



5 TIPS FOR HOME BUYERS

Homeownership is the American Dream. It's a significant step towards building wealth, but people across the country are struggling to purchase a home. Why?

Limited homes for sale...



Low housing inventory



Increased purchases of single family homes by institutional investors



Supply chain challenges causing increased costs for materials and fewer new homes

...and prices are high.



\$428,700

Median sales price for single-family homes in the first quarter of 2022 (St. Louis Federal Reserve)

16%

This is a 16% increase from the first quarter of 2021



\$67,521

Median household income (2020 U.S. Census Bureau)

Median home sales are more than six times median household incomes

Plus, the Fed is raising interest rates.



The 30-year fixed rate mortgage average rose more than 2% between June 2021 and June 2022. (Federal Reserve Economic Data)

However, homeownership is not a lost dream—it's a long-term investment. Here's how you can achieve it:



1

Gain speed with bank lenders.

Be prepared for the house-bidding process. Get pre-approved for a loan so you can quickly and effectively bid on your dream home.



2

Fix financial flaws.

Clean up your credit and pay down your debt. If you address problems early, you are more likely to qualify for a better interest rate.



3

Build your savings.

Down payments for first time homebuyers generally range between 6-7% on average (National Association of Realtors). However, offering a larger down payment helps you build equity faster, reduce monthly payments and eliminates the need for private mortgage insurance.



4

Understand your local market.

Once you know what you're looking for, research what similar homes have sold for in the past six months.



5

Set a realistic budget and stick to it.

Consider what you absolutely need in a future home and where you can make concessions.

Find more tips from ABA Foundation at aba.com/consumers

