

Homebuying 101

Tips for getting more for less

1 **higher credit scores = lower interest rates**

Increasing your credit score could save you thousands of dollars over the life of a 30 year mortgage!

Credit Score	Sample Rates	Monthly Payment	Total Interest over 30 years
750+	3.9%	\$944	\$139,684
700-749	4.1%	\$969	\$148,906
650-699	4.3%	\$990	\$156,350
620-649	4.5%	\$1,015	\$165,455

That's \$25,771 in savings!

INCREASE YOUR SCORE

- Fix errors
- Pay down credit card debt
- Pay any past due accounts
- Don't finance any large purchases
- If you don't have credit, get a credit card
- Show only minimum inquiries to credit report

2 Build Savings

Build savings for a down payment, and closing costs.

3 Budgeting

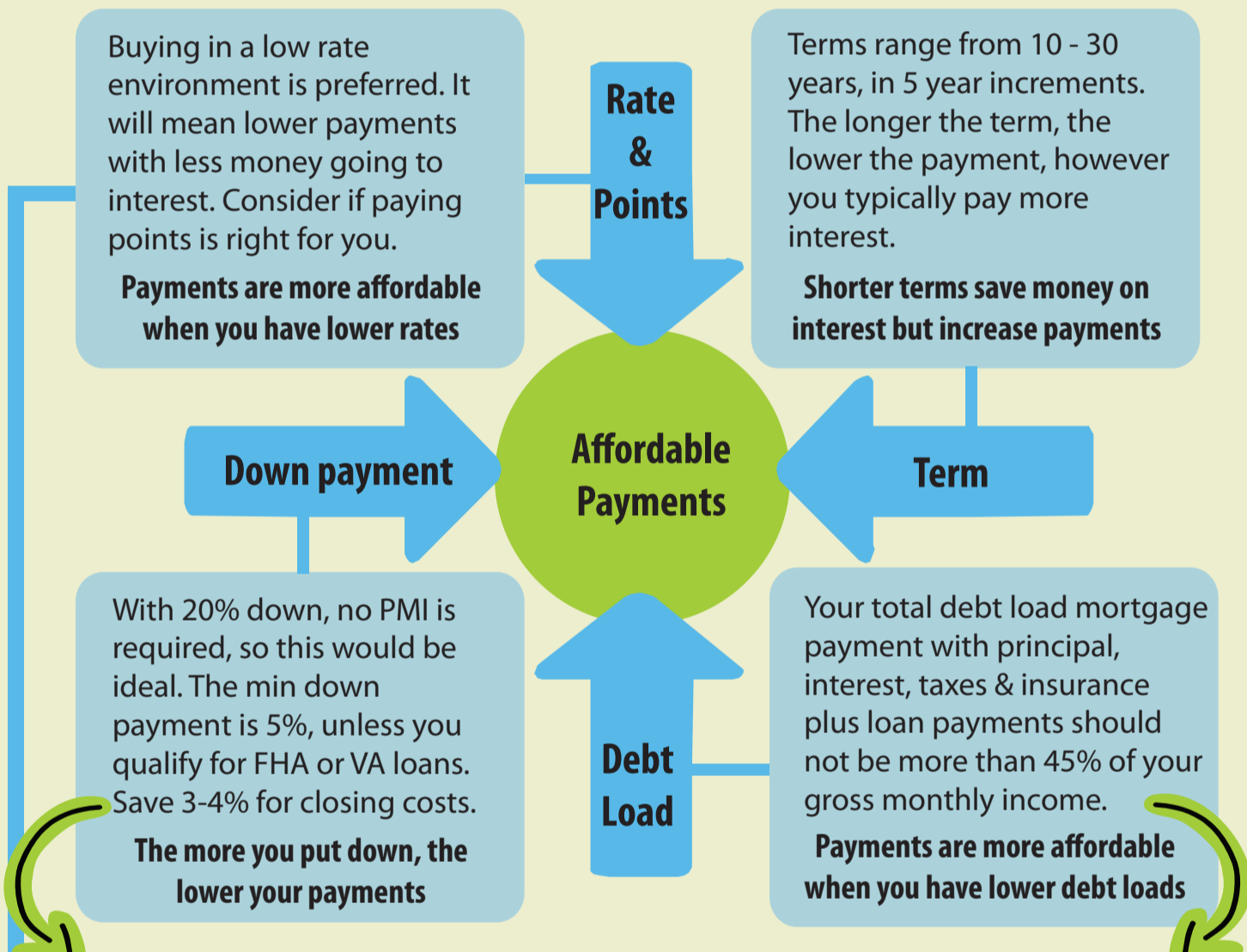
Calculating what you can afford

Many factors affect your payment. The goal is to get you into a home you can really afford with payments you are comfortable making.

.75% - 1.15%

A rough estimate - figure your monthly payments will be between 0.75% - 1.15% of the purchase price. This includes taxes and insurance.

Many factors affect your payment amount



Private Mortgage Insurance

PMI is generally required by lenders as a means of protection in the event you default on the loan. But just because you qualify for a mortgage, doesn't mean you'll qualify for PMI; these companies run their own credit check and assess credit worthiness independent of the lender.

Calculate your debt load:

1. Add your monthly debt payments (include credit cards, mortgage & child support)
2. Divide your gross annual wages by 12. That's your monthly income.
3. Take your monthly payments total and divide it by your monthly income.
4. Move the decimal point two digits to the right to make it a percentage.

1 point = 1% of your mortgage ≠ 1% rate reduction

Points are paid to the lender in exchange for a reduced rate and can lower your payments. A point is equal to 1% of your home loan amount and it's like paying some interest up front, in exchange for a lower rate over the life of your loan, but beware...1 point does not = 1% discount of your rate! It may take 3 points or more for a 1% rate discount!

4 Get Pre-approved



It's time to finalize what you can afford

Bring to your meeting:
2 mos. paystubs
and 2 years of income taxes

To finalize the actual amount you can pay at a reputable lender, get pre-approved. You can discuss the many options available to you with the lender. Most lenders will give you a price range for the house, or a pre-approved payment range. Expect this process to take a couple of days. Once you have the pre-approval letter, it is good for 60 days.

5 Start Shopping



Only look at houses in your price range. This will spare you the disappointment of falling in love with a home that you can't afford.