

10 first-time homebuyer mistakes to avoid

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The Denver Gazette · 22 Mar 2026 · C5 · Bankrate

Buying your first home can be thrilling, but it can also be stressful. After all, it's likely one of the most impactful financial decisions you'll make.



Keeping yourself informed can make the experience of getting a mortgage much smoother — so before you get started, consider this list of major mistakes to avoid when buying your first home.

Common mistakes when buying your first home include:

1. Not shopping around for mortgage lenders. You're not going to get the same mortgage rate and fees everywhere. Comparing different mortgage offers is the best way to get a good deal on your interest rate and closing costs.

“Talking to (just) one lender is like walking into a car dealership and willingly paying the sticker price — never a great idea,” says Mark Hamrick, senior economic analyst for Bankrate. “Mortgage pricing varies a lot, even for the same borrower. Getting multiple rate quotes is one of the easiest ways to lower your payment. It also can provide peace of mind, knowing that you've done your best to reduce costs.” Comparison-shopping could save you big money: A fraction of a difference on your mortgage rate could mean tens of thousands of dollars in interest over the course of a 30-year loan. You'll also want to pay attention to the upfront fees each lender charges.

2. House hunting before getting preapproved for a mortgage. It's easy to want to hop to the fun part of shopping for a home, but it's important to have your finances in order first. So, before you go to any open houses, get preapproved with a mortgage lender. That way, you'll have a solid idea of how much you can really afford — and when you find a home you want to buy, you can put in a solid offer.

Preapproval requires a credit check, and you'll need to submit documentation proving your income, assets and debts (like bank statements, pay stubs and tax returns). Not only does preapproval give your offer legs, but it's good practice for applying for a mortgage formally when your offer is accepted. When you get preapproved, you might also consider locking in your interest rate. Doing so will help you get a handle on costs and lessen any concerns about rising rates when you do make an offer.

3. Assuming you need a 20% down payment. The long-held belief that buyers must put down a full 20% of the home price is a myth. While a 20% down payment does help you avoid having to pay for mortgage insurance, many buyers today don't want to (or can't) put down that much money, and most loan products won't require you to.

The amount that will work best for you depends on which loan type you choose, and also on your credit score, your rate and how long you plan to stay in the home. Conventional loans and FHA loans are the most common for first-time homebuyers. If you qualify, conventional loans can require as little as 3% down and FHA loan requirements can be as low as 3.5%.

In 2025, the typical down payment on a home for first-time buyers was 10%, according to data from the National Association of Realtors. Some properties, like co-ops or condos, could still require a larger down payment, so check with your real estate agent about specific requirements and budget accordingly.

4. Trying to time the market. Trying to time either the housing market or the mortgage market can be a bit of a fools' errand. Ideally, you don't want to buy at the top of the market, but you need to make the move when it makes sense for you logically, not necessarily when all of the economic stars align.

"Mortgage rates move on economic data, on Federal Reserve expectations and on any given financial headline — these are all things we can't control," says Hamrick. "Fortunately, we can control the following: our credit score, paying our bills on time, managing our borrowing, the amount of the down payment and shopping around for a loan."

5. Making decisions based on emotion. Shopping for your first home can come with a lot of feelings. You start to imagine your future there, perhaps raising a family there, daydreaming about how you can make a space your own. It's only natural to have high hopes and dreams — the key is to avoid letting those feelings deter you from being practical when it comes to your budget and long-term goals.

"Emotional purchases rarely work out well," says Ken Johnson, Walker Family Chair of Real Estate at the University of Mississippi. "Keep in mind that this is your first home. That mostly means it's designed to get you in the homeownership game."

Especially as a first-time buyer, you have to balance the high emotions of homebuying with the financial fundamentals. Otherwise, it's easy to get in over your head.

6. Buying more house than you can afford. Stretching your budget thin to buy a home you fall in love with is another mistake to avoid. With high home prices and mortgage rates, it's especially important for first-time buyers not to overextend themselves.

"If the specific monthly mortgage payment makes you uncomfortable on closing day, it'll hurt a lot more down the line, when the total cost of ownership literally hits close to home," says Hamrick.

"Repairs, renovations, insurance and property taxes all add up."

Owning a home costs over \$21,000 a year in "hidden" expenses, according to a 2025 Bankrate study.

Keep in mind that the mortgage amount you're preapproved for does not factor in cost of living. That means major costs like transportation, health care, child care and more need to be accounted for when determining how much house you can afford.

"As the saying goes, date the rate, marry the house," says Hamrick. "If rates improve later, refinancing can be an option down the road. Overbuying is harder, and nearly impossible to fix."

7. Making other big purchases before you close. It's natural to want to start making purchases for your new home once you go into contract. But pump the brakes, says Melissa Cohn, regional vice president for William Raveis Mortgage.

"When you buy a new home, many people need to buy furniture or other big-ticket items," Cohn says. "Even though we tell our clients not to apply for new credit or increase their debt prior to closing, many people will make these large purchases prior to the closing. This new debt can cause your debt-to-income [ratio] to rise above the maximum percentage allowed — and that can cause you to get turned down and have no place to put your new purchases."

Even if your new debt doesn't cause the loan to fall through altogether, it can have other ramifications, says Johnson. New debt can slow down the loan process, lower the amount you qualify for and potentially cause your interest rate to rise.

"There is nothing good that can come from adding debt during a real estate deal," he says. Wait until the deal is done before you make those purchases.

8. Not researching your loan options. There are a variety of loan options available to first-time homebuyers that aren't always talked about by loan officers or real estate agents.

"Some buyers will just rely on the advice of their real estate agent or the first mortgage banker they speak to. That may not always be the best advice," says Cohn.

For example, if your credit isn't stellar, you might have trouble qualifying for a conventional loan. For those whose credit score would disqualify them from a conventional loan, an FHA loan — which has lower minimum score requirements — is often a viable alternative.

However, says Cohn, a lot of banks or brokers will promote FHA loans to first-time buyers when perhaps another type would be a better option.

"FHA loans have high upfront closing costs, and the slightly lower rate does not properly compensate for the upfront fees, especially if you think rates will come down this year and you will want to refinance," she says.

Other options can include VA loans, which are available to eligible active-duty and veteran military service members and their spouses, and USDA loans, which help moderate- to low-income borrowers buy homes in certain rural areas.

Which choice is best for you all depends on what your finances look like and what you qualify for.

9. Failing to maintain a rainy-day fund. A common mistake first-time homebuyers make is draining their savings to cover closing costs or put down the largest possible down payment. While this could help you get a lower rate or pay less in fees, it also puts you at risk.

Homeowners have to be prepared for the costs of maintenance, repairs and emergencies. For instance, if you move in and, two months later, your furnace gives out, you need to have funds available to pay

for the repair. Having a cash cushion or emergency fund readily available is crucial — you never know when you're going to need it.

Also, being "house poor," with all your money tied up in your home, can crowd out other opportunities, such as funding a retirement account, starting a family or saving for a vacation.

10. Missing out on assistance programs. Before you buy a home, make sure you explore first-time homebuyer programs to see if you qualify for any assistance. These types of programs are generally offered at the state and local levels, but lenders sometimes offer discounts for first-timers, too. Each state operates a housing finance authority offering programs that provide down payment and closing cost assistance to buyers who qualify, and the requirements can vary widely.

Applying for assistance can slow down the purchase process, so some loan officers and real estate agents may discourage you from doing so. However, remember that this is your money and your decision. If you don't seek out assistance, you could be leaving free money on the table.