

Home Ownership

Empowerment Plan



Step 1: Prepare

Prepare your finances

- Look at finances six months before buying
- Review your credit
- Lower or pay off debts
- Create a budget

Determine what you can afford

Get pre-qualified

- Signals you are a serious buyer
- Sellers know you are qualified to buy their home
- Know what you can afford before you start shopping

Step 2: Shop

Create a wish list

- Neighborhood
- House

Use a Realtor

- Find a Realtor you can work with
- Ask friends and family for referrals
- Seek out experience and commitment
- Interview several Realtors to determine the best fit for you

Step 3: Negotiate

7 keys to negotiating a home purchase

1. Know market trends
2. Listen
3. If multiple offers, be competitive
4. When you offer something, ask for something in return
5. Avoid extremely low offers
6. Keep emotions at bay
7. Understand the seller's motivation

Carefully inspect the property before purchasing

Have a professional inspection performed

- Accompany the inspector during the inspection process
- After inspection, agree on repairs or compensation
- Inspect any repairs prior to closing

Step 4: Purchase

Choose a mortgage

Gather your mortgage documents

- Ask your mortgage lender for a list of documents that will be needed

Approval process

- Be prepared to provide additional documentation if requested by your lender

Prepare for closing

- Mortgage costs will be collected at the time of closing
- Tax escrow/proration
- Prepaid insurance
- Processing fees
- Title fees
- Appraisal fees

Affordability Check

An ideal mortgage payment should be less than 28% of your monthly gross income. Your total monthly debt payments, including your mortgage payment, should be less than 36% of your monthly gross income.

$$\frac{\text{Monthly Gross Income}}{\text{Monthly Gross Income}} \times 28\% = \text{Maximum Mortgage Payment Guideline}$$

$$\frac{\text{Monthly Gross Income}}{\text{Monthly Gross Income}} \div 36\% = \text{Maximum Mortgage Payment Guideline}$$

Your maximum mortgage payment should be less than the lowest guideline from above.

