

Determining Your Budget

If you keep careful track of your expenses, it's not too difficult to estimate how much you can afford to spend on a house.

Here's a list of expenditures that you can use to help tally up your monthly expenses:

- 1) Rent
 - 2) Electricity
 - 3) Gas
 - 4) Telephone
 - 5) Auto Loan
 - 6) Auto Insurance
 - 7) Health Insurance
 - 8) Renter's Insurance
 - 9) Savings/Retirement Contribution
 - 10) Grocery Bill
 - 11) Weekly Transportation
 - 12) Restaurants/Food Delivery
 - 13) Entertainment
 - 14) Health Club
 - 15) Child Care
 - 16) School
 - 17) Children's Expenses
 - 18) Housecleaning Expenses
 - 19) Vacations (divide annual expense by 12 to figure monthly average)
 - 20) Books/CDs
 - 21) Newspapers/Magazines
 - 22) Laundry
 - 23) Gifts
 - 24) Major Purchases (stereo/computer)
 - 25) Furniture/Decorating
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26) Clothing

27) Sundries/Drugstore Items

28) Miscellaneous Expenses

Helpful Tips

- If your monthly expense total is too close to your monthly after-taxes take-home pay, you should start looking at ways to cut them down.
- One of the newest ways to get pre-qualified for a home loan in minutes is a system called “Computerized Loan Origination” (CLO). Some brokers use it in their offices, but they’re currently unregulated so there are still some potential problems with them:
 - Many CLOs only use mortgage packages from one lender. Therefore, the mortgage company and broker view you as a captive audience, and you could wind up paying more than market value for your loan.
 - Even if more than one lender is included in the CLO, it still may not be truly competitive. It’s best to use a CLO only when all lenders are included.
 - The broker may ask you to pay a fee for using his CLO service. Be aware, however, that the broker may have a financial arrangement with the mortgage company or companies displaying their loan packages. In that case, the broker may have a financial incentive to steer you away from better loan.
- The best person to pre-qualify you for a loan is usually an independent lender, not your broker, particularly if they’re a sub-agent for the seller.