

Making Smart Financial Decisions

Now that you're a homeowner, it's more important than ever to maintain a budget and make smart financial decisions. These habits will help ensure you're able to make your monthly mortgage payment, keep your credit score up, and meet your other financial obligations.

Creating and Maintaining a Budget

Creating a budget is an easy way to help you keep track of how much money you have coming in versus how much you have going out. Here are a few resources to help you get started:

Track Your Expenses

- In addition to creating a list of recurring monthly expenses such as your mortgage payment and electric bill, it's important to keep track of all of your expenses (groceries, restaurants, shopping). A good tip is to write down all your purchases in a notebook you can carry with you, or use a smartphone app.
Save receipts! This will help you identify where your money goes each month.
- Utilize Your Virginia Housing's Spending & Savings Plan that you created at Virginia Housing's free First-time Homebuyer class. You can download a copy of the plan from VirginiaHousing.com/SpendingAndSavingsPlan.

Budget Resources

- Many banks and credit unions offer budget resources and expense tracking tools. Stop by your branch to see which services and resources they recommend.
- Review and adjust your spending habits every few months, especially when your income and/or expenses increase or decrease significantly.

For more information on how to start a budget, view our "Creating a Budget" video at VirginiaHousing.com/Homeowners.

Maintain Your Credit

Once you build your credit up, it's important to protect it. Here are some helpful tips:

- Debt can accumulate quickly, so avoid shopping and payments made on credit when possible. It's better to save up for major purchases so you can avoid the interest charges.
- If you do purchase items on credit, be sure you understand the terms of the purchase and what your obligations are (for example, deferred interest and deferred payments).
- New homeowners often receive solicitations and offers for credit cards, refinancing, and second mortgages. It's a good idea to consult with a housing counselor before agreeing to any of these offers or before entering into a payday lending or title loan contract.
- You must make payments on time. Late or missed payments can negatively impact your credit.



Cosigning a Loan

While helping others is important, make sure you understand your commitments.

- Once you become a homeowner, family members or friends may request that you cosign a loan or credit account on their behalf. To cosign a loan means your credit score is checked to help your family member or friend become approved for the loan or credit account. Also, it means you legally agree to take over their loan or credit account payments if they stop.
- Loans or credit accounts you cosign will show on your credit report, impact your credit score, and increase your debt-to-income ratio. Additionally, with most loan or credit accounts, you are not able to remove yourself from the debt or remove yourself as the cosigner.
- If you're asked to cosign for a family member or friend, discuss the terms and your options with a military financial educator or a HUD housing counselor.

Be Proactive

Be proactive in planning how you will save and spend your money.

- “Pay yourself” first and arrange for a portion of your income to be direct deposited into your savings account. Any amount you save is better than not saving at all.
- Prioritize your needs versus your wants.
- Identify recurring expenses, or expenses you know come up around the same time each year, and plan early to save for them.
- Set immediate goals, short-term goals, and long-term goals for how you want to use your money.

Have Fun While Stretching Your Dollars

Saving your money and planning ahead doesn't mean you can't have fun. When you do spend money on activities, try to stretch your dollars as much as possible.

- Use coupons when making purchases.
- Use websites and apps to check for deals and special discounts for merchants and activities.

Change your habits to take advantage of advertised promotions from businesses you frequent, such as a “kids eat free night,” join loyalty programs that offer special discounts or store credits.



For more information, visit: VirginiaHousing.com/Homeowners, VirginiaHousing.com/Serviceing