

Tips for buying a home in today's market

Written by
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(StatePoint) If you're considering buying a home, some experts think you should get a move on it. Interest rates are at 65-year record lows and national home prices have finally hit bottom and are on the rise. Despite what you may be hearing, loans are available for those with good credit histories, stable income and sufficient savings.

But don't jump right in unprepared. Whether you're a seasoned buyer or a newbie, there are strategies that can help you throughout the home-buying process:

Stick to Your Budget

Determining how much "home you can afford" depends on several factors, including your annual gross income, credit history, current mortgage rates and the amount of your down payment.

In today's market, you can expect a down payment to generally be between 5 to 20 percent of the purchase price for a conventional mortgage. Lenders recommend that your mortgage payment (principal, interest, taxes and mortgage insurance) be less than 28 percent of your monthly gross income.

Before looking for a home, consider calling a Department of Housing and Urban Development-approved housing counselor for free and confidential financial assistance.

Avoid Borrowing Pitfalls

Unscrupulous lenders can damage your credit and cause you financial hardship. Here are some

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ways to avoid becoming a victim:

- Say 'no' to easy money. Beware if someone claims that your "credit problems won't affect the interest rate." If a solicitation is really appealing, get it in writing and seek a second opinion.
- Talk to several lenders to find the best loan.
- Know if the loan offered to you charges a fee if you pay it off early. If it's a requirement of the loan, ask about other products that don't contain this type of penalty.
- Ensure documents are correct and complete. Beware of anyone offering to falsify your income information to qualify you for a loan. Never sign documents that have incorrect dates or blank fields.
- Ask for written estimates that include all points and fees. When you get to the closing table, if any fees or charges differ from what was previously disclosed, delay closing until all terms are understood.
- If you're taking equity out of your property, only take the minimum. Equity typically builds slowly over time, so it's important to try to preserve it.
- If you're not sure, don't sign! Get advice first from a reputable consumer credit counseling agency or housing counselor.

Know the Mortgage Process

Mortgages are serious long-term financial commitments. Selecting the right mortgage may make a big difference in your monthly payments and overall cost of your loan.

To determine the best term for your personal situation and one that aligns with your financial goals, talk with your lender or financial professional for guidance.

More home-buying tips can be found at www.FreddieMac.com .

The prospect of making such a big investment can be intimidating, especially if you're a first time homebuyer. Do your research, reach out to the professionals, stick to your budget and be sure you're ready to take on the financial responsibilities of being a homeowner.