Whether you're a first time homebuyer or getting into your second home, when you begin your home buying process, you need a firm idea of what you can afford and where your price point should be.

Consider the following factors when planning your home purchase:

1. **Mortgage Costs**

   Most buyers require a mortgage. Work with your lender to pinpoint your monthly payment, the costs of your mortgage and the difference in offers. Your mortgage costs can vary significantly depending of your loan type and interest rate. Today's most common loans include:

   - Fixed Rate- These are conventional loans with fixed, stable interest rates for the life of the loan, usually 30 and 15 years.

   - Adjustable Rate- Adjustable Rate Mortgages (ARMs) start with a low rate for a specific period, then fluctuate based on the market conditions. ARMs are better suited for borrowers who want to stay in their homes for shorter periods, such as eight years or less

   - FHA- The Federal Housing Authority (FHA) secures the loan, which is generated by a mortgage lender. FHA loans are helpful for many first time homebuyers and only a 3.5% down payment is required. Borrowers must pay mortgage insurance for their FHA loans, which generally carry attractive mortgage rates and less stringent guidelines.

2. **Insurance**

   - Homeowner's Insurance- You also need to insure the value of the home against fire, theft, flood and more. Shop around for the best price and remember this cost can go up each year, especially if you file a claim.

   - Private Mortgage Insurance (PMI)- If you put down less than 20% on a mortgage, you'll need to pay PMI, which protects your lender against a potential default on the loan. PMI generally runs up to 0.75% of the loan amount depending on your loan to value credit score.

3. **Property Taxes**

   Property taxes can significantly raise your monthly outlay and may slowly increase depending on a variety of local factors. Typically, a home is taxed on its assessed value, which is an amount equal to a fraction of its appraised value.

4. **Utilities**

   Utility expenses are a given, especially water, gas and electricity – and don't forget your cable and Internet bills. Have your Taylor Realty agent ask the home seller for their average monthly cost over the last year to help you estimate how much to put aside monthly.

5. **Upkeep and Upgrades**

   Reserve time and money for upkeep inside and outside your home, from landscaping to flooring to appliances. Unless you have a green thumb and the desire and time for maintenance, you can hire a gardener to mow, weed and care for beautiful flowers and shrubs.

Once you tally these costs, you may need to adjust your price range. This will make for a smooth and financially comfortable transition into your new home.