

The top 10 ways to get ready for homeownership

By Erin K. Witt

Each year more than 40 percent of all homes are purchased by first-time buyers according to the National Association of REALTORS® (NAR). But although this experience is one of the most exciting and fulfilling life can offer, it can also be one of the most stressful, financially taxing and time-consuming. The following 10 strategies to from the Web sites RealtyTimes.com and DeadlineNews.com can help make your first purchase a good experience.

Tip #1: Find a REALTOR®. Start your home search with an experienced real estate professional that knows the neighborhoods, and can help you make an informed decisions on appreciation, mortgage options and the local market.

Tip #2: Know the market. In a buyer's market, buyers who feel a competitive edge are more likely to leap before they look. The glut of information on the Internet makes obtaining home buying and local market knowledge a relatively easy task. Real estate agents, brokers, lenders, title companies and other real estate professionals also offer free seminars, workshops and classes.

Tip #3: Get organized. Your mortgage lender will need some information from you to help you learn how much house you can afford. When you go to your first meeting, bring along:

- Your employment, salary and bonuses, and any other source of income for the past two years (bring your tax returns or W-2 forms if possible);
- The amount of any dividend and interest income you received during the last two years;
- The amount of any other regular income you may receive (alimony, child support, etc.).

- Current balances and recent statements for any bankaccounts, including both checking and savings;
- Current market value of any investments you may have such as stocks, bonds, or Certificates of Deposit;
- Interest in retirement funds, if any;
- Face amount and cash value of life insurance policies, if any;
- Value of any significant pieces of personal property, including automobiles.
- The balances and account numbers of your current loans and debts, including car loans, credit card balances, and any other loans you may have.

Tip #4: Get pre-approved. Get pre-approved for what you can afford—not what the lender is willing to give you. A written pre-approval reveals that you are serious about buying and it helps prevent you from shopping for more than you can afford. As a general guide, most buyers can purchase a home with a value of two to three times your annual household income, depending on your savings and debts. However, you may be able to take advantage of special loan programs for first time buyers to purchase a home with a higher value. Your REALTOR® can help guide you in this important decision.

Tip #5: Clean up credit. Poor credit will make you a bigger risk in the eyes of lenders—and this could equate to higher rates and steeper monthly mortgage costs. Make a point of paying credit card bills, auto loans, rent and all other payments in full and on time.

Tip #6: Start saving now. 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.

Tip #7: Explore all your options. Examine the different financial options open to you—consider FHA, VA and state-backed loan programs which require little down and have liberal qualification standards. Also, consider looking for gifts and grants. According to NAR, 22 percent of all first time buyers receive gifts from relatives and friends. Some companies even 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.

Tip #8: Set priorities. What is most important to you in a home? Do you want a charming fixer-upper with lots of potential, or a low-maintenance condo? Is a two-story or a traditional ranch home more your style? What kind of amenities can you just not live without? Discussions about these factors will help your REALTOR® save time by searching for the homes that best meet your wish list within your price range.

Tip #9: Narrow down location options. The desirability and resale value of your home-to-be depend primarily on location. Neighborhood, schools, and proximity to highways and shopping all have a substantial effect on the value of a home. Personal preferences may also come into play—for example, some buyers may want a home that is close to recreation areas like parks and greenways. A good REALTOR® can help you understand how these factors affect property values. He or she will listen carefully to your needs and help you make an informed choice for your unique situation.

Tip #10: Take your time. The average first time home buyer can spend years saving up for a down payment and look at dozens of homes over several months—not to mention browsing hundreds of homes on the Internet. Don't be concerned if you only look at two homes or if you need to see 50 before finding one that meets your needs. It's worth taking the time to make the right decision—one you'll be happy with for years to come.