Your First-Time Homebuyer Guide

Not sure where to start or if you're even ready to buy? This detailed guide will walk you through everything you need to know as a first-time homebuyer—from understanding your finances to overcoming common fears. Let's make your homeownership dreams a reality.

Aspen Coffee

Century 21 ProLink

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Where Do I Even Start?

Buying your first home can feel overwhelming, but you don't have to have everything figured out today. Even if you're not ready to buy right now, there are important steps you can take to prepare yourself for when the time is right.

The key is to start building good habits and making smart financial decisions now. Every small step you take today brings you closer to homeownership tomorrow.

Your Pre-Purchase Checklist

1

Improve Your Credit

Credit is one of the main factors when it comes to getting approved for a loan. Work on your credit by paying bills on time, avoid opening new credit accounts, and keep credit card balances to a minimum.

2

Start Saving

Depending on the loan you qualify for, you will have a down payment. It can range anywhere from 0% to 20% or more. You will also have out of pocket expenses during the accepted offer phase. Plan ahead and start putting your money in a savings account.

3

Don't Buy a New Car

Figure out what is most important to you and stick with it. When it comes to buying a home, it is a process. Major purchases (new car, furniture, anything that will put you in debt) will hurt your credit score. Lenders like to see consistency when you are working on getting approved.

4

Figure Out Your Budget

Use a mortgage calculator to determine what you want to spend on your first home. If you go to www.aspenc21.com, you will find one under "Buying & Selling Tips".

5

Start Browsing

Drive through neighborhoods and make a list of things you think are your "must-haves". This list will change once you start looking, but it is good to have an idea!

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Planning Around Your Lease

If you're currently renting, timing is everything. The last thing you want is to pay rent and a mortgage at the same time. Here's how to coordinate your home purchase with your lease end date.

Read Your Lease

If you don't have a copy of your lease agreement, ask your landlord for one. Once you have one, read through it. Make sure you know your end date. Also, if your lease doesn't state it, ask your landlord if there is flexibility in an extension or if you can transfer to a month-to-month lease if it came down to it.

Search at Least 4 Months Out

Figure out when your lease ends and start looking at least 4 months before it ends. Keep in mind, it takes around 45 days to close (from accepted offer to closing day).

Pro Tip

Your Mortgage Payment Does Not Start Right Away - Once you close on a home, your mortgage payment typically skips a month. For example, if you close on January 17th, your first mortgage payment won't be due till March 1st. This built-in gap can help you cover the overlap if your lease and mortgage don't line up perfectly.

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When Should I Talk With a Lender?

Many buyers think they should wait until they're ready to start looking at homes before talking to a lender — but the sooner, the better! A lender will guide you financially. Assisting with informing you on what you can afford, what loans you qualify for, and financially what will go into play when purchasing a home.

Talk With A Lender ASAP

Even if you are years out from buying, a lender can educate you on how to build credit, what to save, and what to expect when it comes to expenses.

Get Pre-Approved Before House Hunting

You need a pre-approval letter before looking at homes. It not only shows you are a serious buyer to sellers, but it is also required when submitting an offer.

Fix Credit & Finances Early

If your credit score needs work or you need to save more, talking to a lender early gives you plenty of time to make improvements in order to qualify for great loan terms.

Know What Loan Programs are Available

Knowing what loan programs are available and what ones you may be able to qualify for, allows you to ensure you are ready to go when the time comes.

Need lender recommendations? Contact me!

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When to Start Looking at Homes

It can be hard to gauge when you need to start looking. The fear of timing is a real thing, but I can promise you there is a right answer to this.

After You Get Pre-Approved

Getting pre-approved allows you to determine your price range and it ensures you are able to submit an offer. Homes on the market can determine what specific loans they accept, so getting pre-approved allows you to know what type of loan you qualify for which results in you not wasting your time by looking at homes that don't accept your loan.

4-5 Months Before You Want to Move

This gives you time to explore options, make a competitive offer, and allow for the typical 45 day closing period.

Once You Know When Your Lease Ends

If you are currently renting, be sure to figure out your lease end date and coordinate that with getting pre-approved and starting to look for homes.

After Narrowing Down Your Must-Haves

I always encourage my first-time homebuyers to make a list of your "must-haves". It is great to know what you are looking for ahead of time.

When You Are Ready to be Serious

The market moves fast, and homes can sell quickly! Start looking when you're ready to make an offer if you find the right one.

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How Much Do I Need to Save?

Making sure you budget accordingly and save up enough money is a huge step to ensuring you are on the right track - but, just how much do you need to save?

Expense	Amount	Details
Down Payment	0%-20% of Purchase Price	Many buyers think they need at least 20% saved up for a down payment. Different loans have different qualifications and depending on what you qualify for, you may put down as little as 0%.
Closing Costs	3-4% of Purchase Price	These cover lender fees, title costs, and other expenses. In many cases, you can negotiate for the seller to help cover part of this.
Earnest Money	$1,000-2% of Purchase Price	This is a deposit that shows sellers you're serious. It is due within 5 banking days after you get the accepted offer. It will go towards your closing costs as a credit once you make it to closing day.
Moving & Immediate Expenses	$1,000-$5,000	Consider the cost of movers, furniture, appliances, or any immediate home repairs.

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Common Fears About Buying a Home

The initial thought of buying a home can be very scary. With that being said, when you surround yourself with the right agent and lender, it is possible, and it is worth it! It is only scary when you do not have someone to educate you along the way.

"What if I can't afford it?"

A lender will help you determine a comfortable budget, and there are loan programs with low down payments to make buying more accessible.

"What if something breaks?"

Unlike renting, you're responsible for repairs. Be sure to ask for a home warranty when writing an offer and have and get used to having an emergency fund account.

"What if the market crashes?"

Real estate is a long term investment. If you buy a home that fits your needs and budget. Short term market changes will not play into effect as much.

"What if I regret my decision?"

Taking the time to understand your wants, needs, and finances before buying helps you make a confident choice. More than likely you will not regret your decision because you will soon find out that your monthly rent payments are going to be just about as much as your mortgage payments!

"What if my credit isn't good enough?"

You don't need perfect credit to buy a home! Many lenders offer loans with lower credit score requirements, and there are so many other factors that play into getting pre approved.

"What if I don't know what I'm doing?"

That's why you have a great real estate agent that specializes in First-Time Homebuyers (me) to guide you through every step of the process.

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Have More Questions?

I'm here to help you every step of the way. Whether you're just starting to think about buying or you're ready to begin your search, let's connect.

Let's Talk!

Call, text, email, or message me:

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