



## EDUCATING YOURSELF ABOUT HOME OWNERSHIP



An educated homeowner is a successful homeowner. Before making your purchase, consider these suggestions to help you plan and prepare for becoming a homeowner.

*Pull a full credit report, with information from all three major reporting agencies.* Your credit reports are an ongoing snapshot showing how you manage your finances. Your credit report plays a vital role in the mortgage approval process and in determining the interest rate and other loan terms that a lender may offer you. Credit reports often contain factual errors that can complicate or even prevent a loan approval.

*Determine your monthly budget.* Be sure to include all of your living expenses and all sources of debt repayment. This will help you determine the mortgage payment you can afford.

*Decide how much house you need.* Understanding your needs vs. wants for a home can save you time and money when embarking on the house hunting process. Be realistic and keep your budget in mind.

*Begin the mortgage pre-approval process.* This is an informal way to see how much you may be able to borrow. Your pre-approval also helps smooth the entire home-buying process, including providing additional leverage in negotiations.

*Consider hiring a realtor.* Real estate agents not only help buyers locate homes, but are expert negotiators and can guide you through the process of becoming a homeowner. Remember, the seller of the property pays for the realtor, so as a buyer, there is no cost to you for hiring an agent.



Most lenders suggest that you spend no more than 28% of your monthly income on a mortgage, including the costs of property taxes, homeowner's insurance, and Private Mortgage Insurance (if applicable).



To determine how much you need to have saved before you buy a home, here are some basic expenses to consider:

- Down payment (3.5%-20% based on credit and loan product)
- Closing costs
- Moving expenses (boxes, trucks, moving companies, etc.)
- Costs associated with turning on or transferring utilities
- Appliance purchases (if applicable)
- Furniture purchases (if applicable)
- Lawn equipment purchases (if applicable)

