



## Preparing to be a First-Time Home Buyer

Navigating the housing market as a first-time home buyer can feel like walking through a maze. You want the stability and freedom of owning a home, but it may feel like obstacles keep getting in your path, whether it be troubles with real estate agents, legal hoops to jump through, or financial concerns. Approaching the first-time home buying process equipped with some knowledge of what questions to ask and issues to consider can go a long way in making your journey to homeownership successful.

### Benefits of Home Ownership

Buying a home is a weighty decision, but it can come with many worthwhile benefits. Owning a home provides a level of stability and privacy by being fully in control of your home's features and finances. It is also a valuable investment into the future for your family. Typically, homes will appreciate in value over the years, increasing the equity in your home. Homeownership also opens you up to opportunities for certain tax breaks and some federally backed loans and state programs specifically designed for first-time home buyers. With the pride of homeownership added to the list of benefits, it is no wonder why the current housing market is booming as homebuyers seeking to take advantage of the low-interest rates.

### Questions to Ask

When embarking on the home buying process for the first time, potential buyers can benefit by asking a few critical questions of themselves and their [mortgage loan advisor](#) to ensure that they are prepared.

- What is my budget?  
Creating a budget ahead of time sets you up for success and mitigates disappointment. Be realistic and honest with yourself about your local market and your home needs to settle on a budget that will allow you to comfortably make mortgage payments without regret and stress.
- What is my credit score?

Now is the time to maximize your credit score to ensure that you are eligible for the best mortgage rates available. Having a great credit score, typically higher than 650, will get you better loan offers with lower interest rates. Improving your credit score takes time, so act now to make your home buying process smooth.

- What are my home must-haves?

It is very easy for first-time homebuyers to get distracted by shiny new features and additional upgrades. While this may bring immediate satisfaction, you may look back with regret if these add-on features caused you to splurge on something you didn't really need. To avoid this pitfall, start your home buying process by making a list of your home must-haves. This may include square footage, a particular neighborhood/school district, an open floor plan, minimal repairs needed, etc. Also, list the areas you're willing to compromise on to help you find a balance between needs and wants.

## Consider before buying

Before buying a home, first-time homebuyers should keep a few considerations in mind to avoid any unpleasant surprises. The first is planning for hidden costs that may include closing costs, house inspection fees, property taxes, insurance costs, and homeowner's association fees. Another hidden fee is private mortgage insurance or PMI, which is charged when a home buyer cannot put a 20% down payment down on their home. Saving up some emergency funds to cover any extra costs beyond the home's price tag will ensure that first-time homebuyers are not caught unprepared. Also, consider getting preapproved for a loan to know which homes are within your budget and the benefits for which you are eligible. With this preparation, first-time homebuyers can confidently begin the process of finding their home.

To help you on your way, Lampco Federal Credit Union can offer various [home mortgage loans](#) with competitive rates that are suitable to your unique situation, including new construction, a fixed-rate jumbo loan, conventional, FHA, VA, and USDA programs.

Contact a [mortgage advisor](#) at Lampco to get the process started and get on your way to enjoying your first home.