

## Life Events Planning Checklist

### Buying a Home

Spring is right around the corner, and that's the busiest time of year for buying a home. Whether this is your first home or you have been through the process before make sure you check all the boxes.

- Check your credit score before you start shopping.
  - Personally, I like Credit Karma since it's free.
  - If your score is less than 670 you need to work to increase it before you apply for a loan.
  - 670-739 is considered "Good" credit and will get you a better rate.
  - 740-799 is considered "Very Good" and will usually get you the best rate.
  - 800-850 is the highest tier, but there are not many lenders that distinguish between "Very Good" and "Excellent" so it may not matter, particularly if your down payment is 20% or more.
- Determine how much you can afford to pay each month.
  - Don't assume you can pay more for housing than you are now unless you are saving the difference easily.
  - Divide your new monthly mortgage payment (Principal and Interest plus escrow for Taxes and Insurance) by your monthly gross income. Typically, this ratio should not exceed 28%.
  - Divide your new monthly mortgage payment *plus* all your monthly debt payments by your gross income per month. Typically, this ratio should not exceed 36%.
- Solicit mortgage options and rates.

- Get offers from a few lenders. Contact me if you live in Northern VA and want a local independent broker.
- Create new projections with updated cash flows to make sure your financial plan is still on track.
  - Be sure you include ALL the costs:
    - Principal and Interest
    - Property Taxes
    - Homeowner's Insurance
    - PMI (if you are putting less than 20% down)
    - Homeowner's Association dues
    - Closing costs
    - Utilities
    - Renovations
    - Maintenance
- Take a look at your balance sheet and update with new home purchase.
- Review your life insurance. If you are going from renter to owner you may need more coverage.
- Review your tax situation with a CPA if there are complexities such as mortgage principal over \$750,000
- Does buying a home change your estate plan?
- Review all of these items with your financial advisor

While this check list can serve as a guide, speaking to an independent fiduciary financial planner is the best way to get your financial life in order. Reach out to us today!

All the Best !

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