

Entering the Housing Market: Tips for First-time Buyers

Submitted by the Richmond Association of REALTORS®

While the current housing market slowdown has hit many buyers and sellers hard, it has created positive opportunities for one group in particular – first-time home buyers. There are more opportunities than ever before for first-time buyers to make the leap from renting to purchasing the home of their dreams. Searching for and ultimately finding the perfect home can be a stressful and confusing process, but with some careful research and help from a trained real estate professional, you'll be on your way to owning your very first home in no time.

A home is an investment, and likely the biggest purchase you will ever make. If you are financially secure and ready to take the plunge into homeownership, you should begin your home search when the time is right for you. There's no such thing as the "perfect" time to buy a home. Consider your future plans and lifestyle when looking for a home. This will help ensure that you make the right decision, and do not feel pressured to buy until you are ready.

Once you decide to begin looking for a home, it is important to find a REALTOR® that you trust to help you through the home buying process. A REALTOR® can help you find a house that fits your lifestyle, and help explain and take care of the small details that buying a home requires. First-time buyers can find a REALTOR® by asking for references from family members or friends who have recently bought or sold a home. Your REALTOR® should also be able to put you in contact with lawyers, lenders, home inspectors, and others essential to the home buying process. While it's important to do your homework, the guidance and expertise a REALTOR® provides is invaluable.

You should also look to your REALTOR® to pinpoint homes that are affordable for you. Don't make the mistake of buying a home that you think you can afford only to find out that you are living beyond your means once the bills start rolling in. Before you begin to look at homes, take the time to access and review your credit score and credit report in case there are any discrepancies that should be addressed. A high credit score means a better chance of obtaining a favorable loan rate. Furthermore, get pre-approved (not just pre-qualified) for a mortgage, so you have a better idea of how much house you can afford. Set a list of priorities that your dream home must have, versus a list of features that would be nice to have but that you can live without or add on at a later time.

When it comes to choosing between a variable rate loan and a fixed rate loan, first-time buyers should consider a fixed rate loan. A fixed rate loan allows new homeowners to better manage their finances, because the rate will remain constant throughout the life of the loan. A variable rate loan may be appealing at first, but you run the risk of the rate ballooning after a few months or years, which could increase payments to a level that you can't afford. You may also consider getting a first-time home buyer loan, which can include different options depending on where the loan is offered.

The process of searching for and buying your first home can be challenging, and requires a great deal of time and energy. But the pride you'll gain from owning your own home makes it a valuable investment that will improve your quality of life - now and in the future.