Buying your first home is one of the most exciting, and often overwhelming, experiences of your life. If properly educated about the process and prepared for each step you will need to take, this can be not only manageable but also enjoyable. No matter your age or stage in life, becoming a homeowner is a huge milestone. Below are tips to help guide anyone looking for their first home.

Know How Much You Can Afford
Don’t set yourself up for disappointment by looking at homes above your budget. Unless you plan to pay for your house in cash, which isn’t the norm, look at how much you have for a down payment as well as what you can spend on your monthly mortgage. Consider the costs for monthly non-house related expenses so you can live a similar lifestyle after the home purchase. While a lender will tell you the maximum financing you’re approved for, this can often be an amount that would make you uncomfortable on a monthly basis. It’s good to also know your credit score as this heavily impacts your loan.

Do Your Research and Be Realistic
You will have to make compromises, and that’s alright. Make a list of the must-haves for your house—include things like neighborhood, schools, commute and nearby entertainment—so you know what the true deal breakers are. Now begin looking at available houses in the desired areas to understand the costs. It’s helpful to discuss if you’re willing to do work, as these houses will cost less, or if you want a home you can move into tomorrow.

Shop Around for Mortgage Options
Banks and lenders may all offer different mortgage offerings and interest rates. Do your homework to understand your options by talking with various financial institutions. Your local community bank is an ideal resource for this type of education and guidance. Alternately, if you have a lender you know you want to use, have this person walk you through your options. This is also an ideal time to organize your financing documents—pay stubs, past years’ W-2s, bank statements, list of assets and debts, etc.—as you’ll need these for the loan approval and don’t want to find yourself in a pinch if you’re missing necessary paperwork.

Get Loan Pre-Approval
This is important for several reasons. First, desirable homes in hot areas will sell quickly, and many realtors won’t take clients to view homes without a loan pre-approval. When you find a house you love, this pre-approval allows you to act quickly and makes you more desirable than someone without pre-approval. Also, this number will set your maximum budget but remember, this may be more than you’re comfortable spending.

Find the Right Real Estate Agent
There are often real estate agents who specialize in certain areas or know about houses before they officially hit the market. Ask friends or your lender for recommendations, and go with the person who feels right. A lot of factors involved with home purchases, especially your first one, are based on emotion.

Understand the Offer Process
You’ve found the perfect first house, now what? Your realtor will help you put together the strongest offer and hopefully, it will be accepted. If you know there will be numerous offers, you will rely on your agent’s expertise to help set your offer above the rest. Your realtor is going to teach you about neighborhood comps, the option period, the home inspection and much more.

Get a Home Inspection
A home that looks perfect might not be in such great condition behind the walls and under the floors, so a home inspection is a must for your protection. It will make you aware of what might be hiding before you finalize the sale. If the home inspector finds a major problem and you still want the house, this enables you to negotiate the cost of the repair with the seller. Overall, you’ll be much more confident in your purchase after the inspection.

Know What You’re Signing
You’re almost there but it seems like you’re signing your life away at the closing. Your realtor, lender and title agency representative will be happy to walk you through the details of each form you sign so don’t be afraid to ask. Congratulations—you’re now a homeowner!

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Consumer Tip July 2015: The ABCs of Buying Your First Home