

# Thinking About Buying Your First Home?

## How long do you plan to live in the home?

If you purchase a home and immediately get a job transfer or decide to move after a very short time, you may end up paying money in order to sell it. The value of your home may not have appreciated enough to cover the costs that you paid to buy the home and the costs that it would take you to sell your home. However, in our current market the buy versus rent decision is overcome in as little as a 6-month period.

## How long will the home will meet your needs?

What features do you require in a home to satisfy your lifestyle now? Five years from now? Depending on how long you plan to stay in your home, you'll need to ensure that the home has the amenities that you'll need. For example, a two-bedroom dwelling may be perfect for a young couple with no children. However, if they start a family, they could quickly outgrow the space. Therefore, they should consider a home with room to grow. Could the basement be turned into a den and extra bedrooms? Could the attic be turned into a master suite? Having an idea of what you'll need will help you find a home that will satisfy you for years to come.

## Your financial health - your credit and home affordability

Is now the right time financially for you to buy a home? Would you rate your financial picture as healthy? Is your credit good? While you can always find a lender to lend you money, solid lenders are more skeptical if your credit history is not good. Generally, a couple of blemishes on a credit report will make you a good credit risk and could qualify you for the lowest interest rates. If you have more than a couple of blemishes on your report, you may have to pay a higher interest rate and fees.

Some say that you should refrain from borrowing as much as you qualify for because it is wiser not to stretch your financial boundaries. The other school of thought says you should stretch to buy as much home as you can afford, because with regular pay raises and increased earning potential, the big payment today will seem like less of a payment tomorrow. This is a decision only you can make. Are you in a position where you expect to make more money soon? Would you rather be conservative and fairly certain that you can make your payment without stretching financially? Make sure that whatever you do, it's within your comfort zone.

## Where the money for the transaction will come from?

Typically homebuyers will need some money for a down payment and closing costs. However, with today's broad range of loan options, having a lot of money saved for a down payment is not always necessary - if you can prove that you are a good financial risk to a lender. If your credit isn't stellar but you have managed to save 10-20% for a down payment, you will still appear to be a very good financial risk to a lender.

## The ongoing costs of home ownership

Maintenance, improvements, taxes and insurance are all costs that are added to a monthly house payment. If you buy a condominium, townhouse or in certain communities, a monthly homeowner's association fee might be required. If these additional costs are a concern, you can make choices to lower or avoid these fees.



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