

Buy Your Own Home

Objective: To begin today to work towards purchasing your own home and to begin building equity.

The first home you buy does not have to be your dream home. It can later become one of your investment properties. The important consideration is that you no longer are a tenant - paying someone else's deductible mortgage interest and property taxes. Instead of building equity in your landlord's investments — each payment you make will be an investment in **your** financial future.

Time Required: One to four hours.

Instructions:

1. Review the **Home Ownership Chart**.
2. Contact the Mortgage Hotline to determine a general price range you can afford and to get pre qualified for a mortgage and
3. Decide where you want to buy and start looking for affordable properties for sale in your target area.
4. Inspect affordable properties.
5. Make offers on properties.

Checklist

Date Completed

1 Review the **Home Ownership Chart**.

2 Contact the Mortgage Hotline to pre qualify for a mortgage and to determine a general price range you can afford.

3 Review **Making an Offer** and get started towards owning your own home!

Home Ownership Chart

The chart below shows what the price of monthly rent would buy compared to a mortgage payment for a homeowner.

For example, if a tenant is paying \$1,200 in rent per month, for that same monthly payment, they could purchase a \$180,369 home with nothing down, financed at 7%. Calculations are based on a 30 yr fixed loan. *(Homeowner's Insurance and Property taxes are additional costs and will vary according to the location)*

Rent	Total Price of Home 100% financed at:				
	8%	7%	6%	5%	4%
\$ 500	\$ 73,100	\$ 75,154	\$ 83,396	\$ 93,141	\$104,730
600	81,770	90,184	100,074	111,768	125,676
700	95,398	105,215	116,754	130,397	146,622
800	109,026	120,246	133,433	149,025	167,568
900	122,655	135,276	150,112	167,653	188,515
1,000	136,30	150,308	166,792	186,282	209,461
1,100	149,912	165,338	183,470	204,909	230,407
1,200	163,540	180,369	200,150	223,537	251,353
1,300	177,169	195,399	216,829	242,166	272,299
1,400	190,796	210,430	233,508	260,794	293,245
1,500	204,425	225,461	250,187	279,422	314,191
1,600	218,053	240,492	266,866	298,050	335,137
1,700	231,681	255,522	283,545	316,678	356,084
1,800	245,310	270,553	300,224	335,306	377,030
1,900	258,938	285,584	316,904	353,935	397,976
2,000	272,567	300,615	333,583	372,563	418,922

Note: Add any down payment you can make to the above figures to determine the total price of the home you can afford. For example, if you have \$10,000 to pay down, your current monthly rent is \$2000 and the prevailing mortgage interest rate is 6%, then you can comfortably afford a \$160,112 home (\$150,112 + \$10,000 down).

If you do not presently own your own home, you must begin to take the necessary steps to do so. It is the one "must" property in your real estate portfolio. The first home you buy does not have to be your dream home. It can later become one of your investment properties. The important consideration here is that once you acquire the home you will no longer be paying rent — paying someone else's mortgage, deductible interest and property taxes. You will be living in your home. Your debt to income ratio is used by the mortgage broker to determine what amount of mortgage your income will qualify for. However, that may not give you the best idea of what your "lifestyle" will comfortably accommodate. Use the above chart to compare what you are now paying in rent to what you could be making in mortgage payments. (Homeowner's Insurance and Property taxes are additional costs and will vary according to your location)