



FIRST TIME HOME BUYER FAQs

Buying a home for the first time can be overwhelming. To help you begin your journey, here are some answers to questions that first-time homebuyers may ask.

WHY SHOULD I BUY INSTEAD OF RENT?

When you rent, you write a monthly check and that money is gone forever. A home is an investment which can grow in value over time and when you own a home, you may be able to deduct the cost of your mortgage loan interest and property tax from your federal and/or state income taxes.

HOW DO I KNOW IF I'M READY TO BUY A HOME?

You can find out by asking yourself a few questions:

- ✓ Do I have a steady source of income?
Have I been employed on a regular basis for the last 2-3 years?
- ✓ Do I have a good record of paying my bills?
Do I have few outstanding long-term debts?
- ✓ Do I have money saved for a down payment?
Do I have the ability to pay a mortgage every month, plus additional costs?

If you answered "yes" to these questions, you may be ready to buy your own home.

WHAT IS TITLE INSURANCE AND WHY DO I NEED IT?

An owner's policy of title insurance protects the buyer against loss for title threats undiscovered at the time of closing and provides a defense in the event of claims against the title pursuant to the terms of the policy.

HOW MUCH MONEY WILL I NEED TO BUY A HOME?

In general, you need enough money to cover three expenses: the earnest money (variable), down payment, and closing costs.

IN ADDITION TO THE MORTGAGE, WHAT OTHER COSTS DO I NEED TO CONSIDER?

Utilities, property taxes, homeowners insurance, and maintenance costs are a few of the expenses to be considered. Additionally, there may be homeowner association or condo association dues.

HOW ARE PRE-QUALIFYING AND PRE-APPROVAL DIFFERENT?

Pre-qualification is an informal way to see how much you may be able to borrow. A pre-approval is the lender's commitment to lend to you.

SHOULD I USE A REAL ESTATE AGENT? HOW DO I FIND A GOOD ONE?

A good real estate professional can guide you through the entire process and make the experience much easier. Start by asking your family and friends if they can recommend an agent. Look for an agent who listens well and understands your needs. The ideal agent knows the local area well and has resources and contacts to help you in your search.