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Home Buying Ideas For Young People

Here are five recommendations for young people who want to position themselves for homeownership.

By Marcie Geffner

Granted, few young people spend much time day-dreaming about buying their first home. They're naturally preoccupied with academics, athletics, parties, dating and future career possibilities. Nonetheless, there are a number of good reasons to start learning early in life about the costs of buying a home and the responsibilities of homeownership. For example, a college student's misuse or abuse of credit cards can preclude his or her buying a home later on.

Here are five recommendations for young people who want to position themselves for homeownership:

- 1. Establish good credit habits and a favorable credit history.** Get a credit card and use it responsibly. Apply for an automobile loan and make your payments on time every month. If you're renting an apartment, put your own name on the lease and the utility bills and make sure the rent and the bills are paid every month. If you're already struggling with credit card debt or have large student loans, take a free workshop from the non-profit Consumer Credit Counseling Service. Call (800) 388-2227 for information.
- 2. Start saving for a down payment and closing costs.** It's possible to purchase a first home in many parts of the country without much in the way of savings. But in high-cost housing areas, starting to save early can be enormously beneficial because you'll get the advantage of compounding interest and have a longer period of time to grow your investments. Open a savings account or a stock brokerage investment account and make regular deposits.
- 3. Read some books.** Your local library and bookstore probably have at least a few shelves of books about financial management and buying a home. Take notes. Make a financial plan for yourself. You can learn a lot about real estate, budgeting and credit on REALTOR.com® too.
- 4. Research where you'd like to live.** Many young people assume they'll continue living in their own home town when they get older, but people are more mobile than ever and chances are good you'll one day live in another city or even another state. Again, the library, bookstore and Web can be excellent resources for information about housing costs and homeownership opportunities around the country.
- 5. Tap your real estate agent relatives for advice.** Parents, grandparents, aunts, uncles or older cousins in the real estate business can give you good information about the cost of housing in the area where you want to live and what it takes to buy a home. Questions to ask: Is housing affordable in this area? How much money would I need to save in order to buy a home? What advice would you give me about planning my financial future? Would you recommend some books that I might like to read about buying a home? Don't be shy. If you have a question, ask someone in a position to know the answer.

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