

First-Time Buyers Face Struggle

High prices, low inventory and bidding wars have made the housing market for first-time buyers a perilous situation.

While mortgage rates have plummeted, making home ownership more affordable to many, first-time buyers are often finding they're outbid or can't afford their dream homes, according to a new survey from Realtor.com. Even after multiple offers, they sometimes fail to secure the home they're interested in.

Why? First-time buyers, as a group, tend to be younger and carry more debt. They also find they haven't saved enough for a down payment.

In an extremely competitive market in which a shortage of homes exist — especially in sought-after neighborhoods — experts say having financing and budget together is paramount.

Even those with better financial positions were still forced to compromise, the report reveals. Others had to spend more than they planned or had to pass on some wish list features, such as a garage or pool.

Millennials make up the



REAL ESTATE 101

When a Sale Is a Sale

It's a buyer's nightmare, but a sale isn't always a sale. Depending on your state's laws, up until that contract is signed by both parties — even after counteroffers have been sent out — all new offers can be considered and accepted. Once both parties have signed, the seller is pretty much locked in. That's why it's important to feel good about signing that contract. To learn more about when a sale is final and when it isn't, visit Realtor.com at bit.ly/3tWQykc.

largest part of the pool of first-time buyers, typically young families 30 and older who are looking for home that will accommodate a

growing family.

Before even approaching the market, younger buyers should have saved for that down payment. That means

some lifestyle adjustments, such as cutting out luxuries and extras that can add to savings. A savings account is a must, of course, but investing

in an IRA can also help.

In addition to being a tax-friendly retirement vehicle, it allows you to withdraw up to \$10,000 for a home. While withdrawals from a traditional IRA will be taxed, a Roth IRA you've owned for more than five years won't be taxed at all, as long as you're a first-time home buyer.

As mentioned, having a realistic budget will also improve your chances. Knowing how much of a mortgage payment you can handle is key to understanding the home you can afford.

It's important to understand that a getting a mortgage depends on your income and your debt. So getting pre-approval from a lender will help you understand how much you can comfortably afford.

Other factors also come into play, such as closing costs and property taxes — the latter an ongoing expense — as well as insurance.

A good financial adviser can help you navigate these waters and figure out when, where and how much to spend. By coming in with a realistic bid, you're much more likely to get the home you want.

With all these elements in place, your first home-buying experience won't be a disappointment or a strain on your finances. Plus, it won't likely be your last.



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HOMEWISSE GLOSSARY

Balloon: A mortgage where there are payments over a period of time but the final payment is a lump sum which is quite large compared to the previous payments. SOURCE: MLS.com

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