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

☐ 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 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

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.

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\text{Monthly Gross Income} \times \frac{28\%}{\text{Mortgage Debt to Income Ratio}} = \text{Maximum Mortgage Payment Guideline}\\
\text{Monthly Gross Income} \div \frac{36\%}{\text{Total Debt to Income Ratio}} = \text{Maximum Mortgage Payment Guideline}
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Your maximum mortgage payment should be less than the lowest guideline from above.