

# PATH TO FINANCIAL INDEPENDENCE

## *Know What You Can Afford*

You've decided to become financially independent and take the leap from renter to homeowner, but you are unsure where to start. Below are some important tips to consider as you work your way towards financial independence.

1

### KNOW YOUR CURRENT FINANCIAL SITUATION

The first step on your path to financial independence is understanding your current financial situation and determining how much a down payment would be for a home within your budget.

*Did you know?* A new law in Minnesota has just been passed, called the **First-Time Homebuyer Savings Account Act**, which allows Minnesotans to create state tax exempt savings accounts for down payments or other home purchase related expenses.

2

### UNDERSTAND HOW MUCH YOU CAN BORROW

Your debt-to-income ratio is one of the first things a lender will analyze when looking for a mortgage. Additionally, there are key credit considerations that lenders need to take into account, such as overall level of debt and length of credit history.

*What is the debt-to-income ratio?* A ratio calculated by taking your total monthly debt and dividing it by your monthly gross income.

3

### UNDERSTAND HOW MUCH YOU WANT TO SPEND

Loan approval doesn't necessarily mean you need to spend as much as you can borrow. While homeownership may come with its own set of expenses, homeowners can expect significant tax savings from both the mortgage interest deduction and property tax deductions that are available to Minnesotans.

*Minnesota median household income: \$68,730*

4

### FINANCIAL INDEPENDENCE CAN BRING PEACE OF MIND

Homeownership enables individuals to accumulate wealth, and has been shown to positively impact both physical and psychological well-being.

*Minnesota median home value: \$208,500*

5

### WORK WITH A REALTOR®

When you work with REALTORS®, they have a fiduciary responsibility to look out for your best financial interests. REALTORS® are experts of the local market who can keep you on the path to financial independence.

**By following these basic guidelines, you can create positive financial habits that will reward you and your loved ones, putting you on the path to financial independence.**



To learn more about the **First-Time Homebuyer Savings Account**, visit: [mnhomeowners.com](http://mnhomeowners.com)



Brought to you by the Minnesota REALTORS® Homeowners Alliance.