

7 Things All Homebuyers Should Know About Homeownership

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Do you feel overwhelmed with the process of home buying? You're not alone. Homebuyer surveys find that more people today want to buy a home, but challenges such as saving for a down payment and student loans are keeping them sidelined.

We know the vast majority of buyers (92 percent) use online search at some point in their home buying process. Maybe that's how you found us at Down Payment Resource!

But, before you start picking out your dream house online, take a minute to make sure you grasp these 7 key facts about homeownership.

1. Go back to school (for a day). We know you probably just Goggled "how to buy a home," but did you know there are [homeownership education courses that can really help](#) you prepare? Homebuyer counseling is typically required when using a down payment assistance program, but any buyer can benefit. You'll learn about the home buying process, improving your credit, mortgage terms, planning a budget and more. Plus, a new study finds that by simply participating in these in person or online courses, you'll reduce your risk of foreclosure by 42 percent.

2. Get an agent. If you aren't yet a homebuyer, there's no reason not to have a real estate agent. Your agent's commission will come from the home you purchase, not your pocketbook. Everybody wins! Even if you don't think you'll need help with lots of showings, a real estate agent will help you navigate contracts between you and the seller and set up important things like the home inspection. As a new buyer, you'll benefit from the expert help.

3. Find the right lender. Your mortgage lender will help you secure your home financing—and, there are many types of banks and lenders who can help. Unfortunately, according to the Consumer Financial Protection Bureau (CFPB), nearly half of homebuyers don't shop around for a mortgage lender. Like you, your finances and home buying goals are unique. So, it makes sense to shop around and interview your lender for the job. Read our [5 essential questions to ask your mortgage lender](#) to get started.

4. Your credit score matters. The type of loan you get, including interest rates and points paid, is primarily determined by your credit score. The better your credit score, the more affordable loan you can get, often with more options for a low down payment. For low down payment loans, your credit score needs to be a minimum of 640. Review your credit report, make adjustments and get prepared so you can enjoy the lowest interest rate possible and save cash over the life of your loan.

5. You don't need 20 percent down. You may have heard or read that you need 20 percent down. It's not necessarily a bad thing, [but that's just not the case](#). And, if using a low down payment can get you in a home now (instead of 3 years from now), you'll enjoy low rates and get out of a rising rent situation. Low down payment options have been around for a long time. In fact, data shows that low down payment loans with sound underwriting (loan is fully documented, income verified) are just as successful as loan with large down payments.

6. Down payment programs offer savings. Did you know the average down payment assistance benefit is more than \$8,000? Many homebuyers don't know about homeownership programs that can help them get in a home much more quickly and provide a valuable cash cushion for other home buying expenses. You could [save on save on your down payment and closing costs](#), or even get ongoing tax credits. Ask your lender and real estate agent about down payment programs and do some research to [find out what might be available](#) where you want to buy.

7. Don't forget to budget closing costs. Most buyers focus on saving for a down payment, but your [closing costs can run you another 2 to 5 percent](#). It's important to factor in those costs so you are prepared for the closing table. Ask your agent about negotiating those costs with the seller. In addition, some homeownership programs can help you cover your closing costs.

Now, you're armed with 7 of the most important things you need to know about becoming a homeowner.