



Hints for First-Time Home Buyers

Establish a good credit history. On-time payments for at least the past year can help show you're handling your financial responsibilities.

Lenders also look for a solid employment history (two years or more with your current employer).

Calculate out-of-pocket expenses. The down payment and closing costs (e.g. points) are sometimes as much as 10% to 15% of the selling price.

Start a savings plan. Set aside as much money as you can for out-of-pocket expenses.

Determine how much house you can afford. Generally, lenders allow no more than 25% to 28% of your gross monthly income for housing costs, including homeowner's insurance and property taxes.

Ask your financial institution if it sponsors a homebuyer education program. You can also contact the Neighbor Works Network which helps people with low to moderate incomes buy homes. For other basic home buying information, you can contact the nearest GreenPath office at 1-800-550-1961.

Find a good real estate agent. Ask friends for referrals and interview more than one agent. Choose someone with experience; this person can represent you in negotiations with the seller.

Source: American Bankers Association 1120 Connecticut Avenue Washington, DC 20036