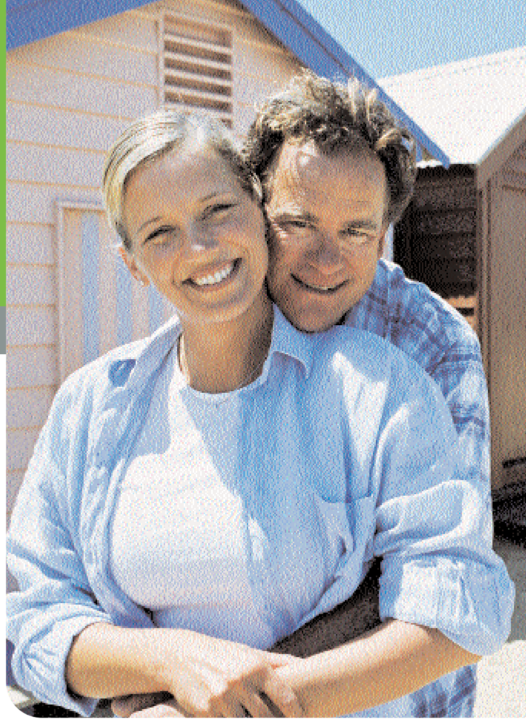
Homebuyer's Checklist



Mortgage preparation made simple

Buying a home is probably the single largest investment most people make in a lifetime. By preparing yourself and your finances before a home purchase, you can ensure a smooth finance process and can potentially save thousands on your loan.

Start by checking your credit

- To get the best possible mortgage rate, make sure your credit history is healthy and accurate. Aim to raise your credit score above 650 in order to qualify for most prime loans.
- If your credit score is not quite 650, focus your efforts on paying bills on time, reducing your debt balances, avoiding new inquiries and clearing negative inaccuracies from your credit report. It is possible to improve your credit score quite a bit over a few months.
- Make sure the information on your report is correct and fix any problems you discover. Give yourself 30-90 days for correcting inaccuracies. You can learn more about the dispute process online at **www.TrueCredit.com/dispute**.
- Found an error while reviewing your credit with the lender? Ask about the "rapid rescoring" process where you can submit a dispute and potentially improve your credit in 72 hours.
- For a complete understanding of your credit history, check your 3-in- 1 Credit Report and Credit Scores online.

Figure out how much you can afford

- The rule of thumb is that most borrowers can afford a home that runs about two-and-one-half times their annual salary.
- Calculate your loan-to-value ratio to see how much you can afford to borrow by dividing the loan amount by the property's value. If your loan-to-value ration is above 80 percent your rates may increase significantly. Find a less expensive home or save up for a down payment to lower this percentage.
- Calculate your debt-to-income ratio by adding up your monthly debts and dividing by your monthly income. A debt-to-income ratio under 20-39 percent is usually considered good and will help you be perceived as financially stable.
- Don't be afraid to start small. Just because you may qualify for a large loan doesn't mean that it is a smart financial decision to buy as large a home as possible. Take a careful look at your family budget and your housing needs before you decide how much you can really afford.
- Evaluate your finances with a comprehensive Debt Analysis online at www.TrueCredit.com.

Pick a mortgage to fit your finances

- Fixed rate mortgages have a set monthly payment that remains constant through the life of the loan. The interest rates tend to be a bit higher on fixed rate loans.
- Adjustable rate mortgages give you a lower initial interest rate with the risk of it rising in years to come. If interest rates decrease you will have an advantage over fixed rate borrowers. Setting a rate cap about 5-6 percent above your initial rate will protect you from extreme jumps in interest rates.
- You can evaluate and compare loan options based on your own financial profile and daily market rates online at **www.KnowYourLoanRate.com.**
- File away a list of all your account numbers–with expiration dates and telephone numbers. If your wallet is stolen, you will be able to quickly alert your creditors.

Improving your finances before you start to shop can help you save thousands on your mortgage. Reducing your loan rate by just 1/2 a point you can potentially save a whopping $22,000 over the life of a $200,000 loan. Visit **www.TrueCredit.com** for more information about taking control of the lending process.

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