

-- Demystifying the process for first-time home-buyers

TEN TIPS ON GETTING YOUR FIRST MORTGAGE

Purchasing your first home is bound to be one of the most memorable events of your life. Unfortunately, it probably will be the most stressful, especially if your credit is not great, and you are struggling for a down payment.

Most real estate agents won't even show you a house until they pre-qualify you, that is make sure you can afford what they show you. So you need to prepare before you look for that dream house. Here to help demystify the process, Suzanne Caplan, co-author of *Building Big Profits in Real Estate: A Guide for the New Investor*, offers ten solid tips on what to do BEFORE you jump into the financial quagmire of real estate financing.

1. Save enough money for at least a 5% down payment and closing costs.
2. Check your credit report. Log on to myfico.com to find reports from all three credit reporting agencies.
3. If your score is low (below 650) learn what you can do to improve it, such as pay off old credit cards or dispute items.
4. Stop by a local savings bank and talk to a loan officer...they can pre-qualify you.
5. Chose a reasonable price range and don't get carried away by a dream house....that could be the next one.
6. Find a good agent, they have good financing ideas. Read the real estate section of your local newspaper for news on who has won sales awards; or get a referral from family or friends.
7. Keep from making other purchases while you are qualifying.....no new cars or furniture.
8. Some owners will take back a second loan to make your down payment larger, it doesn't hurt to ask.
9. Even if you expect to get a better job soon, stay where you are. The more stable your employment, the better it looks on a mortgage application.
10. If it doesn't look like it will be successful, consider finding a property to buy on a "rent to own" basis. Contact a real estate investor to see if they are working this program or learn about how to do it and work with a property owner.

Suzanne Caplan is co-author of Building Big Profits in Real Estate: A Guide for the New Investor (John Wiley & Sons). She founded Success Productions, a firm which provides seminars and professional services to real estate investors, and is currently founder and partner in Crossroads Advisors, LLC, a small business consulting firm. Caplan is the author of nine books. Building Big Profits in Real Estate: A Guide for the New Investor will be available in May 2004.