



**Who wrote the article.** This article was written by CBC Mortgage Agency (<https://chenoafund.org>) staff writers for the purpose of helping homebuyers learn about the mortgage industry, down payment assistance, and related topics.

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## Article Title: Do's and Don'ts for First-Time Homebuyers

Buying your first home can be a dizzying, intimidating process. To help you navigate the journey, we've outlined some do's and don'ts to keep in mind along the way.

At the outset, make sure you check your credit. While poor credit doesn't necessarily disqualify you from making a home purchase, it will affect your interest rate and your eligibility for certain types of loans and down payment assistance programs.

If your credit is extremely poor, it might make sense to take steps to rebuild your record before leaping into the home market. If your credit is in good shape, it's time to choose a Realtor – and it pays to make this selection with great care. (Note: Personal referrals from friends and colleagues are usually best.)

Once you've teamed up with a Realtor, make sure you get to know the neighborhoods you're considering *before* you buy a home. That means driving and walking the streets at different times of day, checking out local schools and parks, and even chatting with community members. You can't be too careful, and remember the old phrase "location, location, location" as you survey available properties.

As you begin to shop for homes, make a list of your wants and needs. This will help your Realtor narrow your search and eliminate certain listings – and save everyone time. There's an old adage that you should never buy the first house you see. That's not necessarily a hard and fast rule, but do make sure to look at a handful of properties before you put in an offer.

While the hunt continues, you can begin searching for first-time homebuyer programs and gathering all the documents you'll need during the loan approval process. These include recent pay stubs, proof of employment for the past two years, W-2 forms, and banking statements.

Once you find your dream home, make sure to ask lots of questions about the property. Some answers will come on disclosure forms provided by the seller, but don't hesitate to find out as much information as possible before

you make an offer. It's also important to negotiate terms of the purchase. While this may seem uncomfortable, it's a normal part of the transaction, and your Realtor should help you decide where to be flexible and where to dig in.

It's also imperative that you order a home inspection. This uncovers items – like a leaky roof or cracked foundation – that can become points of negotiation during the sale, and it also protects you from surprises that might surface down the road.

Some other do's include becoming pre-approved for a mortgage to speed up the purchase once your offer is accepted, considering options that might allow you to make a lower or no down payment, and always being responsive to your lender and Realtor.

Finally, you should always be willing to walk away from a deal if your gut (and the numbers) tell you it's not the right fit.

The list of don'ts in the homebuying process is just as important. At the very top is a warning that may seem obvious, but bears repeating: Don't buy a home before you are financially ready and if you are unsure of your future.

Along the same lines, buyers should not purchase homes that are too expensive for their budget and would drain their savings. You also should not expect to find the perfect property, nor feel pressured to make decisions you're not ready to make.

When applying for a loan, don't be careless with your credit, change jobs, or borrow money for other purchases. These actions will raise red flags with lenders, reducing your chances of obtaining a loan with a favorable rate and good terms.

On the mortgage front, don't assume you need a 20 percent down payment and don't sign up for a mortgage you don't understand. It pays to shop around, ask questions and be patient. There are plenty of programs out there for first-time homebuyers, so don't overlook the possibility of qualifying for loans provided by FHA, the Veterans Administration and through the U.S. Department of Agriculture.

Finally, *do* try to enjoy the process, but *don't* be disappointed if your first offer is declined. Real estate can be a wacky business, but if you're financially ready, there's definitely a home out there for you.

Source: Chenoa Fund, <https://chenoafund.org>

The Chenoa Fund is an affordable housing program administered by CBC Mortgage Agency (CBCMA), a federally chartered governmental entity. CBCMA specializes in providing down payment assistance financing under FHA and conventional guidelines.