

# Home Purchase Budget Planner

## Directions

Welcome to the Home Purchase Budget Planner, your step-by-step guide to shopping for a home with confidence and financial clarity. Whether you're preparing to buy your first home or a current homeowner looking for your next home, this tool helps you find a home you can afford.

How to Use This Tool:

1. Determine Down Payment
2. Determine Mortgage Paying Potential
3. Research Mortgage Rates
4. Choose Term Length
5. Calculate Home Purchase Budget
6. Research the Market

By following these steps, you'll reduce stress, avoid overextending yourself, and make homeownership a solid step toward long-term financial stability.

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### Step 1: Determine Down Payment

Determine how much money you have to put towards a down payment on a house. A few notes to remember here:

- This should not come from your emergency fund, retirement, etc.
- There will be closing costs, do not put all spare savings towards the down payment

#### Example:

Down Payment: \$45,000

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### Step 2: Determine Mortgage Paying Potential

Examine your budget to determine how much you could spend on a mortgage payment. This includes what you are currently paying for housing as well as spare money in your budget. Make sure to keep this number below recommended thresholds for how much to spend on housing.

#### Example:

Monthly Payment: \$2,000

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### **Step 3: Research Mortgage Rates**

Investigate online what rates are being charged on mortgages. It may be useful to know your credit score in order to determine what rate you may receive.

#### **Example:**

Interest Rate: 7%

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### **Step 4: Choose Term Length**

Choose how long your mortgage will last. 30 is most common with 15 as another common choice.

#### **Example:**

Term Length: 30 years

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### **Step 5: Calculate Home Purchase Budget**

Using the numbers you have collected, determine the mortgage you can afford by leveraging a [Mortgage Calculator](#).

#### **Example:**

Purchase Budget: \$250,000

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### **Step 6: Research the Market**

Research houses in your price range and in the area you wish to live. Adjust your budget up or down based on how well the houses meet your expectations.

*Note: To adjust your budget up, you need to increase your down payment, increase your monthly payment, or decrease your interest rate, all which require time and planning to achieve.*