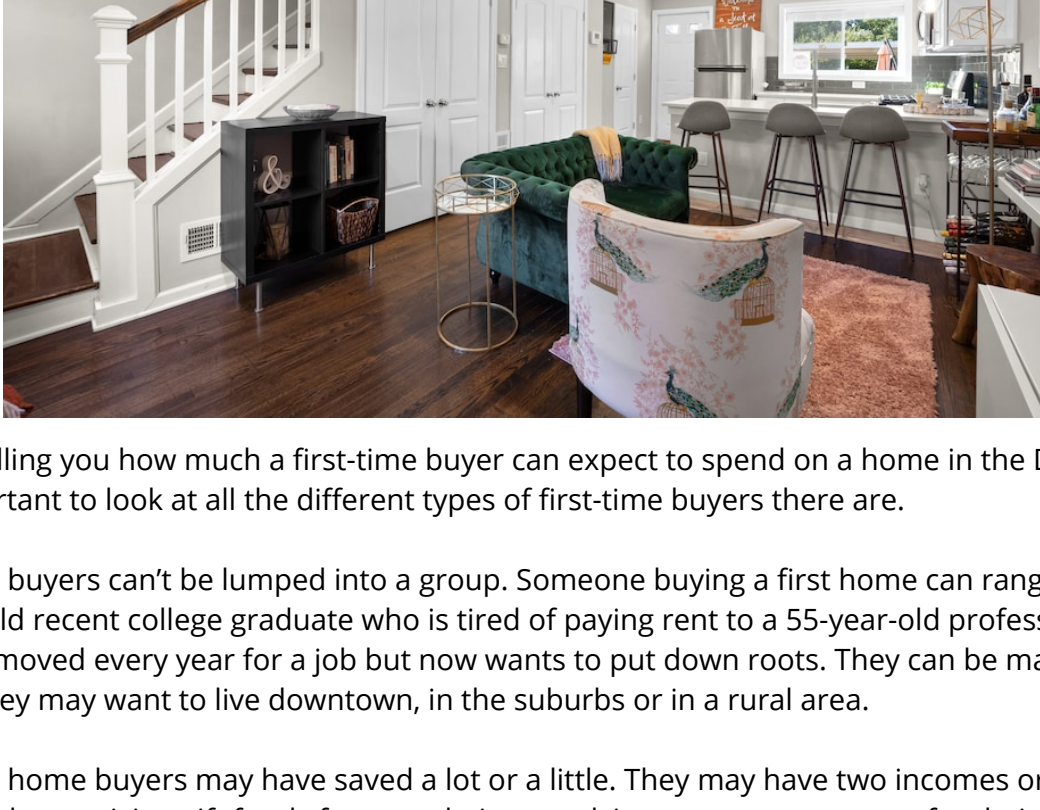


## What homes you can buy for \$400,000



Before telling you how much a first-time buyer can expect to spend on a home in the D.C. area, it is important to look at all the different types of first-time buyers there are.

First-time buyers can't be lumped into a group. Someone buying a first home can range from a 24-year-old recent college graduate who is tired of paying rent to a 55-year-old professional who has moved every year for a job but now wants to put down roots. They can be married or single. They may want to live downtown, in the suburbs or in a rural area.

First-time home buyers may have saved a lot or a little. They may have two incomes or just one. They may be receiving gift funds from a relative or relying on grant programs for their down payment.

There are just too many variables to consider a first-time buyer as a monolith. Which is why when we asked real estate agents how much a buyer would spend on a first home in the D.C. area, their answers varied widely. We settled on \$400,000. Some will spend much less on their first home, others will spend significantly more. But \$400,000 seemed to be about average.

The first step toward buying your first home is not to go on the Internet and start looking at real estate websites, said Jessica Evans, a real estate agent with Compass who has spent the past 12 years helping first-time home buyers. Before you do anything else, speak with a lender. It's the only way to know how much you can afford to spend on a house.

"You don't go shopping without your wallet," she said.

Many first-time buyers have little trouble affording their monthly mortgage payments, which can sometimes be less than what they are paying in rent. The problem is scraping together enough money for a down payment.

"Lack of down payment or limited down payment funds is one of the factors that most heavily impacts a buyer's purchasing power," Evans said. "I think saving is really hard for young people for a variety of reasons. Part of it is student loans; part of it is rent is expensive. If you've always lived in D.C., you get stuck in a cycle. They can't save because their housing is expensive. But if they could buy [a home], it would be [less expensive]. . . . I believe that there are many people where if they put their mind to it, set a two-year goal, they could save the money to buy."

Many buyers in this area turn to family to help them buy their first home.

"Gift funds from parents are extremely common for my first-time buyers," Evans said. "I would say 50 percent of my first-time buyer clients receive some amount of gift funds to help with their purchase. This can be \$5,000 to \$10,000 or \$300,000 but it makes a huge difference in the purchasing power of the buyer."

To give first-time home buyers a sense of the costs involved in owning a \$400,000 home, we asked Realtor.com to calculate how much an owner would pay monthly. Of course, the amount of debt a buyer has (such as student or car loans) will alter these calculations. Condo fees and maintenance costs need to be factored in as well.

Because many first-time buyers struggle to scrape together a down payment, Realtor.com calculated the costs of a \$400,000 home based on a 3 percent down payment (\$12,000). Federal Housing Administration loans require 3.5 percent down payments, but Fannie Mae and Freddie Mac each have home loan products that require just 3 percent down. However, loans with less than a 20 percent down payment often require mortgage insurance, which raises monthly costs.

***"...It really puts a stress on people. We advise folks that there's a lot of different options out there, particularly for first-time home buyers."***

***-Edward Barry, CEO of Capital Bank***

Based on a 3 percent down payment and a 30-year fixed-rate mortgage of 3 percent, the monthly mortgage payment would be around \$2,209 including mortgage insurance, taxes and home insurance (using average national tax and insurance rates). A buyer would need to earn at least \$88,363 to afford a \$400,000 home and remain within the general guidelines of spending no more than 30 percent of your gross income on housing.

Edward Barry is CEO of Capital Bank, a Rockville, Md.-based lender that does business across the country. Last year, Capital Bank had more than \$1 billion in mortgage origination business and worked with many first-time home buyers.

"It's not an easy task [buying your first home], especially in the D.C. area," Barry said. "Affordability is a huge concern, even though incomes may be higher here than the rest of the country. It's still a pretty expensive housing market. It really puts a stress on people. We advise folks that there's a lot of different options out there, particularly for first-time home buyers."

Barry is a proponent of government grant programs that provide down payment assistance. Story continues below advertisement

"There are programs that can give you grants up and over \$80,000 toward your down payment," he said. "Sometimes you can layer some of these different grant programs on."

He said he had a customer buy a \$300,000 home in the District recently who put down less than \$1,000 of his own money.

"It was leveraging all these different programs, working with someone who understands the programs, because they are not easy," Barry said. "Not all banks have access to them. Not all banks and mortgage professionals want to work with people because it's a lot of paperwork, sometimes a lot of coaching."

Which is why Barry recommends shopping around for the right lender as much as the right mortgage.

"There's a lot of variability in the mortgage market," he said. "The big banks are good but there's a lot of really good small banks and independent mortgage companies that do a really good job as well. I know for us, one of the things we take pride in, is not everyone fits the box. The mortgage markets are dominated by the government entities — Fannie [Mae], Freddie [Mac] — and they're really good. They put out really great products, a lot for first-time home buyers. But if you don't fall [within the parameters they set], where's the flexibility?"

For borrowers who own their own business, work on commission or have gone through a divorce, obtaining a mortgage can be challenging. Sometimes going with a smaller bank can make more sense, even though the costs might be higher.

"If I can put in a plug for a small bank," Barry said, "I can say, 'Hey, you don't fit for this, but let's work with you and we have another product that's more customized for you.' They'll pay a little bit more knowing you're going to be there to answer all their questions and when there are bumps you're going to help them try to figure out a way through it."

One piece of advice Evans gives her clients is don't start off renting a home that is nicer than the one you can afford to buy.

"It's very hard if people are used to a certain lifestyle, and they're not willing to make that sacrifice," she said. "I try to convince people: Don't ever move to that luxury [apartment] building."

A boom in apartment construction has led to buildings with attractive amenities such as fitness centers, roof decks and swimming pools that few D.C. condo buildings can match. But just because a condo building lacks amenities you shouldn't dismiss it, Evans said.

"I look at it as when you are young, when you are single, when you don't have a family, you have so much flexibility with where you live," she said. "It may not be exactly what you want, but that's the time in your life when you can build equity so the next place you buy is a little better and maybe that third place is the place you actually want to live. That is how the real estate market works. If you have that benefit of appreciation and you stay in each place for five years, you are going to be so much better off in 10, 15 years than you would have been renting."

Evans tells buyers not to be discouraged if you can't buy the home of your dreams right away. "In an area where housing prices are so high, I think you have to start where you can," she said. "I tell people, 'Start where you are and work your way up.' Because if you want to be able to buy that detached house in a nice school district, your chances of being able to do that in 10 years, 15 years, is much better if you start by buying. You might make \$50,000 on your first condo and then maybe \$50,000 on the second but that's \$100,000. Hopefully you've also saved \$100,000 and there you go. You can buy your \$1 million house."

What surprises Evans is how married couples who are buying their first home approach home-buying compared to singles.

"They are thinking about this as a much longer-term purchase than I think it will end up being, especially if they are buying a condo," she said. "I have had people with no children looking at school districts for their first home and I really try to reason with them. We don't know what the schools are going to be in five years. The ratings can change. The districting can change."

Home prices have been escalating rapidly, which has led many first-time buyers to pause their search hoping prices will moderate. But that strategy can backfire.

"I think about it in terms of how much can you save in a year," Evans said. "If you can save \$20,000 in a year but prices went up \$20,000 then you're not really in much better of a position. You have to live somewhere. You're paying money into the housing market either way."

What you can buy for \$400,000 varies widely not only here in the Washington area but also across the country. With the help of Realtor.com, we've pulled together a sampling of homes at that price range to give you an idea of how location can affect your purchasing power.

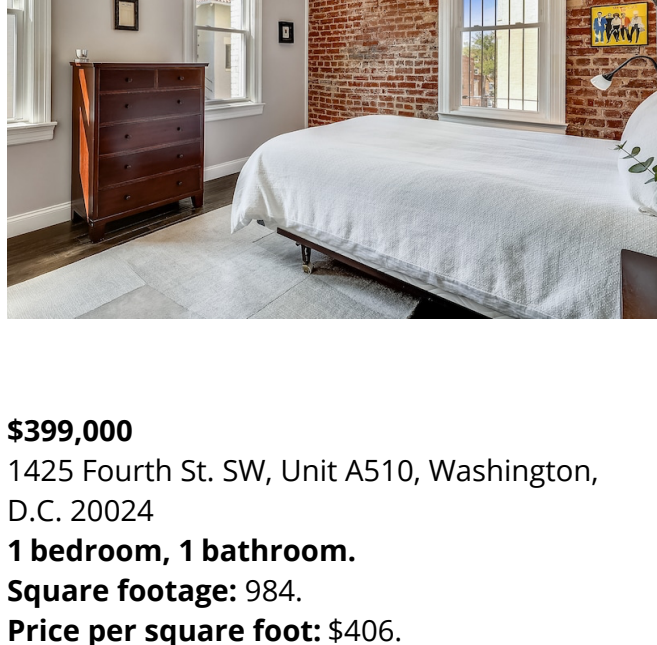
Wondering what \$400,000 buys you? Take a look below.

### The District

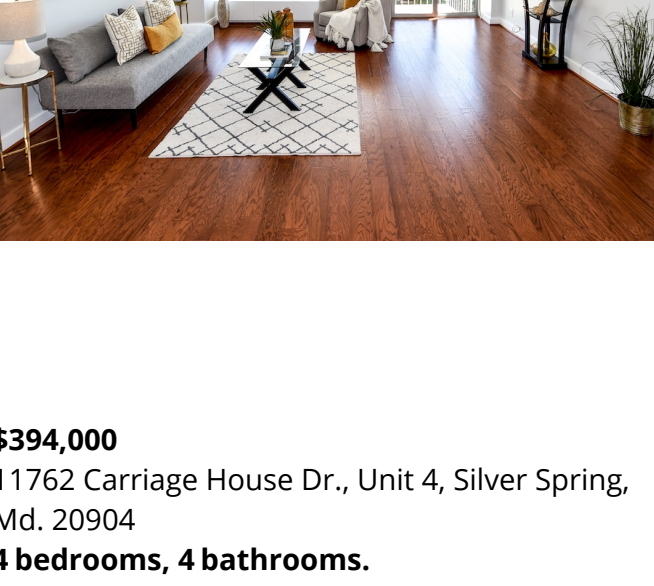
**\$394,995**  
134 35th St. NE, Washington, D.C. 20019  
**2 bedrooms, 2 bathrooms.**  
**Square footage:** 832.  
**Price per square foot:** \$475.  
**Lot size:** 0.04 acre.  
**Features:** The brick rowhouse in Deanwood has an open floor plan and an updated kitchen with white cabinetry, stainless steel appliances, quartz countertops and a breakfast bar. The fenced backyard has a deck and covered patio.  
**Listing agent:** Temi Akojie, Fulcrum Properties Group.



**\$399,000**  
1851 Columbia Rd. NW, Unit 310, Washington, D.C. 20009  
**1 bedroom, 1 bathroom.**  
**Square footage:** 508.  
**Price per square foot:** \$785.  
**Lot size:** n/a.  
**Features:** The condo is in the Woodley, a historic Beaux-Arts building in Adams Morgan. The unit has hardwood floors, crown molding and tall ceilings. Updates include new windows and a kitchen with granite countertops and a marble backsplash. The bedroom has an exposed brick wall. Utilities are included in the \$477 monthly condo fee.  
**Listing agent:** Tracy Renken, Compass.



**\$399,000**  
1425 Fourth St. SW, Unit A510, Washington, D.C. 20024  
**1 bedroom, 1 bathroom.**  
**Square footage:** 984.  
**Price per square foot:** \$406.  
**Lot size:** n/a.  
**Features:** The unit in the Riverside Condo complex has a renovated kitchen and bathroom and new wood flooring. A wall of glass in the main living area opens to a balcony that overlooks the swimming pool. The \$1,003 monthly condo fee includes utilities, a 24-hour front desk and workout room.  
**Listing agent:** Evelyn Lugo, Compass.



### Maryland

**\$395,000**  
26171 Sandy Ct., Mechanicsville, Md. 20659  
**5 bedrooms, 3 bathrooms.**  
**Square footage:** 2,504.  
**Price per square foot:** \$158.  
**Lot size:** 0.39 acre.  
**Features:** The 2001 split-foyer house in the Wicomico Shores neighborhood has an open floor plan in the main living area. It has a flat, fenced yard with a deck, a swimming pool and a shed. Residents have water access and a community boat ramp.  
**Listing agent:** September Lundeen, Redfin.

**\$394,000**  
11762 Carriage House Dr., Unit 4, Silver Spring, Md. 20904  
**4 bedrooms, 4 bathrooms.**  
**Square footage:** 1,600.  
**Price per square foot:** \$246.  
**Lot size:** n/a.  
**Features:** The 1981 brick townhouse in the Oaks community has three levels. The lower-level family room has a fireplace, built-in shelving and French doors that open to a private fenced patio. The unit comes with one reserved parking space and one visitor parking space. The monthly homeowner's association fee is \$318.  
**Listing agent:** Delilah Dane, Redfin.



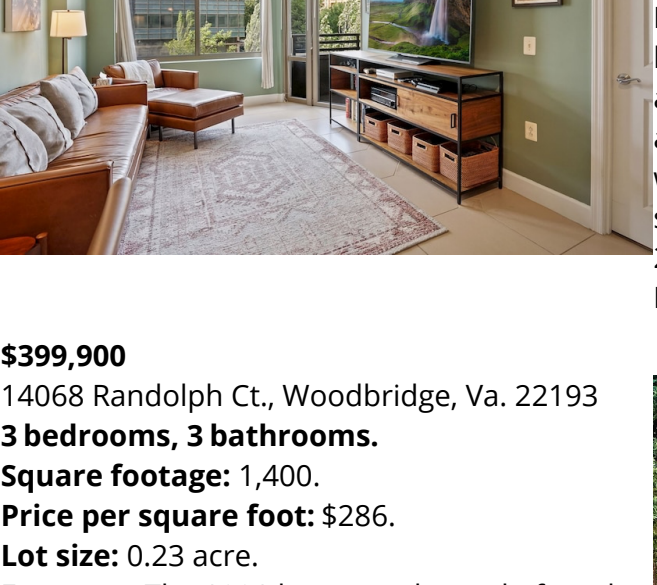
**\$399,900**  
2930 Tallow Lane, Bowie, Md. 20715  
**4 bedrooms, 2 bathrooms.**  
**Square footage:** 1,644.  
**Price per square foot:** \$243.  
**Lot size:** 0.19 acre.  
**Features:** The 1964 Cape Cod in the Tulip Grove at Belair neighborhood has a large front porch. It has two bedrooms on the main level and two bedrooms on the upper level. The fenced backyard has a deck and a shed.  
**Listing agent:** John Young, RE/MAX Excellence Realty.



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**\$390,000**  
2802 Emma St., Unit 304, Falls Church, Va. 22042  
**2 bedrooms, 3 bathrooms.**  
**Square footage:** 1,100.  
**Price per square foot:** \$355.  
**Lot size:** n/a.  
**Features:** The condo in the Lee Landing community has a remodeled kitchen that opens to a dining area and living room with a fireplace. It has an in-unit washer and dryer and comes with two off-street parking spots. The monthly condo fees are \$325.  
**Listing agent:** Patricia Ammann, Redfin.

**\$399,900**  
3600 S. Glebe Rd., Unit 214W, Arlington, Va. 22202  
**1 bedroom, 1 bathroom.**  
**Square footage:** 669.  
**Price per square foot:** \$598.  
**Lot size:** n/a.  
**Features:** The second-floor condo at the Eclipse has tile flooring, a balcony and an in-unit washer and dryer. The kitchen has granite countertops and stainless steel appliances. The unit comes with a garage parking space. The building has a swimming pool, fitness center, rooftop deck and 24-hour desk. The monthly condo fees are \$337.  
**Listing agent:** Patrick Morris, Compass.

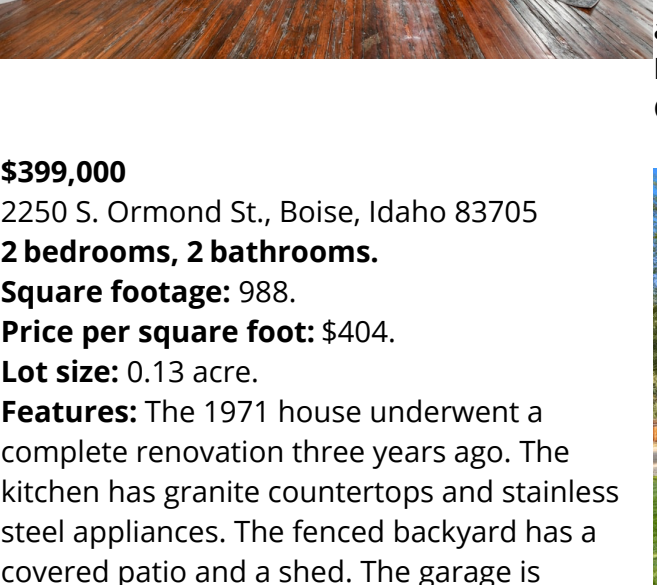


**\$399,900**  
14068 Randolph Ct., Woodbridge, Va. 22193  
**3 bedrooms, 3 bathrooms.**  
**Square footage:** 1,400.  
**Price per square foot:** \$286.  
**Lot size:** 0.23 acre.  
**Features:** The 1991 house at the end of a cul-de-sac has a large front porch and an attached garage. The renovated kitchen has stone countertops and new cabinetry, appliances and flooring. The roof and HVAC system were replaced in 2020.  
**Listing agent:** Candace Noel, Samson Properties.



**\$399,900**  
2250 S. Ormond St., Boise, Idaho 83705  
**2 bedrooms, 2 bathrooms.**  
**Square footage:** 988.  
**Price per square foot:** \$404.  
**Lot size:** 0.13 acre.  
**Features:** The 1971 house underwent a complete renovation three years ago. The kitchen has granite countertops and stainless steel appliances. The fenced backyard has a covered patio and a shed. The garage is attached.  
**Listing agent:** Darcelle Sander, Silvercreek Realty Group.

**\$395,000**  
1100-06 Shackamaxon St., Unit 2E, Philadelphia 19125  
**0 bedroom, 1 bathroom.**  
**Square footage:** 1,235.  
**Price per square foot:** \$320.  
**Lot size:** n/a.  
**Features:** The loft-style condo is in the former Morse Elevator Works building in the Fishtown neighborhood. The unit has pine floors, high ceilings, exposed brick and ductwork, wood beams, large windows, and an in-unit washer and dryer. The monthly condo fee is \$258.  
**Listing agent:** Jackie Dabrowski, Space & Company.



**\$399,000**  
3602 Lincoln Blvd., Omaha 68131  
**4 bedrooms, 4 bathrooms.**  
**Square footage:** 3,440.  
**Price per square foot:** \$116.  
**Lot size:** 0.54 acre.  
**Features:** Located in the historic Bemis Park neighborhood across from a park and walking trail, the 1930 Dutch Colonial retains many of its historic details including nine-foot ceilings, ornate millwork and leaded glass windows. The three-car garage/carriage house has a loft space with a bathroom. The lot has peach and pear trees.  
**Listing agent:** Jen Manhart and Peter Manhart, Better Homes and Gardens Real Estate.

