

Homeownership: A Step-By-Step Guide to Buying a Home

1. Get educated

Attend a First-Time Homebuyer Certificate Education course near you. Make sure that like Springboard, they are approved by HUD, Freddie Mac and Fannie Mae. This course will teach you more about all of the following steps, and will help you understand all of your rights as a homebuyer. Visit <http://credit.org/housing/HomebuyerEd> for more info.

2. Work on your budget

Figure out how much house you can afford, and what your credit rating will mean for your mortgage loan. Aggressively save to build up a good downpayment and to establish that you can afford a new house payment.

3. Look into homebuying programs

Find out if you qualify for an FHA loan, and ask a HUD-approved housing counselor about any HUD homebuying programs that might help you. Visit www.hud.gov/buying/loans.cfm for more information about HUD's FHA program, and check local city and county-based programs for eligibility for down-payment and closing cost assistance programs.

4. Get a mortgage loan

Get pre-qualified before you start home-shopping. Shop around and compare loans, and consider FHA loans if you qualify. Interview and comparison shop different real estate agents to find the best fit for you, then get references from real estate agents before choosing a mortgage lender. Avoid predatory lenders who encourage you to make false statements on your loan application or try to talk you into borrowing more than you can afford; check with the local and national Better Business Bureau, your local Chamber of Commerce, and your state Attorney General's office for complaints about mortgage lenders.

5. Shop for a home

Once you've chosen a real estate agent, talk with them about the kind of home you are looking for. Compare houses based on the size and condition of the home, the quality of the neighborhood, school districts, and convenience to hospitals, public transportation, shopping, work, and other important destinations. If you are handy, you might consider buying a fixer-upper and doing the repairs yourself, but be careful; home renovations are notorious for incurring unexpected expenses.

6. Make an offer

Don't be afraid to make an offer that is less than the asking price; that's all part of the negotiation process. The average home sells for 6% less than the seller's initial price. Make sure your initial purchase offer is contingent on the home passing an inspection, and that your loan will be approved. Expect a counter-offer from the seller; your real estate agent can help steer you in this part of the process.

7. Have the home inspected

Make sure your home inspector is qualified: licensed by state agencies, a member of professional organizations, and a member of the Better Business Bureau. Your real estate agent should be able to recommend several home inspectors to you. An inspection will cost you several hundred dollars at least, but this is worth the cost compared to what you're going to pay for the home itself.

8. Get insurance

When shopping for homeowners' insurance, start with the company you get auto insurance from, as there should be a discount for getting all of your insurance in one place. Make sure you get Replacement coverage for your property, not Actual Cash Value coverage. If you live in an area prone to flooding or earthquakes, get coverage for these natural disasters. Work on improving your credit record to get the best insurance rates.

9. Attend the closing

The closing is the final meeting where you sign all of the paperwork related to your mortgage loan and the transfer of ownership. Make sure you read and understand everything you are signing. There may be settlement and/or closing costs that you will have to pay at this point; it is possible to negotiate to have the seller pay some or all of the closing costs.

Remember, a HUD-approved First-Time Homebuyer Education course will help you understand all of your rights and responsibilities as a homeowner, and a housing counselor from a HUD-approved agency can answer any of your questions at no charge. Buying a home is not a step to take lightly; take the time to do thorough homework before committing to any mortgage.

Call Springboard today—800.449.9818

Headquarters: 4351 Latham Street, Riverside, CA 92501
website: www.credit.org

Mailing Address: P.O. Box 5438, Riverside, CA 92517-5438
email: springboard@credit.org



Preventing Foreclosure

- **Early intervention is key**

The sooner you act, the more likely you are to be able to save your home. Reach out for help even before you are late with a house payment if you think you might not be able to make your payments in the future.

- **Do not be ashamed**

Many consumers are suffering financially in this tough economy. You are not alone, and no matter what the reason for your difficulties, a HUD-approved housing counselor is ready to help you, not pass judgment or assess blame. Visit Springboard at www.HomeOwnership.org to see what kind of help is available to anyone in your situation.

- **Be self-aware**

Before you can take meaningful steps to save your mortgage, you have to admit you have a problem and be realistic about your ability and willingness to resolve it.

- **Assess your situation**

1. **Know your shortfall** do some budgeting and determine how far you are from being able to make your mortgage payments.
2. **Explore budgetary changes** cut expenses, increase income, seek extra employment... do whatever you can to close the deficit.
3. **Contact your lender** if you cannot make your mortgage payment for any reason, contact your lender right away. Don't hesitate the sooner you call, the more options you'll have.
4. **Be open** your lender may propose many different potential solutions, or a HUD-approved housing counselor may be able to help you create a plan. Thoroughly weigh all of your different options before making a decision.
5. **Take action** Don't wait. The longer you delay, the more damage you'll do to your finances and your credit. If you can't save your home, try to sell it quickly before foreclosure happens.

- **Never ignore your lender**

Talk to your lender's Loss Mitigation department. They are used to dealing with borrowers in your situation. Explain your situation to the lender fully and honestly.

- **Beware of scams**

Some scam artists find out about your impending foreclosure from public records and swoop in to "rescue" you. Some scammers try to trick homeowners into signing away the property by falsely promising to sell it back to them. Others offer to financial assistance when they're actually purchasing the home for the delinquent amount, allowing them to flip the home for a quick profit.

- **How to not get ripped off**

Keep your lender in the loop, and don't sign anything under pressure. If you make any payments, make sure they are to your lender, and not to any third party. Read and understand any documents you sign, and never sign anything with blank lines or spaces. Visit www.loanscamalert.org to learn more.

- **Get foreclosure prevention counseling**

Counseling is free of charge, and gives you an action plan to save your home. A counselor can help negotiate between you and your lender. Make sure any housing counseling agency you use is HUD-approved, like Springboard.

- **Explore your options**

There are different ways to save your home, including a Loan Modification, Special Forebearance Plan, Repayment Plan, Partial Claim, or Reinstatement. Ask your housing counselor about these options and whether they might be a good fit for your situation.

- **Gather your documents**

You'll need to show your lender pay stubs, tax forms, debt paperwork and more if you want their help. Prepare a hardship letter that explains your situation and what you intend to do to get out of it.

- **If foreclosure is inevitable**

A housing counselor can still help you in this situation. Talk with them about Short Sales, Deed-In-Lieu of Foreclosure, The "Cash for Keys" program, or filing Chapter 13 bankruptcy.