UNDERSTANDING THE { MORTGAGE PROCESS }

How are you spending your money?

The first step in saving money for a down payment is to determine how you are spending your money. Then you'll be able to create a budget – including a savings plan – to define a clear-cut path and timeline to reach your goal.

There are many complicated budgeting strategies, but we like one that's simple, flexible and proven – the 50/20/30 rule. Most importantly, it's a strategy that's easy to stay with over time.

#1 Determine your monthly income.

When was the last time you looked at your pay stub? Knowing exactly how much you are bringing home is the first step toward budgeting. If you are self-employed or your monthly hours vary, you'll need to track your hours over a period of time to understand your average income.

#2 Track your spending.

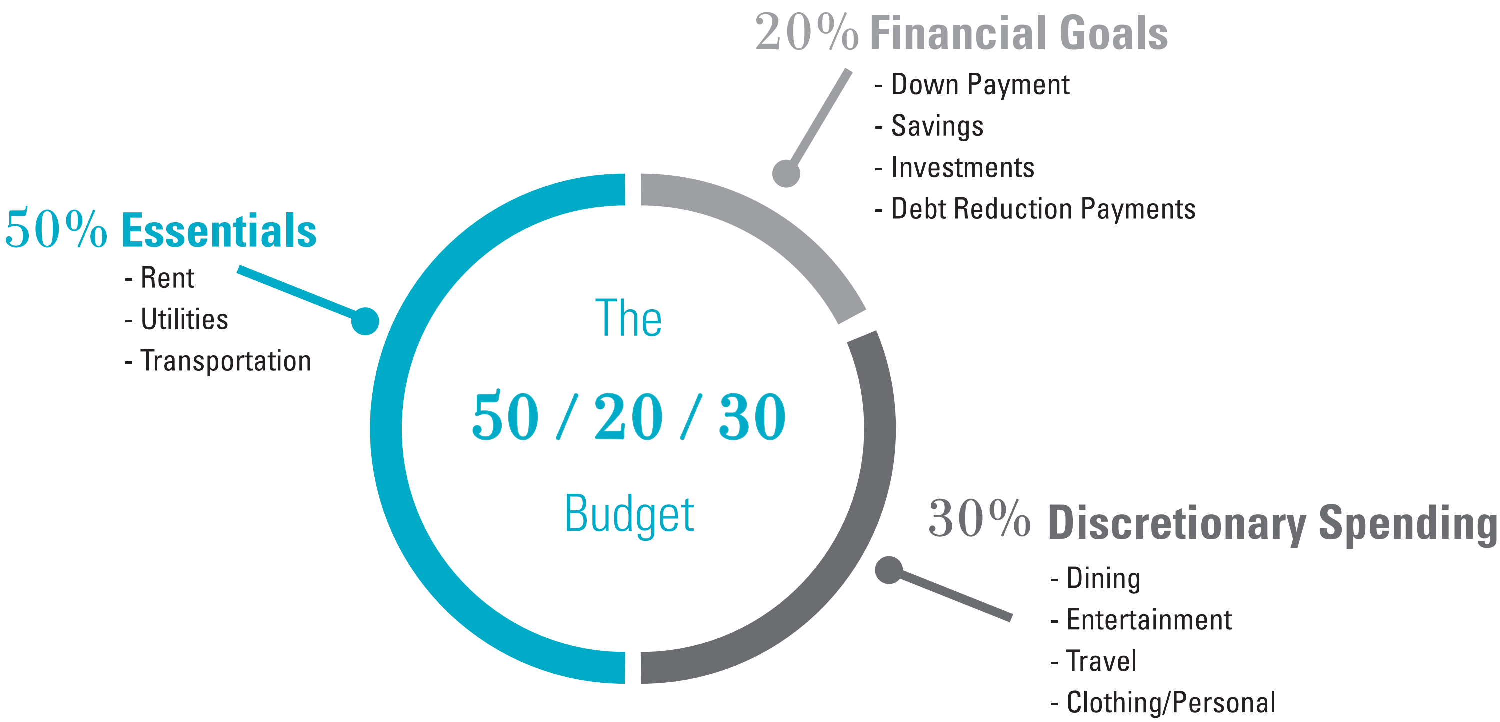
This is not the fun part, but it's important. For one month, write down everything you spend money on and how much – from rent and car payments to dinner out and your morning coffee.

#3 Evaluate your spending.

Now, assign each item to one of three categories: living expenses and essentials, savings and discretionary spending. Be honest with yourself about what items are truly "needs."

#4 Adjust your spending and establish a budget.

- 50 percent (maximum) should go to **living expenses and essentials.**
- 20 percent should go to **financial goals and savings.**
- 30 percent (maximum) may be allocated to **discretionary spending** ("wants").



Don't get caught up in exact percentages; the important part is to create a system that helps you use and manage your money each month.

This will put you on the right track to cover your expenses, save toward your financial goals (down payment) – and still allow you a bit of room to enjoy your life.

Get started on the path to homeownership.

Talk to an Allen Tate Mortgage Consultant today!