I’m Ready to Buy

evaluating one of life’s big decisions

BUDGET CALCULATION		
Monthly take-home pay	$	*What hits your bank account every month*
X 30%	$	*You don’t want to be house poor, stay within 0.3x of your monthly take-home pay.*
= Max mortgage payment	$	*This will include principal, interest, taxes, and insurance. You’ll want to budget for utilities separately.*

With this payment in mind work with your mortgage broker (or check out our resource section for a calculator) to arrive at a home price that takes into consideration:

- **Your down payment:** remember your will need 3-20% of the home price. Any down payment below 20% will also add the cost of private mortgage insurance to your payment.
- **Current interest rates:** these change based on economic conditions and based on your credit score.
- **Loan Term:** loan terms are typically longer term think 15, 20, or 30 years. It is not uncommon for a firt-time home buyer to have a 30 year mortgage.
- **Property Taxes:** based on the location and size of your property.
- **Home insurance:** this will vary based on your homes size, age, and location.
- **HOA Fees:** Some neighborhoods have monthly charges to help with community maintenance and services.

CASH TO CLOSE		
Down payment	$	*Between 3-20% For first-time homebuyers 3-5% is typical, for second homes put down 20% to avoid PMI.*
+ Closing costs	$	*This ranges from 2-5% of the purchase price. Budget 5% to be safe.*
= Total	$	*Be ready to write this check and make sure you are not draining your emergency reserves.*

Checklist:

- ☐ Check and build your credit score (aim for at least 640 but preferably 740+)
- ☐ Save for a down payment + closing costs
- ☐ Ge pre-approved for a mortgage
- ☐ Find a buyer's agent and search within your budget
- ☐ Make an offer and understand the contingencies
- ☐ Schedule a home inspection, appraisal and underwriting
- ☐ Final walkthrough and closing

Resources:

Current mortgage rates:

https://www.consumerfinance.gov/owning-a-home/explore-rates/

Calculator (estimate):

https://myhome.freddiemac.com/resources/calculators/how-much-can-you-afford