

## PREPARING FOR HOME OWNERSHIP

Submitted by Land of Lincoln Credit Union

### 1. DETERMINE IF YOU'RE READY TO BUY A HOME

With home ownership, you are responsible for all repairs, utilities, taxes and insurance. If you're not financially ready for that responsibility, then it might not be the right time.

### 2. KNOW YOUR CREDIT

Financial institutions will be wary of extending you a home loan if you have a high debt-to-income ratio or struggled with loan payments in the past. You can increase your FICO score by reducing debt, making timely payments, and keeping at least one credit card for a long period.

### 3. GET PRE-APPROVED FOR A LOAN

You should get your financing in place first! This will ensure that you know exactly how much you can afford *BEFORE* you start house hunting. In addition, once you've selected a home, you'll have the luxury of this part of the process being completed.

### 4. DETERMINE WHAT YOU CAN AFFORD

Most lenders require that total housing costs not exceed 28% of gross monthly income, and total debt payments per month (including the mortgage) not surpass 36%.

### 5. START SAVING CASH

If you don't already have some savings, start a savings plan now. How much you will need depends on many factors, including the cost of the home, down payment, closing costs, and points.

### 6. FIND A GOOD REALTOR

A good way to find a realtor that you can trust is to ask friends and colleagues about their experiences. Having a realtor that is helpful and listens to your wants and needs is vital. You also want one that is willing to work hard for you in negotiations.

### 7. REQUEST A HOME INSPECTION

This is different from an appraisal. The inspector will look for hidden problems with the home. This can be helpful for negotiating the price of the home based on the inspector's potential findings.

### 8. SPEED UP YOUR CLOSING

Your lender will likely need federal tax returns, recent paystubs, W2 statements, bank statements, alimony and child support payment info and much more. Get all documents delivered to them quickly. Don't change jobs during the process, this slows things down significantly.

### 9. MOVE IN AND MOVE ON!

After you move in to your new home, don't forget to handle a few important tasks. Be sure to change your address with your credit union (or bank) and with any other credit accounts. Set up utilities at your new address and cancel any at your old address.



## KEY TAKEAWAYS

- ◆ START with financing!
- ◆ Get your savings plan in place.
- ◆ Don't skip the home inspection.
- ◆ Have all your paperwork prepared to your lender.
- ◆ Move in & be sure switch out your old address for all accounts and utilities.