



Buyer's Finance Guide

Introduction:

Whether you're a first-time home buyer or a seasoned veteran, buying a home can be a tricky process. This Home Financing Guide will help you to outline out what kind of home you will be able to qualify for. Also, this guide will help you calculate approximately your price range so you don't fall in love with a home that is too pricey, which you regret later.



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Table A Monthly Income Chart

Unless you intend to buy your house in cash, you will need to apply for a mortgage to finance your home. Your mortgage broker and banker will need to see how much money you bring in on a monthly and yearly basis to get started. Below, is our finance chart to help you calculate your income.

Income	You	Co-borrower
Take home salary (net amount)		
Second Job salary/pay		
Pension		
Bonuses		
Commissions		
Required IRA withdrawal		
Rental Property Income		
Social Services/Social Security		
Alimony		
Child Support		
Dividend/interest income		
Loans made and being paid		
Overtime		
Other Income		
Total Income		
Total Income (add both buyers)		

Table B Monthly Expenses Chart

Normally, mortgage companies use a loan-to-value income ratio to decide how hefty a mortgage you might be able to afford. Loan-to-income basically refers to the percentage of your total monthly income that you are permitted to entrust to your mortgage – usually somewhere between 25 to 35 percent

Expenses	You	Co-borrower
Food and supplies		
Personal Care		
Car payment		
Car insurance		
Loans		
Medical insurance		
Student Loans		
Travel/vacations		
Telephone, cable, internet		
Credit Card Payments		
Child Care		
Club organizational dues		
Tithing/Church Pledge		
Other Expenses		
Total		
Total Combined		

Do I have enough to buy a house

Finance Charts	Amounts
+ (Add) total income from Table A	INCOME
- (Subtract) total expenses from Table B	EXPENSES
= monthly income available for housing	TOTAL

Keep in mind as a renter your housing most likely consisted of the rent payment and utilities. As a homeowner, there are many extra costs on top of your mortgage payment.

You need to set aside extra money for items such as:

- Maintenance and repairs
- Utilities
- Property taxes
- Homeowners insurance
- Homeowner association fees

How much can I put down

Another key element in buying a home, is how much money you have to use as a down-payment on your home. Use the following chart to add up your assets.

Assets	Amount
Stocks and bonds	
Savings	
401k	
Gifts	
Bonuses	
Other Funds	
Total Down-Payment Funds	TOTAL

HOW MUCH WILL MY MORTGAGE COST

Once you compute out how much money you can spend on a house – your mortgage payment, plus any other normal home expenses - you can start estimating the mortgage you want.

The important facts you need to have available are on the chart below:

Categories	Amount
Sum of Mortgage	A
Interest Rate %	B
Terms of mortgage: (years) 5,10,15,20,30,40	TOTAL

Not sure what the average interest rates are? Go to the following websites for help:

>Freddie Mac

<http://www.freddiemac.com/dlink/html/PMMS/display/PMMSOutputYr.jsp>

>Yahoo! Real Estate

<http://realestate.yahoo.com/loans>

>Mortgage 101 Daily Rate Averages

<http://www.mortgage101.com/Articles/DailyRatesurvey.asp>

Loan Type	Today		Last Week
■ 15 Year Fixed	4.765%	▲	4.719%
■ 30 Year Fixed	4.994%	▲	4.966%
■ 1 Year ARM	3.918%	▼	3.946%
■ 5/1 Year ARM	4.233%	▲	4.226%