Ways To Assess Your Readiness To Buy Your First Home

1. You think about buying your own home all the time. You subscribe to home & garden magazines, read your newspaper's lifestyle section every day, look online at homes for sale in your favorite neighborhoods, go on drive-bys to homes that pique your interest, & stop at open houses just to stroll around. Or so you say. Basically, you dream of sheep jumping over the fence you just installed on your newly acquired property. And, you really want to find a place to call & make your own!

2. You have a good job. Not only is your employment record good, but you intend to keep working-and maybe even get promoted! If your spouse or a partner is in the same position, that's even better. Employment is the pivot upon which all house-hunting activity will revolve, & you will need your salary statements & Form W-2 to verify all job information.

3. You're confident about your credit history. Lenders are going to take a hard look at your credit history, so find out whether anything in your record might present a problem. Order a report two or three months before making a mortgage application to give yourself enough time to iron out any wrinkles. Any one of the big three credit bureaus: Experian, Equifax, & Trans Union take into account about 100 variables gathered from your credit file. The mortgage "credit score" specifically looks at such things as how much you are currently in debt, how many places you have applied for credit recently, & what kind of credit you have taken in the past. Take the time to dispute any derogatory items or credit inquiries. Doing this successfully can raise your credit score by tens or even over 100 points! Go through all 3 credit reports with a fine tooth comb and dispute everything you can to have it removed. Don't close credit cards, but try to have the greatest variance between your balance & the credit limit on each card.

4. You're a budget whiz. You actually know where your money is coming from & you know where it goes every month. A long time ago, you learned that making & keeping a budget is the first step toward financial security. Calculate how much money you can afford for down & monthly payments. Look closely at the mortgage picture & find the interest rates, processing costs, & adjustment features that suit your needs. If you make an offer & it's rejected, consider offering more money while asking the seller to cover some of your closing or other costs. Often, negotiations on a price go back & forth several tiems before a deal is made.

5. You have money in the bank (or under the mattress). Once you've located a house you love & you know you can afford it, you'll need a sizeable down payment to get the ball rolling. The more money you can put into your down payment, the lower your mortgage payments will be. Some types of loans require 10-20% of the purchase price. Closing costs average 3-4% of the price of your home. These costs cover various fees your lender charges & other processing expenses. When you apply for your loan, your lender will give you an estimate of the closing costs, so you won't be caught by surprise.

6. You're not afraid of commitment. Enlist the help of local realtors & attorneys to represent your interests, & convince them that you're pushing on without fear or trepidation. You don't get panic attacks, you sleep like a baby, & perhaps more important-you really like signing your name. An accepted contract is lik a marriage agreement, the deal is not complete, it's just started. There are many things you must do to successfully avoid the money pits. The ability of experienced professionals to open doors for you & close the deal can never be underestimated.