

Top 10 Myths That Trip Up First-Time Home Buyers

If you're thinking about buying a home, you've probably received your share of advice from family and friends. Add to that the constant stream of TV shows, news segments, and social media posts that over-simplify the home buying process for easy entertainment.

With so much information to sift through, it can be tough to distinguish fact from fiction. That's why we're revealing the truth behind some of the most common home buyer myths and misconceptions.

Buying a home is a big decision, but it doesn't have to be a scary one. If you arm yourself with knowledge and a qualified team of support professionals, you'll be well equipped to make the right choices for your family and financial future.



Don't Fall For These Common Home Buyer Myths

Myth #1: You need a 20% down payment.

Plenty of buyers purchase homes with down payments well below 20%. We can refer you to a mortgage professional who can review your financial situation, discuss your options, and help you determine how much you'll need to save.

Myth #2: Real estate agents are expensive.

An agent is with you every step of the way throughout your home buying journey, so they're probably expensive, right? Well, not for you. Buyers usually don't pay a real estate agent's commission. Their fee is paid for at closing by the seller.¹

Myth #3: Don't call a real estate agent until you're ready to buy.

The reality is, the earlier you bring in an agent to help, the better. An agent can help you set realistic parameters for your home search, identify the best time to start looking and create a plan to help you reach your real estate goals.

Myth #4: Fixer-uppers are more budget friendly.

Sometimes, homes that need a lot of work also require a lot of money. If you're interested in a fixer-upper, get some quotes from contractors before you buy so you know the real cost of the renovations.

Myth #5: Your only upfront cost is your down payment.

In addition to your down payment, you'll need to factor in closing costs, which typically run between 2-4% of the home's purchase price.² You may also need extra cash on hand to pay for an inspection and appraisal. Your lender can help you estimate the total amount you'll need.

Myth #6: You need a high credit score to buy a house.

You don't need perfect credit to buy the perfect home. However, if you have a low credit score, you should expect to pay a higher mortgage interest rate and additional fees.

Myth #7: You can't qualify for a mortgage if you're still paying off student loans.

When you apply for a mortgage, the lender will calculate your debt-to-income ratio.³ If your income is high enough to cover your debt obligations each month, a student loan shouldn't prevent you from getting a mortgage.

Myth #8: You should base your budget on the amount you qualify to borrow.

Your lender will use a formula to determine how much money they are willing to lend you. However, it may be more than you can realistically afford. Don't make the mistake of becoming house rich but cash poor.

Myth #9: It's all about location.

Yes, location is important, but you also need to think about how the home will function for you and your family. If you're on a limited budget, you may need to sacrifice your ideal location to get more space or a newer home that requires fewer updates and less maintenance.

Myth #10: You'll find a home that checks every box on your wishlist.

You've seen that famous house hunting show. And while we have our suspicions about how real it is, the one thing they get right is that almost every buyer needs to compromise on something.

Sources: 1. Realtor.com 2. The Balance 3. StudentLoanHero

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