

looking at beautiful neighborhoods with million-dollar homes that you may or may not be able to afford, calculate what's within your budget. If you're unsure where to begin, try an online mortgage calculator or consult a financial expert. "You don't want to pay more than you can afford," says Meg Burns of the U.S. Department of Housing and Urban Development (HUD). "If you go with an objective third party, they can help you figure out manageable mortgage payments."

Pre-qualify for a Loan

Sit down with a mortgage broker or loan officer and get pre-approved for a loan. Your credit, income, and assets will be verified, which puts you in a stronger position to buy and negotiate.

The Search

Write down your special needs and decide what type of community you would like to live in. Do you prefer urban, suburban, or rural? Is living near a great school system, park, public transportation, beach, or your job a necessity? If you're going through a real estate broker, knowing these specifications will expedite the search process. Look at as many homes as you can and take pictures and notes of each location to keep track of all the features, as well as potential problems.

Mortgages

There are two main types of mortgage rates: fixed and adjustable. In order to pick the right type, think about how long you intend to live in the home.

If you know that you will want to sell in a few years to buy something bigger, choosing a high 30-year fixed rate is a bad idea. Go with a hybrid adjustable rate that is slower in the beginning. Hybrid rates vary; your mortgage could be fixed for five years and then change depending on the real estate market.

Keep in mind that a low credit score will usually mean a higher interest rate or a bigger monthly payment. "Check your score, so that you know what your credit looks like and won't get pulled into getting a higher interest rate," says Burns. A lower credit score doesn't necessarily suggest you have bad credit; low credit can denote you haven't had time to demonstrate positive credit behavior.

Merging Your Investments Mutual Funds

Couples who are unsure about combining their mutual funds should ask themselves: "What is my risk profile?" If one person is a risk taker and the other is a conservative investor, mixing funds may not be a good idea. When investing, making a plan is crucial. "Talk about the different choices you have to invest in, so that you get a good diversification - you don't want to invest all of your money in the same thing," suggest Sarensky. Diversify your mutual funds by investing in short-term funds, bonds, and stocks. A financial planner can advise you in what you should invest in and what percentage of money should go into each category. Major financial firms do not charge for consultations. Their goal is to help you build a

financial plan you are happy with, so you'll be a loyal client. Newlyweds should investigate and interview which firm best fits their particular needs. Guidance from a professional will take the pressure off when investing.

Retirement

A common misconception among newlyweds is that they think they can wait to start a retirement fund. Don't put it off - the earlier you start, the more money you will have stashed away for your retirement. If you and your spouse already have 401(k) plans, combining them could be profitable, especially if one spouse's employer matches higher than the other's. Max out your 401(k) before venturing into funding a traditional IRA (Individual Retirement Account) or a Roth IRA.

A traditional IRA allows tax-free contributions from your salary, which is taxed upon withdrawal, like a 401(k). The money contributed to a Roth IRA is not tax-deductible; it's funded with money that you've already paid taxes on, so there's no penalty when it's withdrawn. The major difference between a Roth and a traditional IRA is the tax benefits and income limitations. "As long as your annual income is under \$150,000, you can contribute to a Roth IRA and that money will never be taxed," says Sarensky.

With a budget in place, future goals specified, and investments made; you and your spouse will be on the right track to financial stability and growth. All it takes is time, patience, and getting an early start. ■