

First time homebuyers



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No one really realizes the time and patience it takes to get a first time home buyers loan. The first and most critical step in homeownership is getting the right mindset. This principally involves making all the key financial decisions. The current financial situation of the person will determine the amount to be spent on a home loan. Financial factors like income, credit worthiness, person's debt and the amount available for a down payment if requested, will be studied carefully to determine how much loan will be offered to the individual.

Some banks will even consider debt consolidation to help eliminate the person's debt, which could potentially help their credit score. Some will even recall the question of renting over buying and here is why, a home is an investment. When you rent, you write your monthly check and that money is gone forever. But when you own your home, you can deduct the cost of your mortgage loan interest from your federal income taxes, and usually from your state taxes.

This will save you a lot each year, because the interest you pay will make up most of your monthly payment for most of the years of your mortgage. You can also deduct the property taxes you pay as a homeowner. In addition, the value of your home may go up over the years. Finally, you'll enjoy having something that's all yours - a home where your own personal style will tell the world who you are. (Common Questions from First Time Homebuyers)
The next question most will ask is do you have to have some kind of a down payment in hand when talking to the bank about a loan?

Well, that depends on a number of factors, including the cost of the house and the type of mortgage you get. In general, you need to come up with

enough money to cover three costs: earnest money - the deposit you make on the home when you submit your offer, to prove to the seller that you are serious about wanting to buy the house; the down payment, a percentage of the cost of the home that you must pay when you go to settlement; and closing costs, the costs associated with processing the paperwork to buy a house.

When you make an offer on a home, your real estate broker will put your earnest money into an escrow account. If the offer is accepted, your earnest money will be applied to the down payment or closing costs. If your offer is not accepted, your money will be returned to you. The amount of your earnest money varies. If you buy a HUD home, for example, your deposit generally will range from \$500 - \$2, 000. The more money you can put into your down payment, the lower your mortgage payments will be.

Generally most banks will want a 10% to 20% payment to put down towards your loan. The more money you can put into your down payment, the lower your mortgage payments will be. New loan offerings make it easier to buy a home, but harder to pick which mortgage is right for you. The standard 30-year fixed rate mortgage allows predictable payments. If you're planning on moving quickly, consider an adjustable rate mortgage, which has low interest and payments for the first few years.

Buyers have really low starting payments with interest-only loans, but they don't build up any equity in their homes. Compare terms and rates from several sources, which allows you to choose the right lender. Your lender usually calculates your monthly expenses? Including principal, interest, taxes and insurance. You'll pay a monthly bill into an escrow account instead of

getting clobbered by annual taxes. (A Buying Guide for First Timers)

Conclusion As a first time homebuyer I understand the stress and the time that goes into getting the loan.

There is a lot of things that have to be considered and you have to understand that the considerations are not degrading by standards. People feel that once these are brought up its game over and then people think they will not get the loan, but when you working together with your lender and loan officer you will get where you need to be with the loan. Homebuyers that have never had a loan before get scared and edgy with all the paper work and the process that goes along with it. In all reality when it is all said and done it will be worth it in the end.