

# Tips for First-Time Homebuyers.

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## A recent MSN.com article gets you on the right track with a few first steps

You have been thinking about it for a while, maybe even gradually saving up for a down payment, when, finally, it dawns on you: you are ready to buy your first home. Since you obviously haven't done this before, you may be asking yourself, "What now?" It may not be clear to you now, but the first few steps after making this big decision are critical to the success and enjoyment of the process.

According to real estate broker Jim Stacey in his book *Washington Homes*, there are three stages for first-time homebuyers: contemplation, comparison and commitment. Stacey proposes that homebuyers navigate through the first stage on their own, and that the more preliminary work you do, the easier the process will be for you and your realtor.

The first step is obvious: figuring out whether you are ready to own a home. This does not only mean that you are financially capable of owning a home. It also includes psychological and emotional readiness, as buying a first home is a huge step for most people, as well as a huge commitment and responsibility.

One of the easiest and most valuable things you can do to prepare is obtaining a copy of your credit report and making sure that lenders will like what they see. The Web site, [ConsumerInfo.com](http://ConsumerInfo.com), offers this service for free, as do many other sites. If your credit report is less than stellar, it is probably a better idea to continue renting while you pay off debts and investigate questionable problems.

Once you are sure that you are ready financially, emotionally and psychologically, you can start the formal process of buying a home. Before going to a realtor, it is an excellent idea to figure out exactly what you want so he or she can make the best use of his or her time and skills. Keep in mind that what you end up with may not resemble the vision you created in the beginning. However, it is a good idea to come up with a "wish list" for a few basic items, including number of bedrooms and bathrooms, neighborhood, yard or garden, age of home, parking, potential resale value, storage space, style, proximity to friends, family or a city or town and property taxes. Obviously, this list can go on and on. It is just important to prioritize characteristics of a house for you, and then define exactly what you want from each characteristic.

Next, you need to find out what you can afford. The easiest way to do this is to find out what you can afford to pay monthly after you have made your down payment. The best way to do this is to visit a lender and get prequalified for a loan. It won't cost anything, it will give you a good idea of what you can afford and it saves you time later. Keep in mind, however, that you will often qualify for more than what you might wish to spend each month. Think carefully about whether what you have prequalified for will allow you to maintain your current lifestyle, at least for the most part.

You will also need to remember that you will need extra cash to cover closing costs, inspections and future expenses. After all is said and done, the cost of the home will probably be 2 percent to 7 percent more than the agreed upon selling price. You also need to factor in the cost of insurance, annual property taxes and maintenance and repairs. In short, there is a lot more to buying a house than simply the price of the home. So you don't get discouraged, remember that a first home is very rarely a dream home. Your dream home may be two or three houses away, and you do not want to alter your lifestyle significantly now just because you are overeager.

You now know that you are ready to buy a home, you know what you can afford – it's time to look for your house! It is especially important to have a realtor during your first buying experience, as he or she can guide you through the process and help you when you're stuck. To find an agent, start interviewing based on recommendations from friends, family and coworkers. A great realtor will be able to listen to your needs and match you with the perfect home for your price range. He or she should also be able to provide referrals to other professionals, such as lenders and inspectors, who can help along the way.

You should also be sure to talk to friends and family about their real estate experiences, as you may learn some valuable tips or find out what pitfalls to avoid.

When you begin actually looking for a home, go to as many open houses as you can stand, even if your broker is not available. (Just be sure to sign in under your broker's name.) Be sure to include some houses that you couldn't afford and some houses that are lower than what you could afford. This will help you zero in on what you want by getting an idea of what's out there. If you get so tired of seeing peeling linoleum and pasty pink bathrooms that you are ready to give up and rent for the rest of your life, take a day or two off, and remind yourself that your home is out there, somewhere. It just takes time to find it!

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