

ARE YOU READY TO PURCHASE A HOME?

Homeownership Self-Assessment

This self-evaluation should give you an idea of whether you are ready to buy a home. Please circle your answers to the following questions, and try to be as honest as possible:

1. Do you have steady income and stable employment (at least 2 years)?	Yes	No	Unsure
2. Do you have an annual household income of at least \$30,000?	Yes	No	Unsure
3. Do you plan on remaining in the area for the next few years?	Yes	No	Unsure
4. Have you created a <i>Spending Plan</i> so you know how much you can realistically afford for a monthly mortgage payment?	Yes	No	Unsure
5. Do you have an established credit history or records of payments to previous landlords and utility companies?	Yes	No	Unsure
6. Do you consistently pay your bills and your debt payments on time?	Yes	No	Unsure
7. Do you have some money saved for a down payment and the fees involved in home purchase?	Yes	No	Unsure
8. If you have had a bankruptcy, did it happen more than three years ago?	Yes	No	Unsure
9. Is your monthly debt low enough to not limit your ability to qualify for mortgage?	Yes	No	Unsure
10. Are you ready to care for and maintain a home?	Yes	No	Unsure
11. Have you been pre-qualified by a lender, so that you know how much you can borrow based on your income and current debt?	Yes	No	Unsure
12. Have you looked into the benefits of special financing programs that are available to moderate income first-time homebuyers?	Yes	No	Unsure

If you answered “yes” to the majority of the questions, you are probably near-ready to buy a home.

If you answered “no” to a majority of the questions, particularly questions 1, 2, 3, 5, 6, 7, 8 and 12, you probably need a longer time to get ready to buy.

Source: Courtesy of the Portland Housing Center
<http://portlandhousingcenter.org/>

WHAT'S COMING IN & WHAT'S GOING OUT?

Monthly Spending Plan

Monthly Income

Estimate

Goal

Monthly Gross Income	\$	\$
Income from other jobs/resources (side hustle, SNAP, SSI, SSDI, Child Support, TANF, Social Security, etc.)	\$	\$
Monthly Net Income	\$	\$

Monthly Expenses

Estimate

Goal

Estimate

Goal

Housing (Rent or Mortgage)	\$	\$	Pet Expenses	\$	\$
Utilities, Trash	\$	\$	Household & Personal Care	\$	\$
Internet	\$	\$	Gym/Health	\$	\$
Groceries	\$	\$	Cable or Streaming Service	\$	\$
Dining Out	\$	\$	Entertainment	\$	\$
Coffee/Beer/Cigs	\$	\$	Savings for Emergencies	\$	\$
Cell Phone & Plan	\$	\$	Savings for Goals	\$	\$
Transportation – Gas, Bus	\$	\$	Saving for Retirement	\$	\$
Transportation - Repair	\$	\$	Charity or Tithing	\$	\$
Insurance – Car	\$	\$	Debt Payment - Car	\$	\$
Insurance – Renters or Home	\$	\$	Debt Payment – Credit Card	\$	\$
Insurance – Life, Disability, Etc	\$	\$	Debt Payment Student Loan	\$	\$
Medical/Dental – Out of Pocket	\$	\$	Debt Payment – Medical	\$	\$
School Expenses	\$	\$	Debt Payment – Other	\$	\$
Child Expenses	\$	\$	Legal (Child Support, etc.)	\$	\$
	\$	\$		\$	\$
	\$	\$		\$	\$
	\$	\$		\$	\$
	\$	\$	Total Monthly Expenses	\$	\$

WHAT'S GOING OUT EACH MONTH?

Tracking Expenses from _____ to _____

Fixed Expenses

Housing	Amount
	\$
	\$
Total	\$

Internet	Amount
	\$
Total	\$

Cell Phone/Plan	Amount
	\$
	\$
Total	\$

Car Insurance	Amount
	\$
Total	\$

Renters/Home Insur.	Amount
	\$
Total	\$

Other Insurance	Amount
	\$
Total	\$

Debt Payments	Amount
	\$
	\$
	\$
	\$
	\$
Total	\$

Savings Goals	Amount
	\$
	\$
	\$
Total	\$

Variable Expenses

Groceries	Amount	Gym/Health	Amount
	\$		\$
	\$	Total	\$

	\$	Personal Care	Amount
	\$		\$
	\$		\$
	\$	Total	\$

Total	\$	Cable/Streaming	Amount
			\$
Utilities, Trash	Amount		\$
	\$		\$
	\$	Total	\$

Total	\$	Entertainment/Fun	Amount
			\$
Car (Gas, Bus)	Amount		\$
	\$		\$
	\$		\$
	\$	Total	\$

Total	\$	Dining Out	Amount
			\$
Child	Amount		\$
	\$		\$
	\$		\$
	\$		\$
Total	\$		\$

	\$	Total	\$
School	Amount		\$
	\$		\$
	\$		\$
Total	\$	Coffee/Beer/Cigs	Amount

	\$		\$
Pet	Amount		\$
	\$		\$
	\$		\$
Total	\$	Total	\$

Periodic/Other Expenses

Car Maintenance	Amount
	\$
Total	\$

Medical	Amount
	\$
	\$
	\$
Total	\$

Charity/Tithing	Amount
	\$
	\$
Total	\$

Vacation	Amount
	\$
	\$
Total	\$

Holidays/Gifts	Amount
	\$
	\$
	\$
	\$
Total	\$

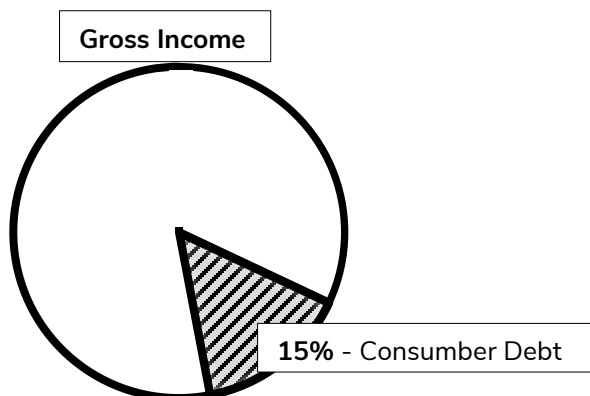
Other	Amount
	\$
	\$
	\$
	\$
	\$
Total	\$

Total Tracked Expenses \$

Debt-to-Income (DTI) Calculation

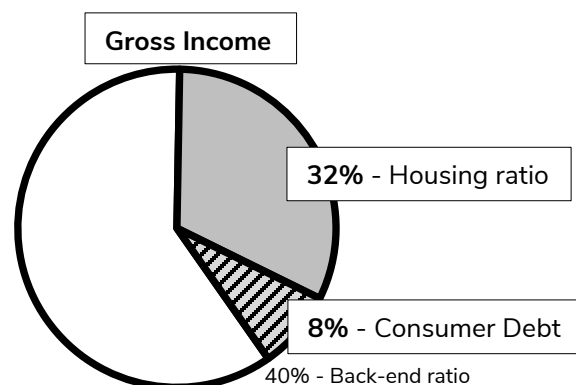
Your Debt-To-Income (DTI) ratio will affect your ability to qualify for a mortgage and is a tool to help you assess your loan-readiness.

RENTERS RECOMMENDED RATIO



To maximize credit eligibility, consumer debt DTI should **not exceed 15%** for a renter

HOMEOWNERS RECOMMENDED RATIO



To maximize mortgage eligibility, have a goal for consumer debt to **not exceed 8%** your monthly income. Shoot for your **back-end debt-to-income ratio to not exceed 40%**.

MY RATIOS

My gross monthly income:

Total of monthly wages before taxes and deductions

\$ _____ (1)

Example

\$2,350

My monthly debt payments: List *minimum* monthly payments, even if you pay more

- Credit cards
- Car loan
- Student loans
- Other debt

\$ _____

\$223

\$ _____

\$200

\$ _____

\$60

\$ _____

0

Total monthly debt payments (consumer debt):

\$ _____ (2)

\$483

My consumer debt ratio: Line (2) divided by line (1)

_____ % (3)

21%

My housing ratio: Let's assume that your total monthly payment for mortgage principal, interest, homeowners' insurance, property taxes, mortgage insurance is 32% of your gross income.

32 % (4)

32%

My back-end ratio: is your housing ratio plus your consumer debt ratio
Line (3) plus line (4)

_____ % (5)

53%

Get Your Credit Report

Obtain Your Credit Report Every 12 Months

You are entitled by the Fair Credit Reporting Act to get a free credit report each year from the three credit bureaus through AnnualCreditReport.com, the only authorized website for free credit reports. You will answer a couple question to verify your information and select from which bureaus you would like to pull your credit report. To monitor your credit more regularly, opt to view a credit report from just one bureau every four months.

AnnualCreditReport.com

The only source for your free credit reports. Authorized by Federal law.

The screenshot shows the AnnualCreditReport.com website. The browser address bar displays "https://www.annualcreditreport.com/requestReport/landingPage.action". The website header includes the logo and tagline: "AnnualCreditReport.com The only source for your free credit reports. Authorized by Federal law." Below the header is a navigation menu with links: Home, All about credit reports, Request yours now! (highlighted), What to look for, Protect your identity, Frequently asked questions, and Contact us. The main content area features a section titled "3 steps to your free credit reports" with a diagram showing three steps in a sequence:

- 1 Fill out a form**
Fill out one form to request one, two, or three reports
- 2 Pick the reports you want**
Request your credit reports from Equifax, Experian or TransUnion.
- 3 Request and Review your reports online**
Before you get your credit reports, you will answer a few more questions. These questions are meant to be hard. You may even need your records to answer them. They are used to ensure that nobody but you can get your credit information.
If you can, print your credit reports so you can look at them later.

An arrow points from step 3 back to step 2, with the text "You repeat this step for each credit report".

You can also order by phone at 1-877-322-8228 or order by mail by contacting each of the bureaus directly:

 <p>P.O. Box 740241 Atlanta, GA 30374 (877) 784-2528 www.equifax.com</p>	 <p>(866) 200-6020 www.experian.com</p>	 <p>P.O. Box 1000 Chester, PA 19022 (800) 916-8800 www.transunion.com</p>
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Improving Your Credit

There are no secrets to building a strong credit score, but following these guidelines should help:

Pay your bills on time, every time. One way to make sure your payments are on time is to set up automatic payments, or set up electronic reminders. If you've missed payments, get current and stay current.

Don't get close to your credit limit. Credit scoring models look at how close you are to being "maxed out," so try to keep your balances low in proportion to your overall credit limit. Experts advise keeping your use of credit at no more than 30 percent of your total credit limit.

Note: You don't need to revolve on credit cards to get a good score. Paying off the balance each month helps get you the best scores.

A long credit history will help your score. Credit scores are based on experience over time. The more experience you have with getting credit and paying your bills on time, the more information there is to determine whether you are a good credit risk.

Only apply for credit that you need. Credit scores look at your recent credit activity as an indicator of your need for credit. If you apply for a lot of credit over a short period of time, it may appear to lenders that your economic circumstances have changed negatively.

Tip: If you close some credit card accounts and put most or all of your credit card balances onto one card, it may hurt your credit score if this means that you are using a high percentage of your total credit limit.

Tip: Check your credit report regularly and make sure the information in your credit reports is correct. Visit AnnualCreditReport.com to get a free copy of your credit report from the nationwide credit reporting companies. You can receive a [free credit report](#) from each of the big nationwide credit reporting companies once every 12 months.

Tip: If you have a problem with credit reporting, you can submit a complaint with the CFPB: <http://www.consumerfinance.gov/complaint/>

Source: Consumer Finance Protection Bureau
<http://www.consumerfinance.gov/askcfpb/318/how-do-i-get-and-keep-a-good-credit-score.html>

\$\$\$ in bold indicates you provide money here

DevNW indicates DevNW can help here

A STEP BY STEP GUIDE TO THE:

Homebuying Process

Get Ready

- DevNW** Attend DevNW Homeownership Education class(es)
- DevNW** Meet with your Homeownership Counselor
- DevNW** Develop a Homeownership Action Plan
- DevNW** Resolve outstanding credit issues
- DevNW** Determine what you can afford; create and “live” your post-homeownership budget
- \$\$\$** **Save for the down payment, other closing costs, and a home repairs fund**

Get Started

- Start shopping for your homeownership “team.” Interview potential lenders and realtors
- Meet with lenders to compare loan and shop fee quotes. Get pre-approved.
- Select your Realtor and shop for a home
- Make an offer and sign a purchase agreement

Closing

- \$\$\$** **Put down earnest money deposit in Escrow**
 - Get a *Loan Estimate* from your lender
 - Loan Processing; conditional approval
- \$\$\$** **Get a professional home inspection**
 - Negotiate any repairs
- \$\$\$** **Lender orders a home appraisal**
 - Shop for and get homeowner’s insurance
 - Loan underwriter reviews loan conditions and issues final approval
 - Lender assembles closing documents, including *Closing Disclosure*
 - Resolve outstanding credit issues
- DevNW** Review closing documents three days before closing
 - Compare *Closing Disclosure* with *Loan Estimate*
- \$\$\$** **Bring in funds to close to Escrow company and sign closing documents**
 - Escrow and Title company records documents and transaction closes

Move in!

- Get keys, and moves in!
- Change your address, switch utilities, save documents, plan for future expenses
- \$\$\$** **Make first mortgage payment** Resolve outstanding credit issues
- DevNW** Congratulations! Provide DevNW a copy of your *Closing Disclosure* for a gift card

Developed with the generous support of Portland Housing Center. Check them out: <http://portlandhousingcenter.org/>