



Report Compliments of **Homes and Lifestyles of Colorado** - *Finding Your Place Called Home*

Denver Office: <http://www.DenverHomeLiving.com> - (303) 816-9199 Office

## A Guide for First Time Homebuyers

### Buying Your First Home!

Buying your first home can be a daunting proposition. Not only are you making the biggest investment of your life, but the process — from calculating your budget (and projecting your finances into the future) to choosing a real estate agent, deciding on the right house, qualifying for a loan, and signing a contract — can intimidate even the most savvy buyers.

But cheer-up first-time homebuyer, you have a distinct advantage. There are many programs available for first-time homebuyers that can make the process easier and also provide financial assistance. Neighborhood Link has created a series of articles to help make buying your first house more manageable and, hopefully, more enjoyable. This first article will walk you through a six step process for buying a home.

#### 1. How Much Can You Afford?

How much you can spend on a house is dependent on various factors: your income, how much you are qualified to borrow, your monthly expenses, and the amount of your down payment. Below are two web-based calculators that can provide a general idea of what you can afford, but it is always best to visit a lender and actually get pre-approved for loan as this will provide you exact numbers.

Most lenders will require a 20% (of the final purchase price) down payment, but there are programs available where you will need as little as a 5% down payment.

#### 2. Find a Real Estate Agent

It would be of great benefit to find a real estate agent that specializes, or at least has experience, in working with first-time homebuyers. Agents can provide you with a vast amount of information

and guidance about the entire process. Remember to tell the agent that you are a first-time homebuyer.

Here are some guidelines for choosing an agent: Look for Experience. The real estate profession has a high turnover rate and there are many newcomers to the industry. Look for an agent with at least two years experience. Look for Full Time Commitment. Many realtors do not work at their profession full time. Some work seasonally, some are earning a second income. Find an agent who makes real estate a full time profession.

Look for a REALTOR®. In most states the requirement for a real estate license is minimal: attending classes and taking a test. The only program nationwide that tests technical knowledge and competence is the Graduate, REALTORS® Institute (GRI) series, which is administered under the direction of the National Association of REALTORS®. Find an agent with a designation of GRI. It will be on their letterhead and business cards. Last and Most Important – Interview. Start off by getting recommendations from family and friends. Look for agents who specialize in the neighborhoods that you would like to live in. Call them first to determine which agents fulfill the above requirements. Then, interview at least three agents before making a choice.

### **3. Create a Wish List and Shop for a Home**

Before shopping for a home decide what features are important to you. How many bedrooms and bathrooms, new or old, are local schools important, one-story/two-story, single family or townhouse, what style, does it need to be close to public transportation, etc., etc. These are the types of things you need to think about BEFORE you go shopping. It will save you and your agent lots of time!

### **4. Make an Offer**

Before making an offer there are a couple things that you should consider. First, familiarize yourself with the terms of a sales contract. Your agent should be able to explain the various terms and timeframes of the contract.

Second, try and understand the seller and the seller's level of motivation for selling their property. Are they under a deadline or are they selling to get the highest price possible.

Third, let your agent do the negotiating. Do not let the negotiations become personal or emotional. This is a business deal first and foremost.

### **5. Get a Home Inspection**

Make your offer contingent on a home inspection. An inspection will tell you about the condition of the home, and can help you avoid buying a home that needs major repairs.

You want to be sure that the home that you are buying be in good condition. A home inspection is an onsite evaluation of a home's condition by a trained expert. During the inspection, a qualified inspector takes an in-depth and impartial look at the property you plan to buy. The inspector will: Evaluate the physical condition: the structure, construction and mechanical systems; identify items that should be repaired or replaced; and estimate the remaining useful life of the major systems (such as electrical, plumbing, heating, air conditioning), equipment, structure and finishes.

After the inspection is complete, you will receive a written report of the findings from the home inspector, usually within five to seven days.

## **6. Get Home Insurance and Sign the Contract**

Mortgage lenders require that you have homeowners insurance so be sure to shop for the best deal. You are now ready to go to "settlement" or "closing."

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