

## Common Buyer Fears

by Carla L. Davis

Whether you are a first time home buyer or someone who is looking to move up or down, getting into the market can be a fearful time.

Here are some of the most common buyer fears:

*Do I have enough money to buy a home?*

To first step to finding out how much home you can truly afford is to get pre-qualified for a mortgage.

Also, take a step back and look at your finances. Ideally, you should have around 20 percent of the purchase price to put down. You should also have less than a 36 percent debt to income ratio. Be sure to include all of your monthly obligations in that equation, including student loans, child support payments, alimony, car payments, credit cards, etc.

Once you've looked at your savings, make sure that apart from your down payment, you'll have enough left over to pay closing costs, which include such things as attorney fees and transfer fees. The National Association of Realtors (NAR) reports that this amount averages between 2 and 7 percent of the home price. You also need to have money left as a cushion. What if unexpected repairs, either to your house or car, come up? What if you or a family member needs medical attention? Be sure that you have enough money leftover after the purchase to keep your life running smoothly.

*Will I have buyer's remorse?*

There is no such thing as the perfect house, so you should prepare yourself for some mild feelings of "what if". You may have to give up a few "wants" to get a few "needs" when you buy your next home. Or if this is your first purchase, you may have to buy something a little short of your dream house, and build equity in order to move up at a later date. Try not to lose sight of the big picture. This is a home that you own. You now get the benefits of tax breaks. You are building equity as you pay off the loan. And, hopefully, your home will appreciate in value over the coming years.

*How can an unhandy owner handle repairs?*

Before you swear off doing some of your own projects or repairs, know that everyone starts somewhere. Take a class at your local home improvement store, invest in a handyman's guide, or ask a friend that has already tiled their bathroom or fixed a leaky sink to come and give you some pointers.

Be prepared for repairs, maintenance, and updates. Even with a new home, there will be projects. Plan accordingly financially. And if all else fails, hire a professional.

*What if I need to move?*

Experts recommends that to build equity, you need to have owned your home for at least 3 to 5 years. The NAR recommends, "Look at your annual mortgage statement or call your lender to find out. Usually, you don't build up much equity in the first few years of your mortgage, as monthly payments are mostly interest, but if you've owned your home for five or more years, you may have significant, unrealized gains." If the time is less than five years, then you should be prepared to not make any money on the sale of your home, and even, to "lose" some -- in the form of closing costs.