

Empower Yourself for Homeownership Checklist

Market Facts and Trends

Skip this step if you are moving out of necessity.

- Find out how long it is taking most homes to sell where you are looking to buy.



You can get this information from a real estate professional. If it is taking six months or longer for homes to sell in the area, it is a buyer's market. This is the best time to buy. Sellers are more flexible with the price, terms, and conditions of the sale. If it is a seller's market, be aware that the seller has the advantage.

Discover if Homeownership is Right for You

- Assess your job stability.
- Determine if you have enough cash for a down payment, home maintenance, repairs, emergencies, and so on.
- Find out what the average interest rate is and determine if it is affordable.
- Weigh the advantages and disadvantages of owning a home.
- Use a buy vs. rent calculator to compare the cost of renting to the cost and savings of owning a home.

Understand Your Credit

- Look up your credit score.
- Establish your credit, if necessary.

Repair Your Credit

Skip this step if you do not need to improve your credit score.

- Pay up on your late fees, if necessary.
- Pay off any charge-offs, if necessary.
- Repair discrepancies on your credit report, if necessary.
- Resolve identity theft, if necessary.

Mortgage Math Made Easy

- Calculate your loan-to-value (LTV).
- Calculate your home equity combined loan-to-value (HCLTV), if necessary.
- Estimate monthly property taxes and homeowners insurance.
- Estimate your total monthly mortgage payment.
- Figure your back-end ratio.

Empower Yourself for Homeownership Checklist

Select the Right Mortgage for You

- Determine whether an FHA, VA, or conventional mortgage loan is best for you. See **Special Mortgage Options** below for more on government programs.
- Determine whether a fixed rate or adjustable rate mortgage (ARM) is best for you.
- Select a loan term if you choose a fixed rate mortgage.
- Figure out how long you want the initial interest rate fixed if you choose an ARM.

Special Mortgage Options

- Establish whether you may need a special mortgage option.
- Decide whether a government or non-government program is best for you if you need a special mortgage option.
- Learn about the government programs that may work for you, if you decide on this route.
- Learn about the non-government programs that may work for you, choose a non-government program.

FHA Mortgage Loans

Skip this step if you do not want nor need an FHA mortgage loan.

- Verify if you are eligible for an FHA loan.
- Verify if the type of home you want/need is eligible for an FHA loan.
- Determine if you have enough reserves to qualify for an FHA loan.
- Determine if you have enough cash for the minimum down payment.
- Establish whether you can afford the up-front and monthly mortgage insurance.
- Gather all documents necessary for the lender to approve you for an FHA loan.

Discover How Much You Can Afford

- Decide who you want on the mortgage loan application.
- Calculate your gross monthly income.
- Add up your monthly expenses.
- Determine how much cash you have for a down payment.
- Figure the maximum principal and interest payment you can afford.
- Figure the maximum mortgage loan amount you can afford.
- Figure the maximum sales price you can afford.

Empower Yourself for Homeownership Checklist

Compare Lenders, Rates, and Closing Costs

- Compare the interest rates and closing costs of different lenders.
- Select the lender that best fits your needs.
- Determine whether you want to pay discount points to get a lower interest rate.
- Figure your breakeven point, if you decide you want to pay discount points.

Key Players in Your Journey to Homeownership

- Select a homeowners insurance agent
- Select a closing agent and/or attorney, if necessary.

Prepare to Apply for a Mortgage

- Get a pre-qualification or pre-approval.
- Complete the mortgage loan application.
- Do not make drastic changes to your spending, income, and credit after you apply.

Documents You Need to Provide

- Gather wage-earner income documents, if applicable.
- Gather self-employed income documents, if applicable.
- Gather all documents to support other forms of income, if necessary.
- Gather documents to verify credit resolution, alternative credit, the down payment, and U.S. residency, if necessary.

Understand Your Mortgage Disclosures

- Verify the interest rate and closing costs on the **Good Faith Estimate** (GFE) after you apply for the loan.
- Review the **Truth in Lending** (TIL) **Disclosure** after you apply for the loan.



Be sure to review all the mortgage loan disclosures that you receive after you apply for the loan, during processing, and at closing.

Empower Yourself for Homeownership Checklist

Know Your Rights

- Know your rights under the various laws that protect you during the home-buying process, such as the Fair Housing Act, ECOA, FCRA, RESPA, and so on.
- File a complaint if you suspect your rights have been violated.

Protect Yourself from Predatory Lending

- Know the difference between subprime and predatory lending.
- Know if you are at risk of becoming a victim of predatory lending.
- Learn the warning signs of predatory lending.
- Take the necessary steps to avoid predatory lending.
- Contact the appropriate organization if you suspect you are a victim.

Narrow Your Search for a Home

- Identify the type of home that best fits your needs.
- Learn the costs associated with that type of house you want/need.
- Separate essential and optional housing characteristics.
- Use the various resources available to help you narrow your search for a home.

Select the Right Real Estate Professional for You

- Determine what you want in your real estate professional.
- Ask what commitment the real estate professional makes to you.
- Ask what fees the real estate professional charges for his or her services.
- Select the right real estate professional for you based on the above information.
- Provide the information your real estate professional needs from you.

Find and View Homes

- Find homes for sale through your real estate professional, the Internet, the newspaper, and so on.
- Narrow the list of homes for sale to those you want to view.
- Bring your Homebuyer Toolkit when you view homes.
- Use the **Home Viewing Checklist** so you know what to look for.
- Ask questions to learn more about each home.
- Recognize the properties that offer the best value for your needs.

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Make an Offer and Negotiate the Sale

- Identify what you want to offer for the home you want.
- Put the offer in writing. Include the necessary contingencies.
- Provide an earnest money check.
- Negotiate the offer, if desired, until you and the seller agree on the terms and conditions.

Finalize Your Mortgage

- Contact your lender to verify the details of your mortgage loan.
- Send the lender any required documents, such as the sales contract.
- Decide when to lock your interest rate.
- Tell the lender what closing agent and/or attorney you want to use.
- Inform the lender of the closing date and time.
- Work with your lender to schedule the appraisal
- Tell the closing agent and/or attorney who you want on the title policy.
- Contact your insurance agent to secure your homeowners insurance.

Inspect the Home

- Find a qualified inspector.
- Schedule the general home inspection and all other necessary inspections.
- Review the inspection report for serious problems.
- Take the appropriate action based on the inspection report.
- Complete a final-walk through of the home before closing.

Prepare for Closing

- Review the **HUD-1 Settlement Statement** one day before closing.
- Pay for the down payment and closing costs via a wire or cashier's check at closing.
- Bring your picture ID and proof of homeowners insurance to closing.
- Review all documents at closing and resolve any issues before you sign.
- Get the keys to your new home.

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Take Possession of Your New Home

- Schedule the moving date.
- Arrange for a moving company or rent a moving van to transport your belongings.
- Contact the utility companies to turn on the electric, gas, telephone, and so on.
- Review your inspection report and schedule any necessary repairs.
- Clean the home.
- Purchase any necessary items, such as a refrigerator, lawn mower, tools, and so on.
- Notify the post office and all other necessary parties of your new address.
- Change all the locks to the home.
- Move in.

Maintain Your Home

- Complete general maintenance on the home on a weekly, monthly, seasonal, and yearly basis.
- Make repairs to the home's structure and systems, when necessary.
- Make improvements to the home to increase its value.
- Increase the home's energy efficiency.
- Update your homeowners insurance policy, when necessary.

Maintain Your Mortgage Loan

- Create a household budget.
- Manage your property taxes and homeowners insurance.
- Be aware of loan service transfers.
- Explore your financial options before you tap into your equity.
- Get ahead on your mortgage loan.
- Check for a prepayment penalty before you prepay on your loan or refinance.
- Avoid foreclosure.