

# Home Ownership



BONUS: Step 11 in Your  
Roadmap to Financial  
Independence

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## Will Homeownership be a Blessing or a Curse?

### Here are the steps to decide:

1. Determine Your Readiness. Start by assessing your goals to determine if buying is the right step. Review your finances, including savings for a down payment, and calculate how much home you can afford. Check your credit score; it's crucial for mortgage approval.
2. Set Your Budget Avoid overextending yourself financially. Follow the 30/40 rule: allocate no more than 30% of your gross monthly income to your mortgage and keep total debt payments under 40%. Research down payment requirements. A 20% down payment can reduce your monthly costs, waive PMI, and make your offer more competitive.
3. Decide What You Want. Create a wish list of home features, number of bedrooms, yard size, and proximity to schools, shops, and public transportation.

4. Explore Financing Options. Choose the right mortgage based on your finances:



- Conventional loans: Require good credit and a higher down payment.
- FHA loans: Easier credit qualifications with a 3.5% minimum down payment.
- VA loans: No down payment for eligible military personnel.
- USDA loans: No down payment for rural buyers meeting income requirements.

5. Get Pre-Approved. Getting pre-approved strengthens your offer and clarifies your budget. Submit proof of income, W-2s, and bank statements to lenders.

6. Work With a Real Estate Agent. A knowledgeable agent will guide you through the buying process, help negotiate with sellers and find homes that fit your needs.

7. Start House Hunting. With your budget and wish list in hand, tour homes with your agent. Stay flexible—your "dream home" may look different from what you initially imagined.



8. Make an Offer. In competitive markets, multiple offers are common, so act quickly. If the seller counters, your agent will help negotiate terms, such as contingencies for inspections or repairs. Be prepared to submit earnest money (1–3% of the home's price) as a deposit, which will apply toward your down payment.
9. Inspect and Appraise the Home. Before finalizing the purchase, hire professionals for a home inspection and appraisal. The inspection ensures the property is in good condition, while the appraisal confirms its market value aligns with your loan amount. If issues arise, you can renegotiate or back out based on your contingencies.
10. Close the Deal. After the inspection and appraisal, finalize your mortgage. Review all documents carefully before signing at closing. Pay any remaining costs, and once completed, you'll receive the keys to your new home.



### Next Steps:

- Determine your readiness for home ownership
- Set your budget
- Decide what you want in your new home



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