



## Five “Must-Knows” For First-Time Home Buyers

By

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**1. Do your living budget *first*.** Sure, you want a great home; however, you also don’t want to be “house poor.” You’ll soon grow to resent your lovely home if you can’t afford to buy furniture, travel, go out to dinner or entertain.

***Be realistic.*** “Oh, we can cut back somewhere” *sounds* great, but will you really do it (and be happy about it)?

***When calculating potential mortgage payments, remember lenders typically require that your payment be between 28% and 33% of your income.*** Your total debt (including credit cards, car loans, etc.) should be no more than about 48%. Note that your total payment will *also* include taxes (which may well go up when you buy the home) and mortgage insurance.

***Don’t forget budgeting for home maintenance and improvements.*** Also, “little things” like lawnmowers and tools can quickly add up to big expenses.

***Do your own research into the various types of financing.*** The more you know, the more comfortable you’ll be. Don’t hesitate to ask your realtor a lot of questions! That’s what we’re here for - we’ve read all the fine print many times, and can help you determine what works best for you and your budget.

**2. Do the move planning *before* you start looking.** When you do need to move (for work, school, etc.)? If you’re renting, review your current lease. How much notice do you have to give? What move-out expenses are you responsible for in the lease (carpet cleaning, etc.), which could impact your budget for the move?

**3. Pick your absolute top price and stick to it.** A good realtor won’t lead you into temptation, showing you houses that are beyond your means. If you *know* you can afford what you’re looking at, it’ll take a lot of anxiety out of the process.

**4. Look at the neighbors and the neighborhood, not just the house.** Visit it at different times of the day. Walk a few blocks each direction and take a good look around. How many (and what type of) cars are parked on the street? Are the yards tidy? How far is it to grocery shopping and restaurants? Are there any plans by the city or developers for road construction or new buildings? (That great view you’re paying premium for may disappear next year...or you could lose that beautiful open space to a new highway.) Call the local police department and ask about crime statistics.

**5. When you find “the one” - get inspections!** That adorable house with the great colors may have a damaged foundation or bad electrical wiring. You can usually negotiate the needed repairs with the seller. And, remember paint is cheap. Look beyond the colors and see the condition of the walls.

***Most Importantly - Relax!***

***If the first deal doesn’t work out, then you’ll find something you like even better!***