



First Time Homebuyer Center

Preparing for homeownership

For most people the American dream is to own their own home. You can make it happen, and becoming as knowledgeable as possible about the home buying process, and what to expect, will help you reach your goal of home ownership with the least amount of obstacles.

First we will help you determine if homeownership is right for you, and whether or not you can afford to buy a home at this time. We will also help you determine your budget for buying a home, as well as what mortgage lenders look for in securing mortgage loans. We will explain how first-time home buyers and low – and moderate-income households can extend their borrowing power with a number of flexible mortgage programs.

Are you ready to buy a home?

What is the reason homeownership is appealing to you? Buying a home is not something you just do, it's something that needs to be well thought out, because homeownership necessitates an investment of time and money.

Why buy a home?

Here are some advantages to owning your own home.

- **Your own home:** A home is a place that belongs to you. At this point in time you are probably prepared to settle down and become a permanent part of your community. Maybe you need more room in which to raise a family. Or, perhaps you want more breathing space than you get in a rental unit.
- **Financial benefits of buying a home:** Buying a home can be an excellent investment for a number of different reasons.
- **Steady housing costs:** Another benefit of owning a home is that while rents normally increase yearly, the principal and interest portions of “fixed-rate” mortgage payments remain unaffected throughout the entire repayment period, that is 30 years for a 30-year fixed-rate mortgage.
- **Increased value:** Houses can increase in value, or “appreciate” over a period of time. A house sold for \$75,000 ten years ago in certain parts of the country is worth much more today. This increase in value is as good as money deposited in the bank to the homeowner.
- **Scheduled savings:** When you buy a house, your monthly mortgage payments build up what lenders call “equity”, an ownership interest in the property that you can borrow against or convert into cash by selling the house. Renters must keep on paying rent, without the chance to accumulate equity, the entire time they rent.
- **Tax incentives:** Owning a home can enable you to take advantage of significant tax breaks, which are not offered to renters. Interest paid on a home mortgage is usually deductible. This alone may save you a considerable amount each year in federal income taxes.

Possible disadvantages of buying a home

In spite of all its appeal, homeownership is not for everybody. Buying a home involves a complicated, time-consuming, and costly procedure that sometimes carries with it unwelcome responsibility.

- **High cost of homeownership**
 - Buying a home may cause a substantial strain on your finances. For the first several years, you should expect to pay more for housing as a homebuyer than as a renter. Property taxes, homeowner's insurance, utilities, and upkeep added to your mortgage payment can be more than you would pay for rent.
- **Possibility of foreclosure**
 - Foreclosure is the sale of a mortgaged property (your home) by the mortgage lender. This happens if the borrower fails to give monthly mortgage payments on a timely basis or otherwise defaults on the mortgage.
 - Financial institutions can and do foreclose when borrowers fail to make their payments. This can result not only in the loss of your home, but also in the loss of your investment and good credit mark.
- **Repairs and maintenance**
 - People retreat from buying a home because they don't want the responsibility of maintaining a home (mowing the lawn, repairs, etc.).

Source: http://www.first-time-home-buyer-center.net/advantages_disadvantages.htm