

## Four Steps to Take Before Buying a Home

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Did you know that one in seven Americans has at least 10 credit cards? It's true. However, the average is four, according to a report from Experian.

If you are considering buying a home, there are four crucial elements you must have in place before taking the first steps toward homeownership. Whether you are a first-time home buyer or moving up to a new home, plan for your move by preparing for the following:

1. **Create a budget.** Home buyers need to have enough money to cover monthly mortgage payments comfortably. "Properly budgeting your monthly finances is a must before taking any of the first steps towards finding and moving into a new home," Lawrence Finn, Jr., CEO Owner/Broker of Coach Realtor. Though seemingly an obvious preparation, many foreclosures occur because buyers don't carefully examine their income and expenses ahead of time and fail to plan for monthly mortgage payments. "Talk to mortgage professional within our firm's mortgage partner Residential Mortgage Division or a Coach Realtors sales associate to see if you can afford a monthly mortgage. The more financial planning you do in advance, the less likely you'll be in for any surprises," says Mr. Finn.
2. **Plan for taxes and insurance.** On the topic of affordability, be sure your income will cover any property taxes and homeowner's insurance payments. Buyers need to make sure their monthly income covers these extra expenses. While planning your finances, include these two items in your budget. Make sure to have other spending money and extra cash available as well. You never know when something will break down or need replacing.
3. **Factor in maintenance.** Buyers must also have the ability to properly maintain the home. "Maintaining the home is important. If the home isn't in good condition, you will lose value on what is most likely your largest investment and set the stage for a potential loss when it comes time to sell," says Finn. Don't ignore problems that need attention.
4. **Review your credit standing.** Lastly, a home buyer must have good credit - especially in today's lending environment. If you have late payments, a bankruptcy or unpaid debts, it will be difficult to lock in a mortgage. If you do land a mortgage deal, the interest rate will be higher if your credit score isn't up to par. A good line of credit will ensure the best rates possible. Pay off those debts before trying for a mortgage.

With the right funds, maintenance resources and a good line of credit, you will be well on your way to jump starting the home buying process.