



Realizing *the* American Dream

Are You Ready to Buy a Home?



Agenda

- Overview of organization's programs & services
- Is owning a home right for you?
- How do you buy a home?
- Mortgage payment and other costs of ownership
- How much can you pay for a house?
- Ratios
- Are you ready to buy a home?
- Next steps

Advantages of Homeownership

- Stable housing costs
- Tax benefits
- Equity
- Control over your environment
- Stability

Disadvantages of Homeownership

- Monthly costs
- No guarantees
- Maintenance and repairs
- Decreased mobility
- Fewer features included

Steps in the Homebuying Process

- Prepare for home ownership
- Determine how much you can afford to spend
- Get your loan preapproved
- Decide what kind of home you want and need
- Shop for a home

Steps in the Home-buying Process

- Make an offer
- Get a professional home inspection
- Apply for a mortgage loan
- Get insurance and have additional inspections
- Close the loan

Your Home-buying Team

- Real Estate Agent
- Lender
- Attorney
- Escrow Officer
- Title Insurance Officer
- Housing Inspector
- Appraiser
- Surveyor
- Insurance Agent
- Housing Counselor

What Does a House Payment Include?

- Principal
- Interest
- Taxes
- Insurance

What Other Costs Should You Expect?

Upfront Costs

- Down payment
- Closing costs
- Escrows
- Reserves
- Moving costs

Ongoing Costs

- Mortgage payment
- Utilities
- Maintenance and repairs

The 4 Cs of Credit

- Capital
- Capacity
- Credit History
- Collateral

Ordering Your Credit Report

- Experian www.experian.com
(888) EXPERIAN
(397-3742)
- TransUnion www.transunion.com
(800) 888-4213
- Equifax www.equifax.com
(800) 685-1111

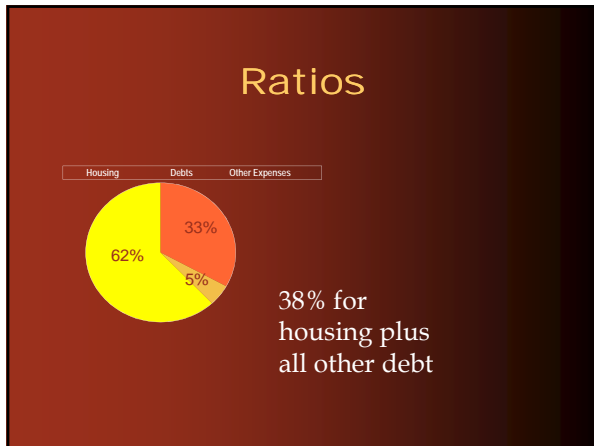
How Much Can You Afford?

Income: \$30,000 (\$2,500/mo.)

Debts: 5%-10% of monthly income

Home Price: \$75,000 - \$90,000

2.5 - 3 times



Prequalification

Calculations using housing affordability ratios:

- How much money the lender will loan you
- What price home you can afford
- How much down payment you need
- How much your monthly payments will be

This is not a guarantee

Summary

- Pros and cons of ownership
- Key steps and professionals involved in the homebuying process
- Mortgage payment and other costs
- How lenders determine creditworthiness and affordability
- Prequalification

Next Steps

- Sign up for education or counseling
- Order copies of your credit report
