

# Home Affordability Tips

for link and support information, link to: [www.SayHomeBuy.com](http://www.SayHomeBuy.com)

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## **First tip, start saving your money**

for the down payment and closing costs. You will need at least 5% of the home purchase price for your down payment, and another 5-6% of the home purchase price for closing costs.

(Note: there are mortgage plans that have zero down and zero closing costs, but these type mortgage loans are very costly)

Set up a spending plan where you can set aside savings:

Link to our Budget Planning Module at our parent site:

[www.SayLending.com/sayfinance.html](http://www.SayLending.com/sayfinance.html)

We have more information on costs:

Link to [www.SayHomeBuy.com](http://www.SayHomeBuy.com) view Step 4 for information on the full cost of a mortgage

## **How to increase your savings?**

(links to our parent site at [www.SayLending.com/sayfinance.html](http://www.SayLending.com/sayfinance.html))

1. Establish a monthly budget: download budget forms
2. Reduce your monthly costs: view lowering your bills
3. Increase your income: view income building ideas



## **Note that the IRS allows first-time home buyers to use retirement savings for purchasing their first home:**

You can find more information: view our Home Buying Step 1: analyzing the numbers

If you qualify, additional sources of money for purchasing a home can come from:

1. federal government programs: link to HUD
2. State or local government agencies: view your state
3. government agencies: FHA / VHA / RHA
4. employers and/or private foundations
5. family members donating a "gift":

usually the mortgage lender requires a gift letter verifying that the gift is not a loan and that you do not have to repay it. Review the true costs of a mortgage:

Link to: [www.SayHomeBuy.com](http://www.SayHomeBuy.com) and go to our Home Buying Step 4

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**Depending on your financial status, you may qualify for mortgage loan products that require little or no down payment:**

Link to our home mortgage center at [www.PickMyMortgage.com](http://www.PickMyMortgage.com) for more information about these individual mortgage loan products:

review: zero-down mortgages

review: government loans

This might be a good time to review mortgage loan options that are available:

review: fixed-rate mortgages

review: interest-only mortgage loans

review: adjustable rate mortgages

review: hybrid rate mortgages

review: balloons, RIMs, other types



**Depending on the market, you might be able to afford a home mortgage if interest rates are low and dropping.**

Keep your eye on the movement of interest rates and be ready to start the process your application if interest rates meet financial hurdles.

View how to monitor rates:

Link to [www.SayHomeBuy.com](http://www.SayHomeBuy.com) to view home mortgage interest rates under “Quick Reviews”

This will be a good time to run some numbers to see how much you can afford:

Link to [www.SayHomeBuy.com](http://www.SayHomeBuy.com) click “Tools” for home mortgage calculators

You will need to establish good credit in order to qualify for home mortgage financing.

Link to our affiliated Credit Management Center on building and sustaining good credit.

Topics covered:

- \* establishing good credit
- \* maintaining good credit
- \* repairing your credit
- \* checking your credit

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**Make sure that you have a clean credit report prior to submitting your mortgage application. It will prevent delays and non-approvals:**

We have some valuable quick notes for review:

what's in your credit report  
checking your credit report  
repairing your credit report

Review mortgage loan products for individuals with less-than-good credit: link to our home mortgage center [www.PickMyMortgage.com](http://www.PickMyMortgage.com) for a review of A-minus mortgage loans

- Note: the higher your credit score, the lower your interest rate. Lower interest rates may put you in the affordability range.



**Lenders require mortgage applicants to be within certain "housing" and "debt-to-income" ratios.**

Run your numbers:

Link to calculate your ratios at [www.SayHomeBuy.com](http://www.SayHomeBuy.com) under "Tools"

Some lenders will increase both the housing ratio and debt-to-income ratio for qualified applicants:

view our Home Buying Step 5: getting qualified for a mortgage loan

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## Reduce your current debts

If you have too much debt — meaning your "debt-to-income" ratio is above the minimum threshold — you will need to reduce or consolidate your debts prior to submitting your mortgage application:

(links jump to our debt management module at: [www.sayconsolidate.com](http://www.sayconsolidate.com))

Guides to reduce or consolidate: credit card debt

Guides to reduce or consolidate: personal loan debt

Guides to reduce or consolidate: student loan debt

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## Understand the mortgage loan process

Before you submit your mortgage application, review these steps about the mortgage lending process:

Link to [www.SayHomeBuy.com](http://www.SayHomeBuy.com) and click "Quick Reviews" for: 12-step mortgage plan