

Advantages to Buying a New Home

Low maintenance costs

New homes come with everything new, which means fewer repairs on appliances, carpet and siding, giving you more free time to enjoy your home and your family.

Warranties

There is usually a one-year warranty on workmanship and materials. Many builders also offer insured structural warranties for ten years.

Amenities

New homes usually include built-in appliances, central air conditioning and heating systems, more electrical outlets and much more.

Energy Efficiency

New homes consume half as much energy as homes built prior to 1980. This benefits the environment, your health and your wallet.

Safety Features

Better heating systems, built-in smoke detectors, and better electrical power and wiring systems all decrease the risk of fire in a new home.

Size

On average, a home built today has 700 more square feet of living space than one built 20 years ago. This means more windows, closet space, spacious garages, larger kitchens and more bathrooms.

Spacious Floor Plan Options

New home buyers can choose from hundreds of floor plans to find a home that matches their lifestyle.

Choice of Interior and Exterior Finishing

New home buyers can choose carpet colors, wall coverings, paint colors, lighting fixtures, trees, shrubbery, etc.

Home-Site Selection

Prospective buyers can choose a piece of land and build a house to suit their needs.

Value

New homes have a longer life expectancy; therefore they have higher appraisal and more favorable resale values than older homes.

Why not get the most for your money and buy a brand new home?

Buying the House That Fits Your Budget

With so many beautiful new homes on the market, you're sure to find the perfect home in your price range. But how do you figure out how much house is right for you?

Lending companies generally recommend that you spend no more than 28% of your gross monthly income on your monthly mortgage payment. Your mortgage consists of principal, interest, taxes and insurance premiums (PITI). There are many lending companies ready to review your household income and expenses to quickly determine the price range that best suits your budget. Many lending services can be found online. Some suggestions are:

- www.fanniemae.com
- www.freddiemac.com
- National Financial Services Network at www.nfsn.com
- your own banking institution

If you don't want to use the "28% rule" noted above, you can calculate the amount yourself. To begin the budget process, determine your household's monthly income and deduct all non-housing expenses. You should be able to make a reasonable estimate of your spending habits and expenses from your receipts, checkbook and credit card statements.

Once you identify where you spend your money, calculate the house payment you can afford. Two worksheets are included to help you. The first worksheet helps determine your monthly housing costs. The second helps calculate the amount of money available for a down payment on your new home. After you have determined a comfortable mortgage payment and down payment, consult a monthly payment chart to find the qualifying loan amount. The loan amount plus your down payment will be the top price range of the house you can comfortably afford.

How Much Can You Afford?

1. Household Income	
2. Take Home Pay	_____
Any other income	_____
TOTAL (1)	_____
2. Average Monthly Non-Housing Expenses	
Automobile Costs and Insurance	_____
Clothing - purchase and cleaning	_____
Commuting Expenses	_____
Credit Card Payments	_____
Groceries and Household Supplies	_____
Medical Costs and Insurance	_____
Personal Spending Money	_____
Savings/Investment Programs	_____
Telephone - including cellular	_____
Miscellaneous Expenses	
TOTAL (2)	_____
3. Monthly Income Available For Housing	
Total Monthly Income (1)	_____
Minus (-) Total Non-Housing Expenses (2)	
TOTAL (3)	_____

The dollar figure (TOTAL 3) represents the money you have available for monthly housing expenses. The best price range for your budget is also dependent upon how much cash you have available for a down payment.

How Much Can You Afford?

Down payments usually range from 5 to 25 percent of the total cost of the home. While a large down payment can lower your overall loan, you may not want to use all of your investments for this purpose. There are many mortgage options from lenders that have varying down payment requirements. For starters, calculate a down payment estimate using this worksheet.

1. Available Funds

Equity in present home	_____
Savings	_____
Investments/Mutual Funds (current value)	_____
Insurance (cash surrender value)	_____
Other available funds	_____
 TOTAL (4)	 _____

2. Expected Expenses

Closing Costs (About 5%)	_____
Furniture/Furnishings	_____
Alterations or Landscaping (if needed)	_____
Moving Costs	_____
Utility Connection Fees	_____
 TOTAL (5)	 _____

3. Available Down Payment Funds

Available Funds (4)	_____
Minus (-) Expected Expenses (5)	_____

AVAILABLE FOR DOWN PAYMENT
