

MORTGAGE RATES

Rate	Rate of mortgage	30 yr. fixed	15 yr. fixed	1 yr. ARM
7.5	30 yr. fixed	6.5	5.5	4.5
6.5	15 yr. fixed	5.5	4.5	3.5
5.5	1 yr. ARM	4.5	3.5	2.5

Percent change in mortgage rates since 2007. Source: Mortgage Information Services Inc.

Real Estate

A good time for first-timers

Mortgage rates are still low in the Triangle and inventory is high, making it a great time to buy.



BY CHRISTA GALA, CORRESPONDENT

A few weeks ago, first-time homebuyers Mike and Nicole Hogan of Raleigh thought they'd found the perfect home off Durant Road in Raleigh. They made a full-price offer and at first the owner accepted, but the contract derailed and the deal fell through. "We're still trying to figure it out," says Mike Hogan, 23.

Fortunately, the couple's Realtor, Judy Ward of Wray Realty, has helped the Hogans navigate the process. Even when the couple disagrees on a home or becomes weary of looking at as many as 10 homes in a day, Ward is encouraging.

Good incentives

"Right now is a good time for first-time home buyers," Ward says. "There are a lot of good incentives right now. The FHA (Federal Housing Administration) is allowing the seller to pay 3 percent toward down payment assistance. That helps a lot of first-timers who are what we call cash poor. They have the money and they can afford to make the mortgage payments, but they just don't have money to put down."

And since buying activity has slowed a bit (although Ward says the Triangle is still doing very well), the result is more inventory. Sellers have had to be more creative and price more competitively. And buy-

ers can afford to be pickier.

Another benefit for buying now, instead of waiting, is that interest rates are still relatively low. From its national survey of large lenders, Bankrate.com reported the 30-year fixed-rate mortgage is at 6.48 percent, down from 6.78 percent one year ago and 6.52 percent four weeks ago. But Ward is quick to point out that this is just a benchmark. Individual rates depend largely on buyers' credit scores and could be much higher or slightly lower.

Although there's no magic number, 720 is considered good by most lenders. A score below 620 and it will be "difficult, if not impossible" to get a loan, according to interest.com. But Ward is an optimist. If a client has a borderline credit score, she sends them to her lender before they even start looking.

"I've had some buyers where the lender will actually work with them and tell them things they can do to quickly get their credit score up with just paying off credit cards to a certain point," says Ward, who works with a first-time home buyer once every three or four months.

The Hogans' credit is in good shape and the current market is one reason they decided to go ahead and buy, even though they just relocated here a few months ago from the Washington, D.C. area for Mike's job with Noodles & Com-

pany, a fast casual restaurant planning 12 restaurants in the Triangle. Nicole, 26, works as a teen substance abuse counselor.

"We were going to wait up to two years to buy a house, but then with the way the market is now, we didn't know whether the interest rates might go up soon. So we decided to act on it now and save money and just use what we have," says Mike. "We want to stay under \$200,000."

Initially, the Hogans started looking at two-bedroom, two-bath homes in the \$140,000 price range, but decided to aim for a bigger home since they'd like to eventually start a family. It's a good idea to buy a little more than you need with a first home, says Ward. You'll be better able to accommodate a life change and won't feel forced to move.

Lessons learned

Judy Ward and the Hogans have forged a strong relationship the past few months. Ward has learned a lot about the Hogans, and they've

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learned a lot about buying—and waiting to buy — a first home.

"We're taking our time," says Ward. "They've got a lot to choose from, and I want them to feel comfortable with the area that they're purchasing in."

The Hogans' budget (between \$140,000 and \$200,000) is in line with most of the other first-timers Ward works with. And most opt for single-family detached homes that are often older. The Hogans have looked at a lot of these homes, and Ward has cautioned the couple against buying a home that needs too much fixing up, something that can be overwhelming for first-timers who may not realize how much time and money projects require.

"You don't take into consideration all the little things that come up with owning a home. The refrigerator goes, the washer and dryer break, you have an unexpected leak," says Ward. "My advice to them was that it's okay to find a home that needs a little cosmetic fixing-up, things you could do over time to upgrade the home, but I don't recommend buying a home that may need a new roof, new windows and all other kinds of stuff. You think you're going to have the money for it, but once you get in there you realize after a short period of time that you don't."

First-time home buyers should also be cautious of biting off more than they can chew in terms of the cost of a home and what their payments will be. "I tell them the last thing I want them to do is go above their head and then they're feeling nothing but stress and pressure," says Ward. "Owning your first home should be exciting and fun, but you don't want to be house poor."

Recently, the Hogans found another home off of Capital Blvd. "It was a four- or five-bedroom house, two-car garage. It was a beautiful house that I wanted, but my wife doesn't like the neighborhood because there are not enough trees," says Mike.

So, the journey continues. A little weary, Mike and Nicole are still optimistic about buying their first home. Eventually, the stars will align, and they'll find a house in their price range that both are happy with. "We're ready to do it," says Mike. "If we find the right house, we'll put in an offer."

WHY BUY NOW?

- Relatively low interest rates (depends on credit score)
- Large inventory
- Competitive pricing
- FHA (Federal Housing Administration) is offering down payment grants and assistance. Visit www.fha.com/fha_programs.cfm for information on a variety of programs for all buyers.