. Demand good representation, whether it is your builder or your mortgage lender. Make sure your questions are answered and that you fully understand each step in the process.

If you are building a new home, talk with your builder and his or her staff about who they have worked with in the past. Word-of-mouth recommendations tend to be the best way to find a great representative, such as an attorney to review your purchase contract.

Ask the Right Questions

Having good representation in your corner is important, and one of the signs of good representation is that they ask you numerous questions. But what kind of questions should you ask them? When you meet with potential lenders or builders, make sure to spend at least 15-30 minutes discussing what to expect when you're buying a home. If you are working with a builder, ask him or her for some guidance. Builders have been through the process of selling a home many times, and all that experience is sure to help you.

There is also an abundance of online resources to help you determine the right questions to ask. Remember, you should always expect a full and complete explanation from any professional working on your behalf.

Keep a Cool Head

With all the details that are involved with buying your first home, simple problems can easily seem like bigger ones when you over-react. Remember to keep a cool head and be patient with the process. Unexpected events can move your closing date or add extra steps. Anticipate in advance that this can happen, and you'll save yourself undue stress.

Avoid Shortcuts

Once you decide to buy a home, particularly if it's your first, it's easy to let emotions overwhelm you. Take a deep breath and realize that becoming a first-time homeowner is not an overnight process, and by taking all the necessary steps, you will limit any potential regrets. There are no absolute timeframes for buying a home (some buyers find their "perfect home" the first day, for others it may take several months).

By being prepared, doing your research, talking with builders and lenders about what to expect and what you need, you can expedite the process, but don't rush it. For example, never shortcut the inspection process. You may save a relatively small amount of money upfront, but you run the very real risk of not exposing potentially expensive defects in the property. Always hire an experienced professional for inspection; asking a relative with limited experience to conduct your inspection can be as risky as skipping the inspection process completely.

Have a Plan B

Many first-time buyers make the mistake of thinking that if they look long enough, they will find a home that is 100 percent perfect for them. With the thousands of possibilities in home design, location, amenities, etc., this is a pretty unrealistic expectation. What is more common is that buyers will pass on homes that meet 90 percent or more of their requirements only to later give up from sheer exhaustion or because of rising market prices. It's important to be flexible, and it's okay to have a fall-back plan.