

First Time Home Buyer Florida

Being a first time home buyer can be a daunting thought, especially if you jump into it unprepared without having done any research. Fortunately, if you are reading this, you are likely searching for information to prepare for your first time home buying experience.

Your journey on buying your first home will entail several important focal points. Unless you're paying cash for your home, you will likely be needing financing from a lender. This will require you to examine your financial situation to first determine if you are in a position to buy, and then to determine how much house you can afford. Lenders will look at several factors to determine your approval or denial. These factors include the following.

- Credit score
- Down payment
- Income
- Debts

On average, for a conventional loan, you will want to have a credit score of at least 620. Your debt to income ratio ideally



should be 36% or less. The lower ratio you have, the better your chances of obtaining a loan. Debt to income ratio, or DTI, is the amount of total debt you have compared to your overall income. This is just as important as your credit score so you want to make sure you examine your debts and calculate your DTI so you know ahead of time. Lenders will also look at the amount you will be applying as a down payment. Ideally 20% is very attractive to lenders, but unlikely for most people. Again, you will want to evaluate your finances to determine how much you can afford to

put down while also researching other avenues and resources that can help towards your down payment.

Down payment resources can range from government assistance to private sources. Down payment assistance programs are available by the government at the federal, state, and local levels. Typically, the government is interested in boosting the economy whether it be local or national. For this reason, government down payment assistance comes with income limitations and geographical location limitations. Generally, if a specific county, city, or neighborhood is in need of community development, then government programs would be made available in those locations in order to stimulate and give incentive to buy a home in that area. The downside is that the more desirable and appealing neighborhoods are likely to not fall within those areas.

Private down payment assistance is also available in the form of charitable donations, employment benefits, and corporate incentives. Although finding a charitable source for down payment assistance is illusive and the most unlikely of the bunch, they do exist out there if you are fortunate enough to find one. Another private source we commonly see is your employer. Many companies offer down payment assistance as part of an employee benefits package so if you're not sure, you may want to check your employee benefits to make sure. Finally, there is the corporate incentive down payment assistance which is the most widely available of the private sources. This is typically an incentive from a mortgage lender to a buyer for doing business with them. There are many different lender programs available so you will want to check with your mortgage broker for your options and exactly how much assistance can be applied toward your down payment.

As you can see from this article, the biggest hurdle you will encounter in this process will be your down payment. If after having applied some form of down payment assistance, combined with whatever cash you have saved up, you still are short of down payment funds, remember that it is not uncommon for realtors to request a seller concession of some amount toward your down payment as part of the contract. Good luck on your journey, and may you find and buy the house of your dreams.

Sources:

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