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6 First-Time Homebuyer Tips

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So, you've decided to buy a house -- congratulations! Owning a home is a great accomplishment for many reasons, giving you sense of pride and helping you build personal equity among some of the more obvious ones. You need to be prepared, though. There are many potential highs and lows in the overall process before you open that door and start envisioning how you'll decorate the place and make lasting memories.

Here are a few basic tips that you can start early in your planning:

1. Save early

Start the saving process early so you can be prepared for some of the costs that go into buying a home, most importantly making your down payment and/or paying for closing costs. Depending on your mortgage, some lenders may allow as little as 0% down, 3% down or even a 5% down payment. If your down payment is lower than 20%, you may have mortgage insurance attached to your monthly payment (This insurance protects lenders in case of legal problems with the title).

A larger down payment may help you qualify for a loan at a lower interest rate. It's not a showstopper if you can't come up with as much as 10% though. As mentioned, you may not need a down payment at all depending on what sort of loan you secure. There are also assistance programs that vary by state that may be able to help if needed.

2. Check credit

Having good credit can help you qualify for a loan at a competitive interest rate. It's a good idea to get a credit report to see what your history looks like before you start shopping for a house. With so many cases of fraud these days, you might never know that you've been a victim unless you check your report and look for bogus charges or inconsistencies.

Maintaining good credit is something that you should always be doing. Paying your bills on time and not carrying too much debt goes a long way in establishing your overall credit and keeping your score at a good level. If your credit isn't that great, it doesn't mean that you can't get a mortgage. It may mean that you'll have more limited choices in what kind of mortgage and rate will be available to you (Atlantic Union Bank customers can check their credit health with our free [SavvyMoney credit monitoring tool](#)).

3. Decide on a budget

The first rule of any home buying process is to know your budget. Go into your search with a figure and, although you may be tempted, don't stray. Have a price, or a price range, that you are willing and comfortable paying and stick to it. Do the math and figure out what sort of monthly payment you can afford.

Your mortgage loan interest rate and down payment will also dictate how much you'll pay per month. Depending on the current market, rates may fluctuate during the year. Once you start looking, you should have a good idea where those rates are and what sort of mortgage you'll be eligible for and, depending on your down payment, how much you'll owe over the life of the loan.

4. Zone in on location

You might want to be in the perfect location that has the best schools, a great walkability score, or offers you the quickest commute to work. It will probably be hard to get everything you want in your search, but the more familiar you are with potential neighborhood choices, the easier it will be to narrow your search. You may also want to consider how safe an area is, proximity to parks or shopping, and property value history for potential search locations. Make a list of features you absolutely need to have and start from there.

5. Find an agent

It's more than likely that you'll need to work with a real estate agent. Take some time to find the right one. Read online reviews from some of their local clients, if they have any, and really get to know them when you meet them. What are their goals for clients? How knowledgeable are they about the area you are looking in? Depending on how long it takes to find your home, you may be spending a lot of time with them. Most importantly, do you have a good rapport with them?

A real estate professional can help:

- Show you properties
- Attend open houses with you to learn more about your must-have list
- Help you decide how much to offer
- Represent you and look out for your best interests in the negotiations
- Get your paperwork in order during the offer and through closing

6. Get pre-approved

When it comes to getting mortgage, one of the most commonly asked questions from first-time homebuyers is: "What is the difference between needing to be pre-qualified or pre-approved for a mortgage?"

Being pre-qualified or pre-approved for a mortgage is an important step in the mortgage application process. Some may use the terms interchangeably, but there are very distinct differences that every homebuyer should understand.

Pre-qualification

- Provides a "ballpark" estimate of your buying power
- Is based on summary information of your income and assets

Pre-approval

- Provides proof to sellers that you are pre-approved for a specific loan amount
- Is based on verification of your income, credit and assets

It's in your best interest before you begin the process of searching for your home to get a pre-approval letter from the bank. Not only does it give you peace of mind in knowing what price range you can afford and what you're pre-approved for by the lender, but it strengthens your position at the negotiating table, especially in a multiple offer situation.

We open doors

Atlantic Union Home Loans is here for you when you need us. We can work with you or your real estate agent to help you find the perfect fit for you mortgage needs. [Learn more about what we offer here.](#)

Good luck in your search!

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