

10 Ways to Prepare for Homeownership

1. Decide what you can afford. Generally, you can afford a home equal in value to between two and three times

your gross income.

2. Develop your home wish list. Then, prioritize the features on your list.

3. Select where you want to live. Compile a list of three or four neighborhoods you'd like to live in, taking into account items such as work commute, schools, recreational facilities, area expansion plans, and safety.

4. Start saving. Do you have enough money saved to qualify for a mortgage and cover your down payment? Ideally, you want to have 20 percent of the purchase price saved as a down payment. Also, don't forget to factor in closing costs. Closing costs — including taxes, attorney's fee, and transfer fees — average between 2 and 7 percent of the home price.



5. Get your credit in order. Obtain a copy of your credit report to make sure it is accurate and to correct any errors immediately. A credit report provides a history of your credit, bad debts, and any late payments.


6. Determine your mortgage qualifications. How large of mortgage do you qualify for? Also, explore different loan options — such as 30-year or 15-year fixed mortgages or ARMs — and decide what's best for you. Consider if a buy down rate loan program or a down payment assistance program might be good options to help you meet your goals for better affordability.

7. Get preapproved. Organize all the documentation a lender will need to preapprove you for a loan. You will need your most recent W-2 forms, copies of at least 1 recent pay stub, most recent tax returns and an updated P&L (if self-employed), and copies of all your recent bank or credit union statements dating back as far as the past 4 months.

8. Weigh other sources of help with a down payment. Do you qualify for any special mortgage or down payment assistance programs? Let your agent know if you need a referral for a local loan officer or mortgage broker that you can utilize as a resource for answers about down payment assistance programs geared towards first time buyers, teachers and first responders. This is the easiest way to quickly verify if you qualify. Or, if you have an IRA account, you can use the money you've saved to buy your first home without paying a penalty for early withdrawal.

For more information or assistance, contact me: Erica Anderson @ Real Premier Team powered by RE/MAX Fine Properties

 Phone: (480) 599-6811 |  Email: Erica@RealPremierTeam.com



 Visit my website: www.RealPremierTeam.com


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9. Calculate the costs of homeownership. This should include property taxes, insurance, maintenance and utilities, and association fees, if applicable.

10. Contact a REALTOR®. Find an experienced REALTOR®, like Erica Anderson of Real Premier Team, who can help guide you through the process. Not all real estate agents are Realtors®. Realtors® are held to higher standards of practice by the Code of Ethics that is based on professionalism and protection of the public. Working with an agent who is Realtor®, guarantees you receive a higher level of care in customer service.

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