



What to Know When Starting Your Homebuying Journey

Becoming a homeowner is one of the most important decisions you will ever make—and can be one of the most rewarding. It is important to be prepared and to educate yourself prior to making your home purchase. Here are some considerations that you need to take into account before you begin shopping for a home:



Location, location, location. You probably know this old saying, but it's worth pointing out again. Location is an incredibly important factor when buying a home. What would your commute to work look like? Is public transportation readily available? Will you need to buy a new car to get where you need to go? If you have children, or are planning to, it's a good idea to look at the local school system. All of these factors will help determine which community is the best choice for you.



Know your options. There are a lot of different types of housing to choose from when shopping for a home; and some that you may not even know about! Single-family homes, town homes, duplexes, and condominiums you may have heard about. But what about prefabricated homes? Or tiny homes? Different types of housing each have their pros and cons, including: affordability, financing options and size. Explore each and see what would work best for your needs.



Shop for what you can afford. Cost is an essential consideration when buying a home—and there are a lot of costs to consider. You'll need to take into account your down payment, monthly mortgage payments, homeowner's insurance payments, and more. As a general rule of thumb, your housing costs should not exceed 30 percent of your monthly income. Luckily, there are programs that can help you figure how to calculate and budget for these payments.



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Compare loan options, and get pre-approval. It's a good idea to shop around for your loan options, and to speak several different lenders. Also, banks and mortgage lenders aren't your only options for financing. There are local community lenders, and mission-driven lenders who may provide loan options that work best for you. Pre-approval can be a great tool to have when shopping for a home. It gives you a dollar amount to work with so that you can house hunt within your range and budget more effectively.



Seek help when you need it. Know that you are not alone in your home-buying journey. The whole process can seem overwhelming, but there are programs and professionals that can help. [Freddie Mac offers their Home Possible program](#), with as little as three percent down payment. Other programs offer down payment assistance, homebuyer education, and credit counseling. Local housing counselors in your community can provide guidance and coaching.



Start saving for a rainy day. The costs of homeownership extend beyond just buying your home—you'll want to start budgeting for future needs. Unexpected home repairs can be costly, and there are fixed maintenance costs as well. Future renovations and upgrades are something to consider as well. Budgeting is an important part of being a homeowner, so be sure to talk to a trusted advisor or financial planner who can help.

For more helpful information about purchasing a home, sign up for Next Step's e-newsletter. If you are interested in learning more about prefabricated or factory-built homes, check out our Factory-Built Homebuyer Education Course available online at <https://nextstep.ehomeamerica.org>.

