

Five Steps for Buying Your First Home



Purchasing a home isn't the easiest thing in the world. If you want the best chance of getting a home at a great price, you need to prepare in advance. Check out these 5 tips to ensure you're ready for your new home purchase.

1. Get your finances in order. Your credit score should be 700-plus, your source of income should be stable, your debt-to-income ratio should be less than 45%, and you should have a big chunk of money in the bank to cover the down payment and closing costs and have some money left over.

2. Don't rush it. If you're under the pressure of a big life event, recognize that you're probably creating an artificial timeline for yourself. If you're on a deadline to move out of a rental, set up a month-to-month lease instead of racing against the clock.

3. Know what you want from the house itself and know what a good, reasonable deal is. Pick out specific neighborhoods and home types and analyze them in advance. Make sure you look at houses that have recently sold, not those that are currently on the market.

4. When you start looking at homes, consider location-related features like your commute time, the parking situation, the school district and property taxes. Know where you stand on HOA communities and factor any HOA fees into your monthly budget.

5. Once all these things are in order (and you've picked out your real estate agent and have been preapproved for a loan), you're as ready as you'll ever be. Keep your eyes open for a good deal, and don't hesitate when that deal pops up.

Reprinted with permission from "First-Time Home Buyer: The Complete Playbook to Avoid Rookie Mistakes" by Scott Trench and Mindy Jensen.



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