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## **TOP 10 THINGS FIRST-TIME HOMEBUYERS SHOULD KNOW**

Presented by Bill White

Buying a home for the first time can be complex. To avoid mistakes and make a smart purchase, do your homework and know what to expect. To help start the process here is a list of important points every first time buyer must know before taking the plunge into the Real Estate market.

**#1** Just because it's a buyer's market doesn't mean you should buy right now. Don't let the lucrative market dictate a buying decision if the time isn't absolutely right. Potential homebuyers need to ask themselves if they have a good credit score, if their job is secure and if they can stay in the home for a few years. If the answer to these questions is "no" it might make more sense to wait until life and finances are more stable.

**#2** The cost of owning a home is more than just the purchase price. On top of a mortgage payment, there are several monthly fees and expenses any first time buyer should consider when becoming a homeowner: insurance, property taxes, utilities and maintenance. Think about scaling back the home price in order to better budget for the entire package.

**#3** A sizeable down payment is great to have for a home purchase, but not everyone can put together 20% or 25% upfront and still maintain a lifestyle complete with savings and investment funds. You must ask yourself if there is a financial reversal can I withstand the pressures for a period of time without jeopardizing my home. Go with a lower down payment and use the balance as a cushion (liquid investments or savings) against adverse financial conditions.

**#4** Foreclosures can present great deals, but proceed with caution. Buying a foreclosed home can be a risky proposition for a first time buyer. Foreclosures are often sold "as is". First-timers should consult a Realtor and/or a Lawyer with specialization in this area of Real Estate.

**#5** Short sales can also present great deals, but here again proceed with extreme caution. “A short sale is a sale of real estate in which the sale proceeds fall short of the balance owed on the property’s loan.” These sales can be a lengthier and more complicated than a typical home purchase. Again first-timers should consult an agent or lawyer with specialization in these areas.

**#6** Getting pre-approved for a loan gives your more buying power. Obtaining lender pre-approvals are important because it establishes a homebuyer’s maximum purchase price, shows sellers that the buyer is serious about buying a home and the homebuyer compare interest rates and terms to find the best deal.

**#7** Good school districts boost property value. One of the most important aspects of a home’s value is the neighborhood where it is located. Even if the homebuyer does not have kids, buying a home near sought-after schools can help the resale value.

**#8** Not all real estate agents represent buyers. There are three types of agents: listing agents, who represent sellers and help them, get the best price; buyer’s agents, who represent buyers and protect their interests; and agents who can and will represent and protect both sides of the transaction. Any potential conflict of interests between the parties must be addressed and agreed to, preferably in writing.

**#9** Doing your homework can help you make a competitive offer. Before buying the home, determine the property’s market value by having the realtor conduct a comparative market analysis. This report will show what buyers were willing to pay for similar homes in the area, giving a good idea of what will make a fair offer.

**#10** It is important to have a back-out plan. Before signing on the dotted line, make sure to have a contingency plan in case things don’t go as planned in the home inspection or appraisal. If the home has a major flaw or doesn’t appraise for the purchase price, an escape plan allows the contract to be voided.