

# First Time Homebuyer FAQs

Buying a home for the first time can be overwhelming. Our knowledgeable professionals can answer your title and closing questions and we are committed to making the home-buying experience a satisfying one for you.

To help you begin your journey, here are some answers to a few of the questions that first time homebuyers may ask as they begin their quest to purchase their slice of the American dream.

## Why should I buy instead of rent?

A home is an investment. When you rent, you write your monthly check and that money is gone forever. 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. 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, building equity for you.

## How do I know if I am 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? Is my current income reliable?
- 🏠 Do I have a good record of paying my bills? Do I have few outstanding long-term debts, like car payments?
- 🏠 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 can answer "yes" to these questions, you are probably ready to buy your own home.

## What is title insurance and why do I need it?

A First American Title policy protects the policy holder from disputes over ownership and places the financial strength of one of the nation's leading title insurance companies behind the policy. 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 have to come up with to buy a home?

In general, you need to come up with enough money to cover three expenses: the earnest money (variable), the down payment (depending on the property between 3% and 20%), and the closing costs (usually between 3% and 7%).

## In addition to the mortgage payment, what other costs do I need to consider?

Monthly 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. All of the details involved in home buying, particularly the financial ones, can be mind-boggling. 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.

**Home-buying... the more knowledgeable you are about the process, the better prepared you are to make an informed decision. Once you have found the home of your dreams, contact our office so we can provide the protection you need and the service you deserve.**

Source: HUD.gov

For additional information and 100 Questions and Answers about Buying a New Home, please visit: [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/sfh/buying/buyhm#Dear](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/buying/buyhm#Dear)



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