

BHO - Homeward Bound

10 tips to help first-time homebuyers

1. Get Educated!

Question would you buy a new TV without first understanding the difference between HD and Analog. No! So don't make one of the largest financial decisions you may ever make without first learning the process. You can do it online at <http://ehomeamerica.org/bho> or face to face at the BHO Homeward Bound Homebuyers Course. Check our website for upcoming dates <http://www.bho2020.org/workshopscontacts>.

2. Get credit ready

Buying a home may be one of the largest financial decisions you ever make. Be prepared. Get a copy of your current credit report, identify any discrepancies, and get them fixed — if possible — before you talk to a lender.

3. Know what you can afford

When looking for a new home, make your search more effective by knowing how much home you can afford. Carefully calculate the overall monthly payments. Be sure to include additional costs like property taxes, insurance premiums, homeowners insurance, homeowners' association dues (if applicable), etc. Look at your monthly budget to understand how a mortgage payment will fit into it.

4. Hold off on large credit purchases

Large purchases, such as a car loan or lease, may impact your debt-to-income ratio. Changes to this number may affect your ability to qualify for the loan amount you require. Avoid taking out any loans or adding significant debt to credit lines before you try to purchase a home.

5. Identify your potential downpayment

Do you have 20% of your target purchase price available for a downpayment? That is often considered the industry norm, but there are other options available. If you do not have the funds for a significant downpayment, then call the Certified Housing Counselors at BHO-Homeward Bound, they have solutions to that problem. There are varieties of loan programs offered at various credit levels. Some mortgage programs have loans that offer a 3.5% downpayment or even a no-downpayment option.

6. Season your downpayment funds

Make sure your downpayment and closing-cost funds are in your account 60 to 90 days prior to closing on your home. Some loan programs may require "seasoning" on those funds, meaning they have been in your account for a certain amount of time. Be sure to know about



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any conditions on these funds from your lender so that you don't hold up closing. If you will be using any gift funds from family or friends for your home, be sure to get them prior to when you will need them.

7. Know where you stand with lenders

Borrowers with higher credit scores — like those with scores of 720 or above — can often shop around for the lowest available interest rate and get a conventional loan. Borrowers with lower credit scores, especially those with scores of 640 and lower still have many promising loan options available. For these borrowers, don't be discouraged. Your Certified Housing Counselor at BHO can help you research the best mortgage product to fit your needs. There are 100% financing mortgage loans available if you can't get the lowest rate. , and the difference in payment due to the higher rate may be less than you expect.

8. Build your home buying team

Pinpoint the area where you'd most like to own a home, and then connect with a buyers real estate agent who works in that area. Make sure that the agent has worked extensively in that neighborhood and has insights into local matters like taxes, schools, new developments and other issues that may be important in the contract process. Interview the agent using the checklist from your homebuyers education course.

9. Evaluate your preferred neighborhood

You think you know where you want to buy a home, but how much do you actually know about the neighborhood? Visit the area at different times, including during heavy commute times, weekends and later in the evening. What's the traffic like for kids in the neighborhood? How far is the nearest grocery store? Also, talk with the neighbors in your desired community. What do they like about the area? What do they dislike? Their perspectives may offer greater insight into your desired location.

10. Go for it

Trying to time the market perfectly is impossible. Find the home that is right for you. Waiting may cause you to miss out on lower rates, lower home prices or even that perfect home.

Now that you know the basics if you are interest in building your plan and setting it into motion for positive results call our office and as for the BHO Credit Smart Workshop and Coach. Call (910) 253-0699 or email myhouse@bho2020.org.

BHO-Credit Smart Coach – R. Willis

Drafted from myFICO Q&A a consumer division of FICO.



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