



# A FINANCIAL TIME LINE 12 MONTHS TO HOMEOWNERSHIP

Buying a home can be complicated but preparations can help make it less so. Before starting to seriously shop for a home seriously consider the following one-year timeline to help you arrange your finances. The more time you give yourself for this process, the better.

## ONE YEAR IN ADVANCE

### Get your credit reports

If there are errors on your reports, you could pay a higher interest rate on your mortgage. You might also have issues getting a loan. Free credit reports from the three major credit bureaus (Equifax, Experian and Transunion) are available from AnnualCreditReport.com. Scan the reports for suspicious activity, debts you don't owe and negative marks (other than bankruptcy).

### Obtain your FICO credit scores

Your credit scores are three-digit numbers used to measure your creditworthiness. They help determine the rates and terms for your loan. While there are different credit-scoring formulas, most lenders use FICO.

### Attack your debt

Try to eradicate bad debt such as credit-card balances and payday loans which signal that you could be living beyond your means. Reducing overspending before you buy a home is critical because homeownership typically involves costs not currently in your budget, such as property taxes, insurance, maintenance, repairs, improvements and decorating.

### Save Money

Cut back on luxury expenses and put as much money aside as possible. Think about your dream of homeownership. Ideally, try to have at least a 5% down payment, but putting down 10% will give you even more financing options.

### Switch to automatic bill pay

A single, 30-day late payment can knock 100 points off your score so be sure every bill gets paid when it's due. Consider using an online bill-payment system's recurring-payment feature.

## SIX MONTHS OUT

### Research mortgage options

Educate yourself on different types of loan programs and consider interviewing several mortgage professionals. Different lenders may have different loan products and offerings.

### Hone your saving strategy

A more significant down payment could result in a larger home or a lower mortgage payment. Build up your emergency fund to three months of income for unexpected home expenses.



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