The Key to Homeownership

Your Financial Journey from Savings to Sold

Determining how much you can afford for an upcoming purchase is a common concern. Whether you’re planning to purchase a house, buy a car, or pay for college, knowing your budget is key. Here are the steps to take to start the journey toward homeownership:

1. **START YOUR JOURNEY**
   - **Identify your long-term goals.** Determine what you want to achieve economically as well as financially. Knowing your goals will help you make better financial decisions.
   - **Determine how much you can afford before starting to shop for a home.** Depending on your home purchase timeline, it may be easier to prioritize important needs before addressing financial requirements for a mortgage.

2. **ESTABLISH & BUILD CREDIT**
   - **Improve your financial health.** Knowing your credit score is one of the most important factors to consider when building your financial health.
   - **Develop an understanding of what constitutes a good credit score.** When you shop around for a mortgage, your credit score is a significant factor in determining your interest rate and whether you qualify for a loan.

3. **IMPROVE YOUR FINANCIAL HEALTH**
   - **Review your finances to understand where your money is going and set a budget to stay on track.** Creating a budget will give you a better idea of your expenses, so you can manage your money more effectively.
   - **Reduce your debt-to-income ratio.** Your debt-to-income ratio (how much you owe compared to your income) is another important factor in determining your ability to get a mortgage.

4. **APPLY FOR PREQUALIFICATION AND PRE-APPROVAL**
   - **Review the prequalification process.** Prequalifying for a mortgage gives you an estimate of how much you can borrow. It requires less documentation than a preapproval.
   - **Consider applying for preapproval.** In order to make the best offer on a home, it’s important to have a preapproval letter in hand.

5. **RESEARCH HOME LOANS AND DOWN PAYMENT**
   - **Learn about the available options for home loans.** There are many different types of loans available, including fixed-rate mortgages, adjustable-rate mortgages, and FHA loans.
   - **Understand the difference between a down payment and closing costs.** Down payments are a percentage of the total purchase price, while closing costs are the fees associated with closing a mortgage.

6. **BUY YOUR HOME WITH CONFIDENCE**
   - **Take advantage of opportunities to boost your savings even more, like Bank of America’s Homeownership Commitment to assist low-and moderate-income buyers.**
   - **Consider a down payment grant.** There are many programs available to help you save for a down payment and closing costs, making it easier to purchase a home.

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**Becoming a homeowner can be as exciting as it is challenging.** With the right tools and guidance, you can make the journey toward homeownership a smooth one. Whether you’re just starting out or have been saving for a while, the key is to make informed decisions starting with good financial best practices to help stabilize your finances over time prior to starting the homebuying process.

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**TIP:**

1. **Refine your spending patterns to strengthen your credit score.** Use a digital Spending & Budgeting Tool to help.
2. **Establish a mix of credit types.** From credit cards to auto loans, different types of credit can help build your credit score.
3. **Maintain a good payment history.** Your credit score impacts how you’re viewed as a potential borrower, so it’s important to make all of your payments on time.

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**Did You Know?**

- **Taking advantage of opportunities to boost your savings even more, like Bank of America’s Homeownership Commitment to assist low-and moderate-income buyers.**
- **Consider a down payment grant.** There are many programs available to help you save for a down payment and closing costs, making it easier to purchase a home.

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**Make It Easier with Digital Tools:**

- **Use a digital Spending & Budgeting Tool to help.**
- **Use a prequalification and preapproval tool.**
- **Use a mortgage calculator to estimate your mortgage payments.**
- **Review your finances with a Bank of America financial advisor.**

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**Thank you for considering Bank of America.**

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**Key points to consider:**

- **Understanding the importance of your credit score.** Knowing your credit score is important because it affects your ability to get a mortgage.
- **Identifying the right mortgage for your budget.** There are many different types of loans available, including fixed-rate mortgages, adjustable-rate mortgages, and FHA loans.
- **Considering the benefits of preapproval.** Preapproval gives you an estimate of how much you can borrow and makes it easier to make a competitive offer on a home.

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**For more information:**

- **Visit the Bank of America website.**
- **Contact a Bank of America financial advisor.**

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**Bank of America offers:**

- **Prequalification and preapproval tool.**
- **Mortgage calculator.**
- **Digital Spending & Budgeting Tool.**
- **Homeownership Commitment to assist low-and moderate-income buyers.**

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**Notes:**

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