



UNIVERSITY

Debt Management Credit Counseling Corp. 501(c)3 Nonprofit Organization

Homebuyers' Summary

Understanding the steps required to purchase a home

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 *Educational Series*

Getting To Know DMCC

DMCC is a 501 (c)(3) non-profit organization with a goal of providing education, counseling and other services to improve your financial literacy and assist you in the management of your personal finances.

Free Services

Budgeting Counseling
Student Loan Counseling
Foreclosure Prevention (Loan Mods)
First-Time Homebuyers Assistance

Discounted Services

Credit Score Analysis
Identity Protection and Monitoring
Online Homebuyer Course
Bankruptcy Counseling Certificate



Fair Housing Act

- The Fair Housing Act protects people from discrimination when they are renting, buying, or securing financing for any housing. The prohibitions specifically cover discrimination because of race, color, national origin, religion, sex, disability and the presence of children.

Should I rent or should I buy?

- ❑ I am paying high rent, why not just buy? Down payment. Is a home an investment???
- ❑ Homeownership is more than just a mortgage it is a long term commitment financially and mentally.
- ❑ Are you handy, can you fix minor issues or repairs?
- ❑ Renting means you can relocate much easier.
- ❑ Maybe a condo instead of a house? Condo fees, assessments and restrictions. Can I bring my truck and my big dog?

Should I rent or should I buy?

- ❑ The house you can afford may be further away than the centralized apartment?
- ❑ Maybe I can find a larger house and rent out a room?
- ❑ Can I afford my house, insurance, taxes etc. what if I lose my job?
- ❑ Do I have a plan personally and professionally?
- ❑ If you are serious about a home purchase do not make any large purchases that could affect your credit.

Explore some areas, open houses, Zillow?

- What areas do I like, do some Internet research. Don't get too excited we will need to figure out what you can afford. Condos are great, they have rules/restrictions, maintenance fees can be very expensive.
- Drive by the areas you like at different times make sure you like the neighborhood.
- Great area but my trip to work is 20 miles longer.

What can I afford? Bankrate.com

This is the biggest financial commitment in your lifetime!!

- ❑ 28-44% of monthly income including mortgage taxes, insurance, maintenance, fees.
- ❑ 3 times your annual salary old rule of thumb.
- ❑ You may be required to have a 20% down payment. Less than down payment requires PMI. Private Mortgage Insurance is added to the mortgage because you do not have 20% down payment.
- ❑ Bankrate has great calculators for mortgage info.

My Credit Report and Credit Score

- ❑ Go to www.annualcreditreport.com review the info on your report, correct inaccuracies. Don't forget your spouse. If you are getting a mortgage together the bank will use the lower score for qualification.
- ❑ Find out your credit score, DMCC can provide a credit score analysis and help you understand what is needed to help you achieve your goal.
- ❑ The higher the score, the lower interest rate you will qualify for, can save you thousands of \$\$\$\$\$\$.

Now I know what I can afford

- ❑ Sit down and create a budget, know what you are making, spending and saving. Call DMCC for help in this.
- ❑ Consider going to lending institution and get pre-qualified, know your numbers and what you can borrow.
- ❑ Don't look at a \$150k home if you only qualify for \$100k, you will get discouraged quickly.
- ❑ Call some insurance agencies and find out the cost of Homeowners Insurance, wind insurance in Florida, include flood insurance, educate yourself.

Real Estate Agents, Internet

- ❑ Now that you are pre-qualified you can start to shop, use agents, Internet. Remember real estate agents do not work for you as they are paid by the seller. For sale by owner?
- ❑ Do some research on the neighborhoods, maintained homes, high crime rate, too many kids.
- ❑ Recent listing or has house been on the market for a long time, distress or bank sale?

I found the house I want!

- ❑ Make an offer with contingencies on your purchase and sales contract! Financing, home inspection, termite inspection and appraisal. If the home does not appraise for the selling price the bank will not give you a loan. Do this first! No sense in performing costly inspections if the home does not appraise. Use your inspectors as they will be loyal to you.
- ❑ An offer is extended usually with a good faith cash deposit that is held in an escrow account. All the details must be in the offer.
- ❑ If the offer is accepted you will have to do due diligence to make sure your contingencies are performed. If offer is declined you may have to make a counter offer.

Inspections are very important.

- ❑ If the home appraises but it needs expensive repairs, roof, plumbing, electrical you must allow for these costs. Maybe lower your offer to accommodate or back out of the sale. Please review handout!
- ❑ If the home has termites it could have structural problems unseen to the naked eye.
- ❑ If you can not get a loan exercise your finance contingency and back out of the contract.
- ❑ If there are many issues remember you can always back out.
- ❑ If you are handy, you could use this in your favor to help renegotiate the price of the home.

Everything checks out, closing date

- All my contingencies are met, and I have a closing date for the sale.
- This date may not be for 45 days so do not do anything to affect your credit. Pay your bills on time, no large purchases and do not use any money in savings necessary for the down payment. Banks will watch you bank accounts.
- You will lose your down payment if you do not comply with the terms of the purchase and sales contract.

Day before closing date

- ❑ Make sure you get your contract and copies of the documents you will be signing ahead of time and review them. Wise choice may be to consider hiring a real estate attorney to review them first.
- ❑ Do not sign anything you do not understand.
Interpreter?
- ❑ Walk through the house the day before and inspect and sure it is clean and ready, no damage etc.

Move in and the future

- ❑ The mortgage must be paid on time for the next 30 years as well as insurance, taxes and condo/homeowners association fees.
- ❑ If you fail to pay your mortgage the bank could repossess and you will lose your down payment (equity) and be homeless.
- ❑ Maintain your home, get yearly bug inspections. Take care of problems as soon as you discover them.
- ❑ If you neglect your insurance the bank may force payment at a much higher rate.
- ❑ Failure to pay taxes or condo fees could result in a lien and subsequent loss of your home for non payment.

Things to Remember

- ❑ Staying current on your mortgage payments will help you achieve excellent credit.
- ❑ Establish a strong savings account with 4-6 months of expenses in case of loss of income.
- ❑ Consider making extra principal payments on your home each month. This could save you thousands of dollars in interest and pay off your home early. Go to [Bankrate.com](https://www.bankrate.com) and use their calculators.

We Can Help

- ❑ Debt Management Credit Counseling offers free budgeting counseling, debt management plans and credit score analysis to help you qualify for your home.
- ❑ We can guide you to the needed steps to improve your credit.
- ❑ Contact us at 866-724-3328

Questions? Thank you for attending!



Thank You!



Your Guide To Debt Freedom

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