

GETTING YOUR FINANCIAL HOUSE IN ORDER



Before you start your homebuying journey, it's best to assess your financial situation. This big purchase will be less stressful if you do your homework, because you'll be making your decision with full understanding of your finances.

EDUCATE YOURSELF

Learn how to develop a reasonable savings goal and time frame, how large a mortgage you qualify for, and the approximate price range in which you should be looking. Ardent can connect you with an objective third party who can provide financial counseling. This will enable you to get feedback about your credit score, and what you need to do in order to make improvements. Suggestions may include increasing income, paying down debt, closing unused accounts, paying collection accounts, correcting errors, and making timely payments for a specific time period.

REVIEW YOUR SPENDING PLAN

Analyze your current financial position by reviewing all assets and liabilities. Do not overlook any source of funds. Include all checking and savings accounts, CDs, stocks, mutual funds and savings bonds. Retirement funds such as a 401(k) or an IRA can be counted toward the reserve requirement. You may even be able to borrow against your 401(k) plan and use the proceeds toward the down payment (check with your human resources department for details and restrictions).

Prepare a cash flow spending plan to determine how much you can realistically save each month. You may choose to sacrifice some expenses or delay the purchase of non-essential items in order to meet your monthly goal.



SAVE EFFECTIVELY

Some good techniques for effective saving include:

- Set up direct deposit with your employer, where a portion of your income is siphoned directly to a savings account. What you don't see, you don't miss.

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- Track your spending. Awareness leads to diligence and thrift.
- Get the family involved. It is easier to save when everyone is excited and working towards the same goal.
- Tape a photo of the home or type of home you are saving for on the refrigerator or computer. It will be a constant reminder of your objective.



Ultimately, saving for a home is a choice. If you find your savings plan to be unfeasible, consider extending the time frame.

Conversely, if you really want to stick with the original time frame, you may want to buy a home that has a smaller purchase price—and buy “up” later. The idea is not to abandon the dream, but to reassess, reorganize, and reengage!