

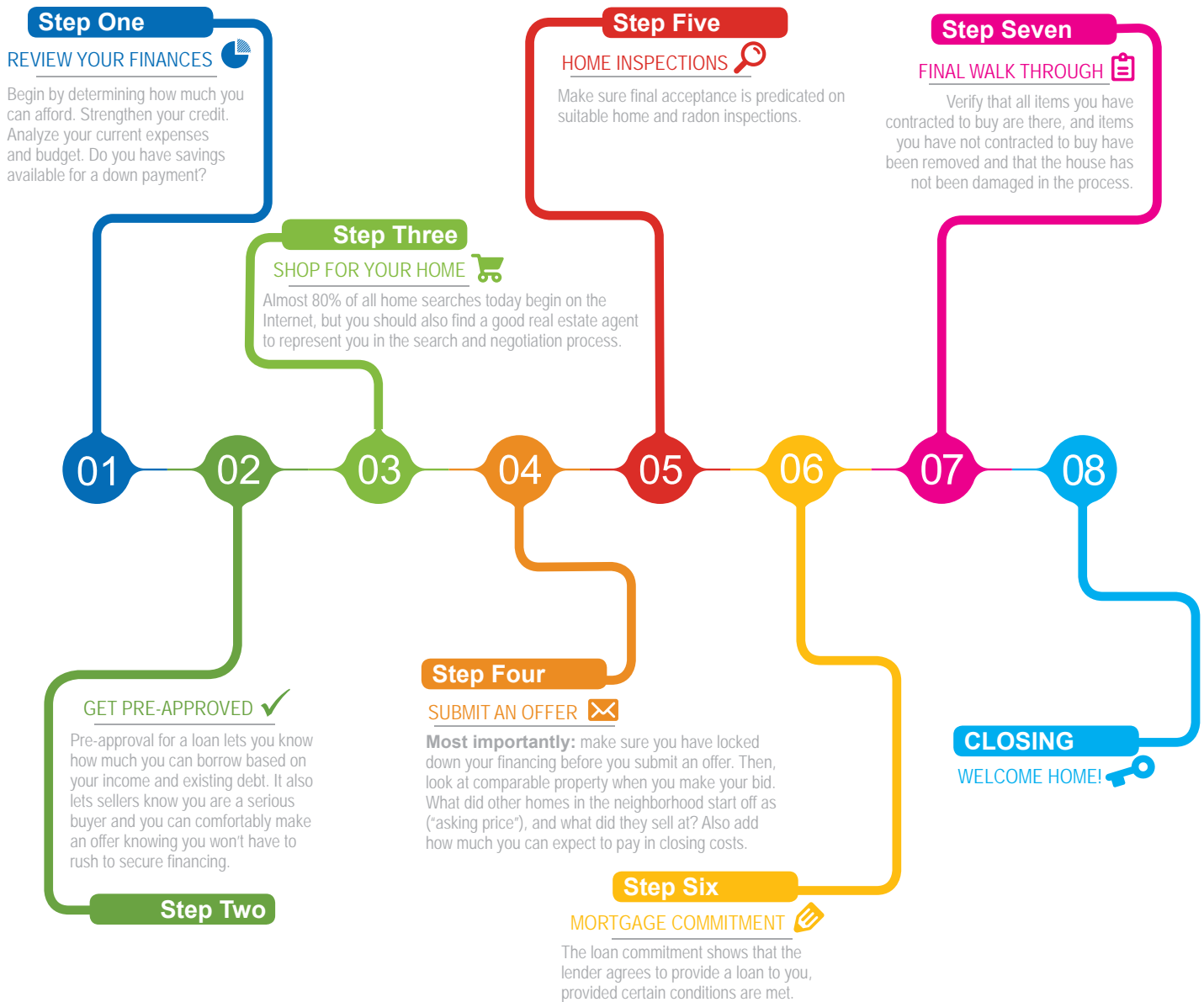
Mortgage Makeover

Let us help you assess your readiness for home ownership – are you six months or two years away from buying a home. Our Mortgage Makeover will help you prepare financially for home ownership and provide you the guidelines to secure the best financing you are able to buy your first home.

Where do you stand in the home buying process?

 **45**

On average the home buying process takes 45 days.



! **DURING THE HOME BUYING PROCESS** do not open any new lines of credit without consulting with your mortgage lender.

Know Your Score

Why should you care about your credit score? Your credit score can be used by:

- lenders (in figuring out how much interest and/or closing costs you'll pay)
- insurance providers (to determine your rate)
- landlords (to assess your ability to pay your rent)
- employers (to aid in determining personal integrity and responsibility)

As you can see, your credit score affects several aspects of your life. The lower your score, the higher the likelihood you'll pay more for credit and other services, or be denied credit until your score improves.

Over 200 factors of a credit report may be taken into account when calculating a credit score. There are three major credit reporting bureaus—Equifax, Experian and TransUnion—that determine consumers' credit scores. Each model may weigh credit factors differently, therefore no scoring model is identical. Financial institutions choose the bureaus and scoring models they use. No matter which credit bureau or credit scoring model is used, the following credit ranges remain consistent:

RATING	CREDIT POINT RANGE
Excellent	781-850
Good	661-780
Fair	601-660
Unfavorable	501-600
Deficient	Below 500

Your Credit Score

Beginning Credit Score: _____ **Date:** _____

To IMPROVE YOUR SCORE, Focus On: _____
On: _____

Score Check-Up: _____ **Date:** _____

Focus On: _____

Score Check-Up: _____ **Date:** _____

Focus On: _____

Score Check-Up: _____ **Date:** _____

Focus On: _____

Don't wait until a few weeks before you apply—start as soon as you can to help you have a clean credit record and boost your chances of getting approved for the best possible interest rate you can at that time. It also will make your mortgage payment so much easier to live with.

Know the factors that affect your credit score and take steps to improve it, if necessary.



Your Monthly Budget

INCOME

MONTHLY NET SPENDABLE INCOME \$ _____

EXPENSES

MONTHLY PAYMENT

HOUSING EXPENSES

Rent or Mortgage: \$ _____
 Utilities: \$ _____
 Gas: \$ Water: \$ Energy: \$ _____
 Cable: \$ Phone: \$ Internet: \$ _____
 Insurance (set aside for annual expenses) \$ _____
 Repairs \$ _____
 Taxes \$ _____
TOTAL \$ _____

CAR EXPENSES

Loan Payment(s) \$ _____
 Gas \$ _____
 Insurance (set aside for annual expenses) \$ _____
 Maintenance/Repairs (set aside for unexpected expenses) \$ _____
TOTAL \$ _____

DEBTS

Other Loan Total Balance: \$ _____
 Other Loan Total Balance: \$ _____
 Other Loan Total Balance: \$ _____
 Credit Card Debt Total Balance: \$ _____
 Credit Card Debt Total Balance: \$ _____
 Student Loan Debt Total Balance: \$ _____
TOTAL \$ _____

MISCELLANEOUS

Cell Phone \$ _____
 Church Tithes & Offerings/Charitable \$ _____
 Groceries \$ _____
 Meals Out \$ _____
 Childcare \$ _____
 School Tuition/Supplies \$ _____
 Medical Bills and CoPays/Prescription \$ _____
 Pet Supplies & Vet Exams \$ _____
 Entertainment Video Rentals \$ _____
 Club Dues (fitness, Homeowner's Assoc., etc.) \$ _____
 Newspaper, Magazines, Subscriptions \$ _____
 Clothing \$ _____
 Haircuts \$ _____
 Gifts \$ _____
 Cash \$ _____
 Other \$ _____
TOTAL \$ _____

MONTHLY EXPENSE TOTALS

HOUSING \$ _____
 CAR \$ _____
 DEBTS \$ _____
 MISCELLANEOUS \$ _____
TOTAL EXPENSES \$ _____

MONTHLY SURPLUS OR SHORTAGE \$ _____

Take steps NOW—before shopping for a mortgage—to get control of your other debt. Analyze your current expenses and budget and determine how much you can afford, based on your spending plan and in addition to your comfort level.

Identify spending leaks and your lifestyle. Keep track of extras that don't fall into your Monthly Budget in the chart below. Is there something you can cut out or cut back on?

Look for Leaks

Week 1	\$ _____	\$ _____
	\$ _____	\$ _____
	\$ _____	\$ _____
	\$ _____	\$ _____
	\$ _____	\$ _____
Week 2	\$ _____	\$ _____
	\$ _____	\$ _____
	\$ _____	\$ _____
	\$ _____	\$ _____
	\$ _____	\$ _____
Week 3	\$ _____	\$ _____
	\$ _____	\$ _____
	\$ _____	\$ _____
	\$ _____	\$ _____
	\$ _____	\$ _____
Week 4	\$ _____	\$ _____
	\$ _____	\$ _____
	\$ _____	\$ _____
	\$ _____	\$ _____
	\$ _____	\$ _____
TOTAL LEAKS		\$ _____




Movies and
macchiatos add up!

Saving for a Down Payment

When you're considering buying a home, the amount of your down payment plays an important role. A down payment is a percentage of your home's purchase price that you pay up front when you close your home loan. Not only will it affect how much you'll need to borrow, it can also influence:

- Whether your lender will require you to pay for private mortgage insurance (often referred to as "PMI"). This typically happens if you put down less than 20% of the home's purchase price.
- What type of loan is best suited to you, such as a fixed-rate or adjustable-rate mortgage.
- Your interest rate. Because your down payment represents your investment in the home, your lender will often offer you a lower rate if you can make a higher down payment.

So how much will you need? That depends on the purchase price of your home and your loan program. Different loan programs require different percentages, usually ranging from 3% to 20%.

Most people finance the majority of their home with a mortgage. Knowing how much you should save for a down payment can be challenging, but there can be several benefits to waiting until you have 20% or more.

- Reduced mortgage payments
- Lower interest rate
- No mortgage insurance fees

When you begin planning for the purchase of a home there are many possible sources for the funds you will need for a down payment. Typically the down payment will come from a source of cash savings, but there are other options available, such as borrowing from a retirement plan or down payment assistance programs. Use the graphic to the right for ideas to jump start your down payment savings and record your plan below.



Your Savings Plan

Date	Source	Amount Saved	Total
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		\$	\$
		TOTAL	\$
		GOAL	\$

Dupaco
 Dupaco Community Credit Union
 dupaco.com | 800-373-7600