



Financial Planning for Homeownership Guide



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Stockton Mortgage Company NMLS 8259

Equal Housing Lender

www.nmlsconsumeraccess.org

Average American Spending*

How Do You Fare?



Average Monthly Spend for a Typical Household... **\$5,577**

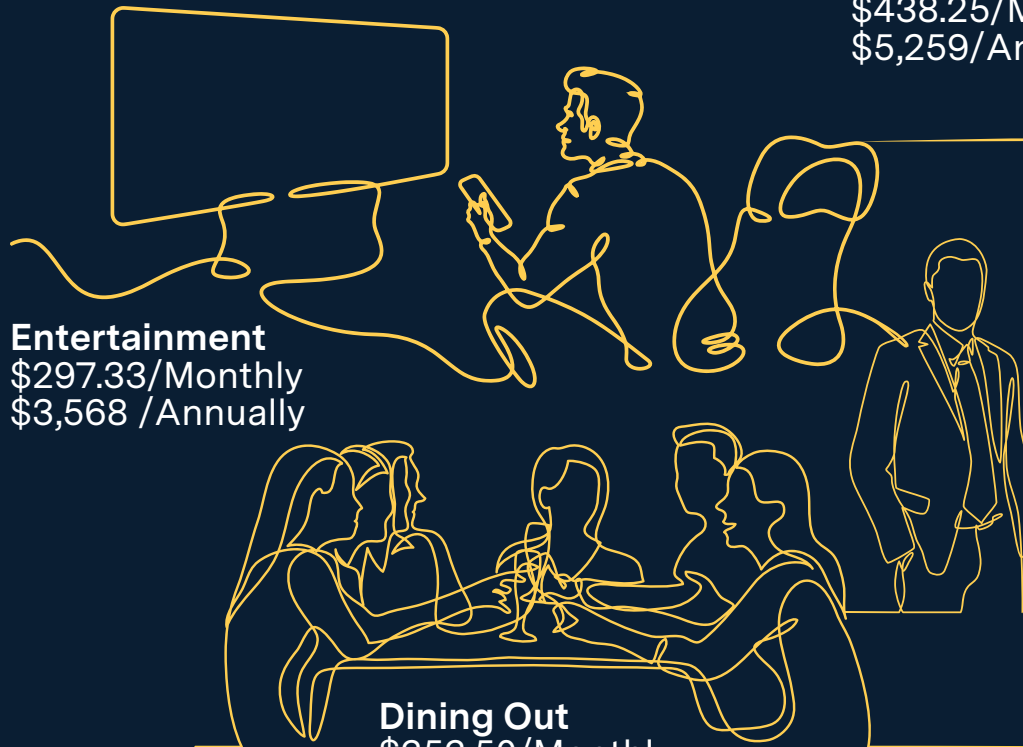
Average Monthly Savings... **\$1,135**

Average Holiday Spending... **\$997**

Groceries
\$438.25/Monthly
\$5,259/Annually



Entertainment
\$297.33/Monthly
\$3,568 /Annually



Personal Care Products
\$64.25/Monthly
\$771/Annually



Clothing
\$146.16/Monthly
\$1,754 /Annually



Dining Out
\$252.50/Monthly
\$3,030/Annually

Healthcare
\$454.33/Monthly
\$5,452/Annually



*Average spending based on typical household

Sources

Bureau of Labor Statistics <https://www.bls.gov/news.release/pdf/cesan.pdf>

Value Penguin <https://www.valuepenguin.com/average-household-budget#food>

National Retail Federation <https://nrf.com/topics/retail-holiday-and-seasonal-trends>



Seven Simple Steps to Help Eliminate Debt



Having debt can be unavoidable and become a roadblock to attaining major goals like homeownership. Try these simple tips to put you on the right track to reduce debt and put the money you saved towards savings or bills.

- **Make & Stick to a Budget** This will likely be the hardest thing to do on this list, yet it's the most important. Dedicate time to outline your income and expenses to see how much is left over. Ideally, you would apply all of the extra money to pay down bills or applying towards savings. However, be reasonable with your goals so you do not set yourself up for failure. A rule of thumb is to leave a minimum of 20% of your total income for debt and savings.
- **Pay Debts By Interest Rate** List your debts, starting with the highest interest rates first, and work from there.
- **Pay Extra When You Can** It's not always possible but pay more than the minimum payment when you have the flexibility. You will pay less in interest and pay the debt off faster.
- **Sell Old Belongings** Earn extra cash by de-cluttering and selling items online. From Facebook Marketplace to Craigslist, you can quickly sale your belongings. Don't have the patience to post items on the internet? Have a garage sale.
- **Stop Paying Unnecessary Fees** Reassess your monthly debts to see if there are subscriptions, like streaming services, or memberships you no longer use and cancel them.
- **Take Advantage of Free** Check out local nature trails, public parks, festivals and holiday parades. You can also check out Eventbrite or Facebook Event pages which lists activities in your area.
- **Make Money Spending Money** This tip may sound counterintuitive, but you cannot get around spending money. Whether out of necessity or want, capitalize on your purchases by receiving cash back or earn gift cards using apps like Rakuten, Ibotta, or Fetch Rewards.

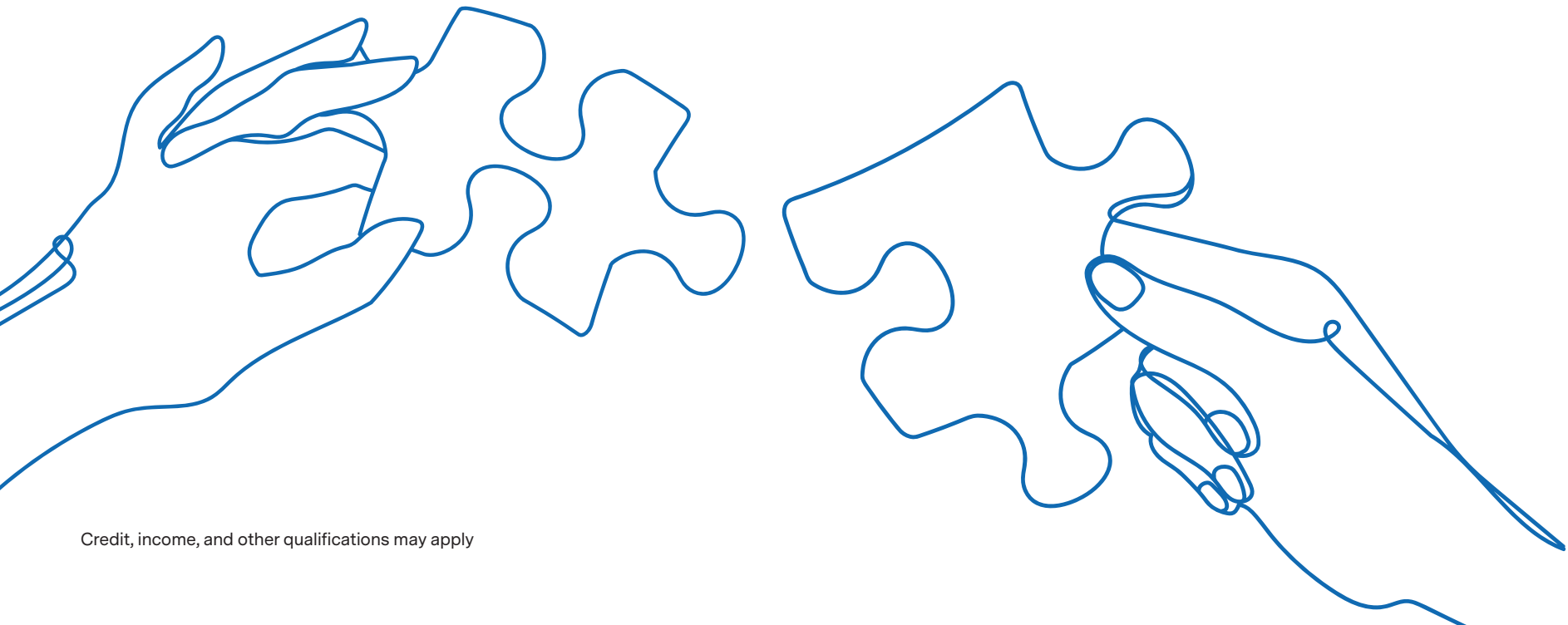
Mortgage Loans

Which One is Right For You?



Now that you have a plan in place to position yourself to buy a home, check out this loan product reference sheet. It's the perfect overview to the most popular loan products we offer.

	Minimum Down Payment	Maximum Seller	Are Gift Funds
FHA	3.5%	6% of purchase price	Yes
Conventional	3%	3% when LTV > 90% 6% when LTV is 75.01 – 90% 9% when LTV < 75%	Yes
VA	0%	4% of purchase price	Yes
USDA	0%	6% of purchase price	Yes



Credit, income, and other qualifications may apply

Closing Costs for Home Buyers



When you secure a home loan, you are responsible for more than the down payment. Closing costs vary from loan to loan and will depend on factors like loan type, lender, and location of the property. To prepare you for these fees when you are ready to buy, a good rule of thumb is that closing costs generally run between 3 - 6 % of the loan amount.

Common Closing Costs

- Application fee
- Appraisal
- Attorney fees
- Closing fee to attorney
- Credit report
- Discount points
- Escrow funds
- FHA Mortgage Insurance
- Homeowners Insurance
- HOA transfer fees
- Loan Origination Fee
- Owner's title insurance
- Prepaid daily interest
- Private Mortgage Insurance
- Property tax
- Recording fee
- Title search fees
- Transfer tax
- Underwriting fee
- VA Funding fee

Who Can Pay For Closing Costs? Aside from the buyer, there are other parties who can help alleviate these fees.

Sellers Buyers can ask sellers to help cover closing costs with seller concessions. The amount the seller can contribute is based on the loan type.

Gift Donors Family members can gift money to be used toward the down payment or to assist with closing costs.



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