

Ready to buy a home?

Owning a home can give you stability and security, and protection from rising housing costs.

Homeowners get tax benefits. And when you finish your mortgage payments, you'll own a home that you can sell or pass along to loved ones after your death.

But it's a big responsibility. When you own a home, you pay for repairs, along with any property taxes, insurance, and homeowners association dues that apply. If you want to move, you normally try to sell your home first.

If you want to buy a home, start getting ready

If you can answer "yes" to the questions below, you're probably ready to buy your own home:

- Do you have at least two years of regular, steady income?
- Is your income reliable?
- Do you have good credit?
- Do you have just a few long-term debts, like car payments?
- Have you saved money for a down payment?
- Can you pay a mortgage every month?
- Can you pay other costs, like insurance and taxes?
- Can you set aside money for other costs of home ownership, like closing costs, moving costs, new furniture, repairs, and home improvements?



Save a down payment

Most lenders won't lend you the full price of a home. They want you to come up with some of the money yourself. That money is called a down payment.

It can be hard to save up a down payment. But a large down payment can help you get a mortgage and reduce the interest rate you pay.

The smallest down payment is usually 3.5 percent of the price of the home. Many mortgage lenders want you to put at least 5 percent down.

For example, imagine you want to buy a home worth \$100,000:

- A 3.5% down payment is \$3,500
- A 5% down payment is \$5,000
- A 20% down payment is \$20,000

If you can't afford a down payment of 20 percent, your lender may make you pay for mortgage insurance. That increases your monthly costs.

Check your credit

To get a mortgage, you need good credit. For some loans, lenders want you to have a minimum credit score of 620, unless you have a large down payment.

Visit [AnnualCreditReport.com](https://www.annualcreditreport.com) or use the automated phone system at 1-877-322-8228 to get a free copy of your credit report from the three nationwide credit reporting companies. You can receive a free credit report from each one, every 12 months.

Get ready to shop around for a home loan

Choosing the mortgage you'll use to pay for your new home is an important decision. You can start by looking around for a network of people and information you trust to help you through the process. And, you can start gathering facts about your finances, so you'll have them ready at your fingertips.

Tips for good credit

There are no secrets or shortcuts to building a strong credit score. Follow these tips:

- Pay your bills on time, every time
- Don't even come close to "maxing out" your credit cards
- Be cautious about closing accounts that show a long history of on-time payments
- Apply only for credit that you need

More help is available

For resources, guidelines, and checklists that can help you, visit consumerfinance.gov/mortgage.