

Purchasing a home is one of the biggest financial decisions you will make in your lifetime. It's important to consider three main areas when purchasing a home: financial obligations, property characteristics and loan documentation. The lists below will help organize your thoughts, ideas and paperwork to start the path to homeownership!

Financial Obligations

Evaluate your current financial situation to determine if you are prepared to purchase a home:

- What will your projected payment be including taxes and insurance? Will that fit in your current budget?
- Is your debt-to-income ratio in line with typical lending guidelines (your debt and house payment should not exceed approximately 46% of your income before deductions like taxes)?
- How much of a down payment will you need based on your chosen loan (could be 0%-20%)?
- How much will closing costs be for your home at 5% of the purchase price?
- Do you have at least three months of mortgage payments in your savings (reserves)?
- Do you have money saved for additional fees such as appraisal, inspection, insurance and escrow?

Property Characteristics

Consider these property characteristic questions when searching for a home:

- How many bedrooms and bathrooms does your family need?
- Do you require a lot of closet and storage space?
- Is having a pool and/or large backyard important to your family?
- What upgrades have been done to the home?
- What is the list price of the home versus the actual value of the home?
- What overall size or square footage do you need?
- If you have children or are planning to, do you like the school district the home is located in?
- What are the safety and crime statistics of the neighborhood and surrounding area?
- How far is it from work? Do you mind commuting? Do you have traffic concerns?
- How close is the home to the nearest supermarket, hospital, park and daycare center?

Loan Documentation

Find copies of each of these items for each applicant to begin the loan application process for purchasing a home:

- Two years of tax returns including all schedules and W-2s
- Most recent paycheck stubs
- Profit and loss statements (self-employed borrowers)
- Employment verification
- Driver's License and Social Security Card
- Current bank statements for ALL checking, savings and investment accounts
- Name, address, financial account numbers, balances and payments for all debts
- Divorce, property settlement, child support, bankruptcy or judgment documents