# 100 Questions Every First Time Home Buyer Should Ask With Answers From Top Brokers From Around The Country



## YOUR FIRST HOME: 100 QUESTIONS EVERY FIRST TIME HOME BUYER SHOULD ASK WITH ANSWERS FROM TOP BROKERS FROM AROUND THE COUNTRY

Stepping onto the property ladder for the first time is an exhilarating mix of excitement, hope, and, inevitably, a little anxiety. You are about to make one of the most significant financial and personal decisions of your life. It is a journey filled with complex terminology, hidden costs, and emotional hurdles. To help you navigate this landscape with confidence, we have compiled a definitive resource: **100 Questions Every First Time Home Buyer Should Ask With Answers From Top Brokers From Around The Country**. This guide distills wisdom from experienced professionals in bustling city markets, quiet suburban towns, and sprawling rural areas, ensuring you have a nationwide perspective.

Whether you are worried about your credit score, confused about closing costs, or unsure how to make a competitive offer, this extensive list is your roadmap. We have broken down the questions into logical categories, covering everything from finances to the final walkthrough. Let us turn your home-buying anxiety into informed action.

# Part I: Laying the Financial Foundation (Questions 1 – 20)

Before you even start scrolling through listings online, you need to get your financial house in order. Your budget dictates every other decision you will make. According to brokers from coast to coast, this is where first-timers most often stumble.

1. **How much home can I actually afford?** *Broker Insight from Chicago, IL:* "Do not rely solely on the pre-approval number from a bank. That is the maximum they will lend, not what you should spend. Calculate your own comfort zone by looking at your current rent plus what you can comfortably save. A good rule of thumb is that your monthly housing payment should not exceed 28% of your gross monthly income."
2. **What is the difference between pre-qualification and pre-approval?** *Broker Insight from Austin, TX:* "Pre-qualification is a casual estimate based on what you tell a lender. Pre-approval is rigorous. The lender verifies your income, assets, and credit. A pre-approval letter shows sellers you are a serious, qualified buyer. In a hot market, you need the latter to even get your foot in the door."
3. **How does my credit score affect my loan options?** *Broker Insight from Miami, FL:* "Your credit score is the key that unlocks your interest rate. A difference of even 20 points can cost you tens of thousands of dollars over the life of a 30-year loan. Check your score six months before you plan to buy. Pay down credit card balances and correct any errors on your report."
4. **What are closing costs, and who pays them?** *Broker Insight from Denver, CO:* "Closing costs typically range from 2% to 5% of the purchase price. They include lender fees, appraisal fees, title insurance, and escrow deposits. As a buyer, you are primarily responsible for them, but you can sometimes negotiate for the seller to cover a portion, known as a seller concession."
5. **Should I buy points to lower my interest rate?** *Broker Insight from New York, NY:* "Buying points (prepaid interest) can lower your monthly payment. This is a good strategy if you plan to stay in the home for a long time. If you move in five years, you likely won't recoup the upfront cost. Do the math on your break-even point."
6. **What is a conventional loan vs. an FHA loan?** *Broker Insight from Phoenix, AZ:* "Conventional loans are not insured by the government and usually require a higher credit score and a larger down payment (often 5-20%). FHA loans are backed by the Federal Housing Administration and allow for lower credit scores and down payments as low as 3.5%. However, they require mortgage insurance for the life of the loan in many cases."
7. **How large of a down payment do I really need?** *Broker Insight from Seattle, WA:* "The myth of the 20% down payment persists, but it is not a hard rule for first-time buyers. Many conventional loans allow 3-5% down. However, if you put down less than 20%, you will have to pay Private Mortgage Insurance (PMI), which adds to your monthly payment."
8. **What is PMI, and how do I get rid of it?** *Broker Insight from Atlanta, GA:* "PMI protects the lender if you default. You pay it monthly until you have built up 20% equity in your home. You can request to have it removed once you reach that threshold. Refinancing is another way to eliminate it if your home value has increased."
9. **Should I look into first-time home buyer programs?** *Broker Insight from Portland, OR:* "Absolutely. Check your state and local housing authority. Many offer down payment assistance grants or low-interest loans. These programs can be a game-changer for first-timers, providing thousands of dollars to help with upfront costs."

10. **What is an earnest money deposit?** *Broker Insight from Nashville, TN:* "This is a good faith deposit you make when your offer is accepted. It shows the seller you are serious. It is usually 1-3% of the purchase price. It will be applied to your down payment or closing costs at settlement. You can lose this money if you back out of the deal without a valid contractual reason."
11. **How do I find a good lender?** *Broker Insight from Minneapolis, MN:* "Shop around. Talk to a local credit union, a national bank, and a mortgage broker. Compare not just the interest rate, but also the **Annual Percentage Rate (APR)**, which includes fees. Look for a lender who communicates clearly and quickly."
12. **What documents do I need for a loan application?** *Broker Insight from Boston, MA:* "Get organized early. You will need your last two years of tax returns, recent pay stubs, bank statements for the last two months, government-issued ID, and proof of any other assets. Having these ready speeds up the process significantly."
13. **What is a debt-to-income ratio (DTI)?** *Broker Insight from Dallas, TX:* "This is the percentage of your gross monthly income that goes toward paying debts, including your new mortgage, car loans, student loans, and credit card minimums. Most lenders want a DTI of 43% or lower. The lower it is, the better your interest rate."
14. **Can I use gift money for my down payment?** *Broker Insight from San Francisco, CA:* "Yes, but there are rules. The person giving you the gift must write a letter stating it is a gift, not a loan. You will need to show a paper trail of the transfer. Some loan types have stricter rules than others, so check with your lender first."
15. **What is an adjustable-rate mortgage (ARM)?** *Broker Insight from Charlotte, NC:* "An ARM has an interest rate that can change after an initial fixed period (e.g., 5, 7, or 10 years). It usually starts lower than a fixed-rate mortgage. This can be a good option if you plan to sell or refinance before the rate adjusts. It is riskier if you plan to stay long-term."
16. **Is a fixed-rate mortgage always the best choice?** *Broker Insight from Kansas City, MO:* "For most first-time buyers, yes. A 30-year fixed-rate mortgage gives you predictability. Your principal and interest payment will never change. This stability makes budgeting easier. Unless you are sure you will move in a few years, fixed is the safest bet."
17. **What is mortgage insurance on an FHA loan?** *Broker Insight from Las Vegas, NV:* "FHA loans require an upfront mortgage insurance premium (UFMIP) paid at closing and an annual MIP paid monthly. Unlike conventional PMI, MIP on an FHA loan with a low down payment often lasts for the entire life of the loan. Factor this into your monthly cost."
18. **How do property taxes affect my payment?** *Broker Insight from San Antonio, TX:* "Property taxes are a major part of your monthly housing cost. They vary wildly by location. Your lender will collect them as part of your monthly payment and put them in an escrow account to pay the bill. Always check the tax history of a property before making an offer."
19. **What is homeowners insurance?** *Broker Insight from Columbus, OH:* "This insurance protects your home and belongings from damage or theft. Your lender will require you to have it. Shop around for quotes. Remember that standard policies do not cover floods or earthquakes; those often require separate policies."
20. **Should I get pre-approved before I start looking at homes?** *Broker Insight from Raleigh, NC:* "Yes, 100%. It gives you a clear budget, shows sellers you are serious, and allows you to move quickly when you find the right house. In a competitive market, agents may not even show you homes without a pre-approval letter."

# Part II: The Search and The Neighborhood (Questions 21 – 40)

Once your finances are clear, the fun begins. But a home is more than just a structure; it is a location. **100 Questions Every First Time Home Buyer Should Ask With Answers From Top Brokers From Around The Country** emphasizes that many buyers fall in love with a house without considering the neighborhood, a mistake that can lead to regret.

21. **How do I find a good real estate agent?** *Broker Insight from Sacramento, CA:* "Ask friends and family for referrals. Interview at least three agents. Look for someone who specializes in the area you want to buy in and who has experience with first-time buyers. A good agent will be a patient educator, not just a salesperson."
22. **What is a buyer's agent, and why do I need one?** *Broker Insight from Baltimore, MD:* "A buyer's agent represents you, the buyer, in the transaction. Their fiduciary duty is to you. The best part? In most cases, the seller pays the commission for both agents, so it costs you nothing to have professional representation."
23. **How do I know if a neighborhood is a good investment?** *Broker Insight from Tampa, FL:* "Look at market trends. Are home values rising? Are new businesses opening? Is the population growing? Talk to locals, visit at different times of the day, and check crime statistics. A good investment is not just about the house, but the area's future."
24. **How important are school ratings if I do not have children?** *Broker Insight from San Diego, CA:* "Very important. Even if you do not have kids, good schools drive property values and make it easier to sell your home later. Buyers with families will often prioritize a home in a top-rated school district. It is a key factor in long-term resale value."
25. **What should I look for during a neighborhood drive-by?** *Broker Insight from St. Louis, MO:* "Look for the condition of other homes, the number of ‘For Sale’ signs, and the state of local parks and sidewalks. See how close you are to grocery stores, hospitals, and major highways. Notice traffic patterns during rush hour."
26. **What is a Homeowners Association (HOA)?** *Broker Insight from Houston, TX:* "An HOA is an organization that makes and enforces rules for a subdivision or building. You will pay monthly or annual dues. They can cover things like landscaping, pools, and trash removal. They can also restrict what you can do with your property, like paint colors or fences."
27. **Should I avoid homes with an HOA?** *Broker Insight from Orlando, FL:* "Not necessarily. HOAs help maintain community standards and amenities. However, you must read the HOA

rules and budget carefully. High dues, special assessments, or overly restrictive rules can be a dealbreaker. Know what you are agreeing to."

28. **What is a flood zone, and should I worry about it?** *Broker Insight from New Orleans, LA:* "If a property is in a high