

Are You Ready to Buy a Home?

For most people, buying a home is the biggest expense of their lifetime. On top of that, a home also comes with many additional fees, some unexpected. If you're considering buying a home within the next year, make sure you know everything involved with homeownership. Listed below are a few things to consider.

Varying Interest Rates

You may have read an article that stated mortgage rates are very low and this prompted a call to action. However, what they don't tell you is that, unless you have an exceptional credit rating, you won't get these rates. Mortgage [rates vary](#) depending on several factors including your credit score, the amount of your down payment, and the location of the property. The higher the interest rate, the higher the mortgage payments.

Debt-to-Income Ratio

Most traditional lenders use your credit score as their primary tool to reach approval. The lower your credit score, the more likely it is that you'll receive a denial. Before applying for a loan, make sure that you review your credit score. The debt-to-income ratio is big with [banks](#). Having four or five credit cards with high balances at or near the available credit will reduce your chances of getting a loan approval at the best rates. Thankfully, you can reduce your credit card debt prior to your application. You can pay extra on the cards until they reach below a third of your available credit. Or, if you want to eliminate them altogether, you can take out a consolidation loan to free up money that you can use to pay off other expenses.

The Down Payment

It only makes sense that, the more you put down on a home, the lower the monthly mortgage payments will be. Many people make the mistake of finding any means necessary to get into a home with little or no down payment. Unfortunately, if you have no savings, chances are the first time your home needs a repair, you won't be able to fix it without taking out another loan. Before buying a home, you should have a sizeable down payment, factoring in at least 10% of the purchase price.

Affordability

If you get into a house by exhausting all of your financial resources, you may set yourself up for failure. A home comes with [many expenses](#). Besides the monthly mortgage, you'll have homeowner's insurance, school and property taxes, and added Private mortgage insurance (PMI) if you put less than 20% down. Like cars, homes also require regular maintenance, only they are much larger. Things like the furnace and HVAC systems require annual servicing, roofing and plumbing need inspections to prevent major repairs. Then there are the utility bills and garbage removal. Factor in all these fees associated with buying a home.

Ready to Stay in Location

When deciding to buy a home, consider your career path. Buying a home isn't just about whether you can afford it. It also involves remaining in one location, possibly for many years. If you have your dream job and the home is near things like great schools, parks, shopping, and is private, it's a win. However, if you have any doubts about where you may work in a year, hold off on buying a home until you are certain. The last thing you want is to get stuck with a two-hour commute every day. This will cause longer days, enormous stress, and

wear and tear on your vehicle.

Are You Handy?

Homes, whether new or older, will require fixing things. In an older home, having the ability to make minor repairs on your own will save thousands of dollars in a single year. Newer homes often have little character. Many people get into these homes and add things like wall units, better flooring, and carpets. If you're handy you'll only pay the cost of supplies which can easily be covered with [emergency cash loans](#) and repaid overtime.

Buying a home is a dream for many Americans. However, if you jump in without factoring in all costs, staying within [your price range](#), and whether you're ready to remain in this location, you may end up with regrets.