

## SEVEN SIMPLE STEPS TOWARDS ORDERED FINANCES.

1. **Create a budget you can stick to.** Be realistic. Use past bills, receipts and expenditures to total up monthly expenses for the past six months. This will give you a reliable picture of what you actually spend. Make sure you also include automatically repeating payments (you may not always think about them, but they're there). Compare the amount you spend with your income and adjust as necessary.
2. **Take control of your expenses.** Always keep a sharp eye on how much you pay in rent and utilities. Always double-check with the company when those prices go up. Periodically, keep an exact record of everything you spend in a one month period. You might just find some great ways to save.
3. **Reduce debt as much and as soon as possible.** In addition to reducing interest payments, reducing your debt is a must if you plan on applying for a mortgage. Because lenders expect total debt to amount to 35% of income or less and the average mortgage ranges from 25-28 percent of an average income, your installment debt (such a car and student loans, credit card balances, etc) should be between 8 and 10 percent of total income.
4. **Increase incoming cash flow.** It might be necessary to consider taking on part-time or weekend work to increase your income level, either to offset unexpected debt or to increase your income level so you have a better chance to qualify for your dream home.
5. **Save, save, save.** Determine how much you can safely set aside each month to increase your savings. Build this amount into the monthly budget, as if it were just another payment (and it is, albeit one to yourself). If you are saving for a new home, try to aim for enough savings to offset 20% of your target housing budget. Being able to offer a higher down payment can improve you interest rates and lower monthly mortgage payments.
6. **Maintain steady job history.** While there is no law, nor rule that requires you to have held the same job all your life to qualify for a loan, many lenders will offer lower interest rates to those who have kept the same job for a period greater than two years.
7. **Build good credit history.** If you have a credit card, make regular purchases that you pay off immediately (or at least by the due date of the current billing cycle). Apply for a card with reasonable interest rates if you do not already have one. Using and paying off a credit card in a timely manner is an excellent way to quickly enhance your credit profile.