

Avoid mistakes common among first-time homebuyers

Submitted

While shopping for a home is exciting, it's also a complex process that can be overwhelming and easily lead to costly mistakes for unprepared first-time homebuyers.

"As with most things in life, preparation is key to success — particularly with buying your first home," said Jeremy Wine, manager of housing counseling services with Take Charge America, a HUD-approved nonprofit housing counseling agency. "Ultimately, you want to find a home you love without risking your financial security or stability. Otherwise, you may end up in a house that owns you rather than the other way around."

Wine breaks down five mistakes first-time homebuyers should avoid:

■ **Overspending.** It's easy to fall in love with a home and end up paying more than you can afford. Overspending puts you at greater risk of foreclosure if you fall behind on payments. Plus, a higher mortgage payment leaves you with less wiggle room in your monthly budget for other expenses. It's important to stick to your budget

and not overextend yourself.

■ **Being unprepared for the mortgage process.** Finding the right mortgage is complex and time-consuming. Be sure to have all necessary financial documents and details ready to submit to your lender. Also, you'll want to shop around and get multiple mortgage quotes. It takes time but potentially could save you big money.

■ **Forgoing a home inspection.** Always pay for a home inspection. They cost up to \$500 but can uncover critical issues that may cost much more to fix down the line if they're not identified before your closing date.

■ **Forgetting about closing costs.** You saved for a down payment, but what about closing costs? Due at the time of closing, such fees usually total several thousand dollars, amounting to 2% to 5% of your mortgage amount. If you don't properly plan, you'll have to dip into savings, borrow elsewhere or walk away from the deal losing out on all expenses you already paid, like your earnest deposit.

■ **Underestimating ownership costs.** Home-

ownership costs more than just your mortgage payment. You're also responsible for utility bills, trash collection, repairs and maintenance costs. Be sure to accommodate for these additional expenses during your home search.

First-time homebuyers also should not forget to explore homebuying programs that help with closing costs or down-payment assistance on first homes. Buyers must meet certain requirements to qualify including income limits, staying below a certain purchase price and passing an online homebuyer education course.

Founded in 1987, Take Charge America is a nonprofit agency offering financial education and counseling services including credit counseling, debt management, student loan counseling, housing counseling and bankruptcy counseling.

It has helped more than 2 million consumers nationwide manage personal finances and debts. To learn more, go to takechargeamerica.org.

