

Home Buyer Education: Shopping for a Home



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Seminar objectives...

- Review “first steps”
- Understand all costs
- Be familiar with mortgage types
- Decide kind, location, requirements
- Know how to “look”
- Know how to shop—and apply—for loan
- Understand closing process, related costs
- Know sources for buyer assistance programs



First steps to shopping for a house

- Create spending plan, plug spending leaks
- Get debt under control
- Review your credit report
- Improve credit score
- Save for down payment



AnnualCreditReport.com

MyFico.com

Costs of purchasing a house

- Principal, interest, taxes, insurance (PITI)
- Down payment
- Closing costs
- Mover's fees
- Utility hook-up charges
- Prepayment of taxes, interest, insurance



Meet with lender

Getting **prequalified** helps you:

- Know how much you can afford
- Look *only* within your price range



Getting **preapproved** means formally assessing:

- Credit & employment history
- Before-tax income
- Spouse's income
- Debts
- Property
- Assets owned



What does lender look for?

- Your ability to pay back the loan
 - Stable employment
 - Comfortable debt-to-income ratio
 - Sufficient assets—shows you can save

- Your willingness to pay back the loan
 - Good bill-paying history (credit report)
 - Will you live at and maintain property?



SAMPLE