



Are you ready to buy?

Before you jump in to purchasing a home, take some time to look deep into your heart (and bank account) and decide if you are ready to buy a home. Finding your motivation and specifying your wants and needs is a good start, but there are other things to consider before taking the leap into home ownership.

What's your financial situation?

A few things to consider are:

- What's your debt load?
Credit cards, utilities, car payments, childcare and groceries are factors to consider. Also, don't forget about things you can't plan for such as money for a broken air conditioning unit or a leak in the roof. Will you be able to handle these unforeseen emergencies, and what portion of your monthly income will be used for housing payments?
- How's your credit history?
Delinquent credit card and bank payments, past bankruptcies or a student loan that's unpaid can severely affect your ability to get a mortgage loan.

For a small fee, you can obtain a credit report on yourself and clear up any misunderstandings before applying for a loan.

Credit Agencies:

Experian 1-888-EXPERIAN (397-3742)

Equifax 1-800-997-2493

Trans Union 1-216-779-2378

What's your employment history?

If you have been working continuously for the past two years, a lender should consider this to be steady employment. This does not mean that to be approved for a mortgage loan you need to have worked at the same place for two years; in fact, job changes can be favorable, especially for an increase in pay.

However, if your work history has not been continuous for the last two years, as long as you have a reasonable explanation for any breaks in employment, you still may qualify for a loan.

Direct: 480.685.2760

Email: info@myhomegroup.com

Have you saved money for a downpayment and closing costs?

In addition to the amount of money you will have to borrow for your home, the lender will require you to invest in cash, around five to twenty percent of the purchase price toward the loan. If you are looking at a \$100,000 home, ten percent down would be \$10,000.

Closing costs are additional expenses incurred throughout the buying process that must be paid for in cash, like inspection fees, escrow and title charges and document fees. Closing costs are typically three percent of the purchase price of your home, so add another \$3,000 to your \$10,000.

How Much Home Can You Afford?

The rule of thumb here is how most people can afford a home two and a half times their annual income. This is a handy guideline, but the way interest rates vary, the new rule is one which relies on how much you have saved up. for a downpayment and closing cost, how much of a monthly mortgage payment you can afford, and how much you need per month to meet other responsibilities. Down payment and closing costs. Saving money for the down payment and the closing cost is usually the hardest part of preparing yourself to buy a home. Because a down payment is typically between five to twenty percent of the purchase price of your home and closing costs are around five percent of the purchase price, it is a good idea to find out how much you have available.

This money could be from:

- Checking, savings and money market accounts
- Cash value of your life insurance
- Stocks and bonds
- Resale value of any personal property
- Gifts from parents or other relatives

Once you know what your assets are worth, figure out what your expenses total.

Expenses might include:

- Utilities
- Charge account balances
- Insurance premiums
- Auto and/or school loans
- Federal, state and local taxes

Don't forget to consider moving fees, home decorating costs and any other upcoming expenses – you don't want the down payment and closing costs to deplete all your savings.

When you subtract your expenses from your assets, the difference will be what you have to use for a down payment and closing costs.

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