
HOME OWNERSHIP TIPS

A Guide to Buying Your Own Home



DID YOU KNOW?

- ✓ Poor credit is the primary reason for mortgage loans being denied.
- ✓ With time, patience and a little work, you can improve a poor credit history.
- ✓ Income stability will enhance your chances of being approved for a mortgage loan.
- ✓ You have the right to live wherever you can afford to live. Discrimination of any kind is prohibited by law.
- ✓ No financial institution should discourage you from applying for a loan.
- ✓ Lenders are required by law to disclose the reasons for your loan being denied.



- ✓ No one should “steer” you to a certain neighborhood when you are looking for property.
- ✓ Keeping your monthly debt payments to a minimum will improve your chances for loan approval.
- ✓ Housing discrimination can be expensive. It is financially expensive to Realtors, lenders and insurance companies, and emotionally expensive to those who are being discriminated against.
- ✓ You can use your payment record with your landlord, as well as how you paid the electric, gas, water and cable companies to establish a credit history for a mortgage loan.

NOW YOU KNOW!

THE STEPS TO HOME OWNERSHIP

There are several steps you must take before entering the world of home ownership.

- **Make sure you meet lender requirements.** *When you apply for a mortgage loan, the lender will make sure that you meet certain guidelines for income, job stability, credit and funds to close the loan. It is important for you to make sure you understand, and meet, these requirements before you start looking for property.*
- **Determine the sales price you can afford.** *When you start “shopping” for your new home, know how much property you can afford. Look at your current income and expenses, excluding your rent, to determine what you can afford in a monthly payment. Remember, you do not want your mortgage payment to become a burden.*
- **Search for the “right” house.** *Finding a house that meets your needs and is in your*

➤ *price, is sometimes a challenge. You can reduce the stress by working with a real estate professional. A real estate agent can provide detailed information regarding the neighborhood in which you choose to live, and the sales prices of the homes that have recently sold in that area. Take the time to choose a real estate agent with whom you feel comfortable. Give them the information they need regarding the location you prefer, your housing needs and the price range. Then let them find houses for you to see that meet your needs.*

➤ **Negotiate the purchase price.**

Once you find the house you would like to buy, your real estate professional will let you know the “asking” price for the property. This should be compared to three things: 1) the price you can afford; 2) the condition of the property; and 3) the value of the homes in the area. These will give you the tools you need to make a fair, competitive, market-based offer on the house you would like to purchase.

- **Search for the right lender.** *While most lenders are very competitive when it comes to rates, you will find they are not equal in products and terms. Take the time, before you apply to “shop” at least six lenders. Ask questions about rates, points, products, loan terms, payment schedule, closing fees, other fees, APR, processing time, etc.*
- **Obtain a loan.** *When you apply for a mortgage loan, your lender will give you an estimate of the loan amount for which you qualify and the property sales price it represents. In the competitive mortgage lending market, most lenders want to make a decision on your loan request as quickly as possible. You can speed the process along by providing all of the documents required by the lender at the time of application.*
- **Appraise the property.** *Since the property is being held for security for your mortgage loan, the lender will want to determine its value. A professional appraiser will examine the house and compare it to recently sold properties in the neighborhood to determine the “market value.” This also protects you from unknowingly*

paying too much.

➤ **Review the “chain of ownership.”**

Once the purchase contract has been negotiated and the financing has been approved, the lender will require that a title insurance company, or a real estate attorney, review the property’s history of ownership. Legal records are searched to try and make sure that the financial institution has first lien on the property, and that you will have a clear title. To protect themselves against any ‘title defects,’ the lender will usually require that a title insurance policy be issued.

➤ **Close the sale.** *When all of the conditions of your loan approval have been met, at a time convenient to all parties involved, a date is set to close the loan. At the closing, the terms & conditions of the sale and the loan are reviewed, all of the documents signed, and the deed is assigned to you. The deed and mortgage must be filed with the county officials to become part of property ownership history.*

CREDIT HISTORY

When you buy things on credit, a record is established for the date and amount of the purchase. As time passes, added to that record is how you meet the payment obligations. This record is called your credit history. Educate yourself regarding the contents of your credit history. find out what is being reported, such as:

Identification and Employment Data

Your name, addresses, birth date, Social Security Number, employer(s) and spouse's name

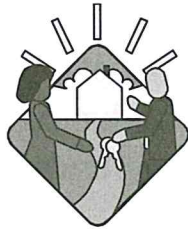
Payment History

Types of accounts, beginning and current balance, length of time the account has been established, repayment history, delinquencies, etc.

Inquiries

Lists who have looked at your credit record over the past 6 months along with the date.

As you can see, credit history touches almost every part of your life. Make sure your credit report gives a true, positive picture of the amount of debt you have and how you have paid current and past obligations.



There are three major credit reporting agencies in the United States. You can receive a copy of your credit history by contacting one of these agencies:

Equifax

1-800-456-6004

1-404-885-8000

Trans Union

1-937-223-6131

Experian

1-800-682-7654

MONEY MANAGEMENT

Learning how to handle your financial affairs is important before, during and after applying for a mortgage loan.

A pending and savings plan can help you prepare for home ownership by reducing your debt and making sure you will have the funds needed to close the loan.

During the mortgage loan process, you will want to make sure that you do not take on any more debt, spend money unnecessarily or lose track of what you are spending.

After you purchase your home, your spending and savings plan will help to insure that you meet your payment obligations and set money aside for repairs and emergencies.

Begin by estimating your monthly costs for fixed and flexible expenses. Then, for at least one month, write down everything you spend. This

Public Record Information

Bankruptcies, judgements, garnishments, foreclosures, tax liens, repossessions and divorce records will appear under this section.

Your goal from the time an account history is started is to make your payments at the agreed upon time and for the agreed amount. If for some reason you cannot do so, then a negative credit history is established. The record of this negative credit will remain on your history for a period of seven years. If during that time, you find it necessary to file bankruptcy, that record will remain on your file for ten years.

Even if you know there is no negative credit being reported on your credit history, you should make an effort to review it every two years. This way, you can make sure that no incorrect information is being reported. You can also have positive credit information that is not reported directly to the credit bureau added to your record.

If you find information on your credit history that is not yours, that is incorrect or exceeds seven years (account information)/ten years

(bankruptcy) maximum, you can have that information corrected or removed. All you need to do is contact the credit reporting agency, provide the required documentation and have them update the file.

The items appearing on your credit file and the record of payment may not tell the whole story if the history is negative. You have the right to explain the situation from your point of view. This explanation, the "Public Statement" or the "Consumer Statement," should be provided in writing and not exceed one hundred words. The statement needs to tell what was going on in your life when the negative credit occurred, and why it is not likely to happen again.

Most lenders will look at how you have handled your credit obligations for the past 24 months and your current outstanding debt to help them determine how you will make payments in the future. Creditors are not the only ones who use this credit history, however. Prospective landlords, and even employers, will use this record as a tool to make decisions.



“monitoring” of your expenses will not take more than five minutes of your time, and at the end of the month you will know exactly where your money has gone.

At the end of the month, compare your “monitoring” figure to your estimate.

It is also important to plan ahead for periodic expenses such as insurance, school fees, vacations, holidays, etc. by projecting these expenses and planning for them, you can eliminate the stress of having to choose between paying an ongoing monthly expense or meeting the periodic obligation.

Get the whole family involved in your Money Management adventure. It is a good way to help you stay on track, and a wonderful way to teach your children the importance of spending and saving wisely.

YOUR MORTGAGE LENDING RIGHTS

Persons or businesses who take any of the following actions based on race, color, national origin, religion, sex, familial status* or handicap may be charged with discriminatory behavior.

- ❖ Refuse to make, or impose different terms or conditions on a mortgage loan
- ❖ Refuse to provide information regarding loans
- ❖ Discriminate in appraising property
- ❖ Refuse to purchase a loan, or set different terms or conditions for purchasing a loan

In addition, it is illegal for anyone to:

- ❖ Threaten, coerce, intimidate or interfere with anyone exercising a fair housing right or assisting others who exercise that right, or
- ❖ Advertise or make any statement that indicates a limitation or preference based on race, color, national origin, religion, sex, familial status, or handicap. This prohibition against discriminatory advertising applies to single-family and owner-occupied houses.

YOUR FAIR HOUSING RIGHTS

According to the Fair Housing Act, in the sale and/or rental of housing, no one may take any of the following actions based on race, color, national origin, religion, sex, familial status* or handicap.

- ◆ Refuse to rent or sell housing
- ◆ Refuse to negotiate for housing
- ◆ Make housing unavailable
- ◆ Deny a dwelling
- ◆ Set different terms, conditions or privileges for sale or rental of a dwelling
- ◆ Provide different housing services or facilities
- ◆ Falsely deny that housing is available for inspection, sale or rental
- ◆ Blockbusting**
- ◆ Deny anyone access to, or membership in, a facility or service (such as multiple listing service) related to the sale/rental of housing

*This includes children under the age of 18 and pregnant women.

**Blockbusting is the act of intimidating owners to sell or rent by telling them that minority groups are moving into a neighborhood, and the value of their properties may change.

IF YOUR HOUSING RIGHTS HAVE BEEN VIOLATED

Housing or lending discrimination is “against the law.” If you suspect that your housing or lending rights have been violated, the Department of Housing and Urban Development (HUD) is ready to assist you.

By writing to HUD and completing a Housing Discrimination complaint form, HUD will investigate the complaint on your behalf. You have one year after an alleged violation to file it as soon as possible.

The Ohio Civil Rights Commission (OCRC) serves as the enforcement agency for HUD in the State of Ohio. As complaints are routinely handed over to OCRC you may also file a complaint with that agency.

Ohio Civil Rights Commission:
(614) 466-5928
Website – www.state.oh.us/crc

**U.S. Department of Housing and Urban
Development (HUD)**

1-800-669-9777 – Voice Number

Website – www.hud.gov

If you are disabled, HUD provides a toll-free phone for the hearing impaired: 1-800-927-9275 and interpreters, tapes, Braille materials and assistance in reading and completing forms for the visually impaired.

If you feel you need legal assistance but cannot afford an attorney, you can call:

Southeastern Ohio Legal Services

1-740-594-3558

1-800-686-3669



*The world of home ownership,
is a place where you can invest in
your future and, if you choose,
raise a family.*

*By becoming a home owner, you are making a
commitment to yourself
and to the community in
which you live.*

*Entering the world of home ownership,
by buying the type of house you want
in an area where you want to live,
is the American Dream.*



Make it yours!

NOTES





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This brochure is intended to provide general information only. Specific questions should be addressed to the above or an attorney.

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