

Road Map to Home Ownership steps to follow when Budgeting for a house

Before buying, consider these budget tips for any soon-to-be homeowner.

Home ownership is one of the greatest opportunities for establishing a stable financial future. If you plan properly, you'll be able to find a home that suits your needs and your budget.

PLAN **Pay off your debts** Check your credit score, **Understand and prepare for** and clean up any issues or as best as possible. mortgage requirements. If your inconsistencies. You'll need Know your DTI down payment is less than 20 your score to determine (debt-to-income percent, you may be required to purchase PMI (private mortgage a realistic interest rate ratio), as it will be insurance) which can cost about so you can factor this a major factor in when looking at homes. getting a mortgage. 0.5 percent of your loan. Set your moving goal, and calculate Practice making mortgage payments. what you'll need to save per month to If you're renting, tack on the difference make your down payment. Adjust to between your current rent and a realistic save more than 10 percent per month mortgage payment to your monthly to help you in the long run, as you'll living cost. Add this amount to your need to anticipate the cost of repairs savings, while you get accustomed to and maintenance on your home. making larger monthly payments. ATTACK 6 8 Consult a professional. It may be **Choose a budget based** Only buy a home that you tempting to go it alone, but experts on salary. Aim for a home plan to live in for at least will be able to provide additional that costs only about 3-5 years. You may face insight on the process and any two-and-a-half times tax implications if you hidden costs along the way. sell in less than 2 years. your gross annual salary. Mind the resale value. Consider Add in details. Factor Compare monthly expenses the neighborhood and school to income. Your monthly in closing costs, district when purchasing, even which often amount home expenses should not if you don't have children. Both to 5 percent of the exceed 36 percent of your affect resale opportunity. mortgage price. gross monthly income.