

10 Tips For First-Time Buyers

by Peter G. Miller

Each year more than 40 percent of all homes are purchased by first-time buyers according to the National Association of Realtors, a percentage which should offer some comfort if you're about to buy a first home. Others have done it, others are doing it, and you can too.

But like most things, there are ways to make the process easier. Here in capsule form are 10 baseline strategies to make that first purchase a good experience.

1. **Think credit.** Poor credit will make you a bigger risk in lender eyes -- and more risk means higher rates and steeper monthly mortgage costs. Make a point of paying credit card bills, auto loans, rent, and other payments on time, all the time, and in full.
2. **Consider taxes.** When you buy a home mortgage interest and property taxes are generally deductible from income taxes. This means while monthly housing costs may be larger when you own than when you rent, what you save in taxes can make up some or all of the difference. For details, speak with a tax professional.
3. **Know the broker's role.** Real estate brokers are at the center of most property transactions. It's important for you to know what a broker does, who is represented, and how the brokerage system works.
4. **Consider what location will work best for you.** Look at your needs, the needs of household members, and your preferences in terms of commuting, shopping, recreation, and other factors that are important to you.
5. **Plan on getting a home inspection as part of any offer you make.** A professional inspection can help you understand the condition of the property and the repair bills you are likely to face in the next few years.
6. **Look into the financing process as soon as possible.** Get pre-approved so that you generally know how much you can borrow, what you can afford, and so owners will see you as a serious buyer.
7. **Save.** You'll need money for a down payment, closing costs, moving, and other expenses. Put off trips and luxuries until after you're in your new home.
8. **Examine the different financial options which are open to you -- consider FHA, VA, and state-backed loan programs which require little down and have liberal qualification standards.**
9. **Look for gifts and grants.** According to NAR, 22 percent of all first time buyers receive gifts from relatives and friends. Some companies offer grants and other incentives to employees who are buying a first home. Community groups may also have programs and financing in place for first-time buyers, while the federal government has established special programs for teachers and police officers.
10. **Start now, take your time, and ask as many questions as you like.** Being a first-time home buyer is challenging, but millions of people do it each year -- and you can too.