



Nine Steps to Buying a Home

Buying a home is a big part of the American dream. Chances are it's the largest investment you'll ever make, and at the outset it may feel like too big an undertaking.

But you can do it! The following information, from the U.S. Department of Housing and Urban Development (HUD) website, breaks home buying down into nine significant but manageable steps.

STEP 1: FIGURE OUT HOW MUCH YOU CAN AFFORD

What you can afford depends on your income, credit rating, current monthly expenses, down payment and the interest rate. You can use HUD's online calculators, but it's best to visit a lender to be sure.

Need help with your down payment and/or closing costs?

A housing counselor can help you figure out how to manage and pay off your debt, and start saving for that down payment!

STEP 2: KNOW YOUR RIGHTS

It's important that you know your rights, so be sure you understand:

- The Fair Housing Act, which prohibits discrimination in housing based on race, national origin, religion, gender or disability
- The Real Estate Settlement Procedures Act (RESPA), designed to ensure that homebuyers have **complete, accurate and understandable information about their mortgages**
- Borrower's rights
- How to recognize and avoid predatory lending

STEP 3: SHOP FOR A LOAN

Save money by doing your homework. Talk to several lenders, compare costs and interest rates and negotiate to get a better deal. Consider getting pre-approved for a loan.

FHA loan programs offer lower down payments and are a good option for first-time homebuyers.

STEP 4: LEARN ABOUT HOME-BUYING PROGRAMS

Need help? It's out there! In addition to Federal Housing Administration loans, there are a variety of state and federal home-buying programs available.



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STEP 5: SHOP FOR A HOME

Buying a home is a much bigger deal than most purchases you make. Not only is it a major financial commitment, but also... *it's where you're going to live!*

You should consider the features of your ideal house, what you want in a neighborhood, and how your needs might change over the time you will own your home. Armed with this list, it's time to consider your options, find a realtor and begin looking at homes.

STEP 6: MAKE AN OFFER

Discuss the process with your real estate agent. If the seller counters your offer, you may need to negotiate until you both agree to the terms of the sale.

STEP 7: GET A HOME INSPECTION

Make your offer contingent on a home inspection. An inspection will tell you about the condition of the home, and can help you avoid buying a home that needs major repairs!

STEP 8: SHOP FOR HOMEOWNERS INSURANCE

Lenders require that you have homeowners insurance. Be sure to shop around.

STEP 9: SIGN PAPERS

You're finally ready to go to "settlement" or "closing." Be sure to read everything – and go over the terms with your legal office or a HUD-approved housing counselor – before you sign!

Online Home-Buying Tools & Resources

Visit the HUD website at www.hud.gov and click on "Buying" (under "Homes") to:

- » Try these online calculators:
 - How Much Home Can You Afford
 - Buying vs. Renting
- » Find a housing counselor near you
- » Read up on the Fair Housing Act, RESPA, your rights as a borrower and predatory lending
- » Download the HUD brochure, "Looking for the Best Mortgage: Shop, Compare, Negotiate"
- » Learn about Federal Housing Administration (FHA) loans
- » Find a home-buying program in your state
- » Learn about HUD's special home-buying programs
- » Download a wish list worksheet to help you define what you're looking for in a home
- » Download a home-shopping checklist to take with you when you view homes
- » Learn all about fixer-uppers, mobile homes and other options
- » Learn about choosing a real estate agent
- » Find more information about home inspection and homeowners' insurance
- » Get the details on closing costs



Source: U.S. Department of Housing and Urban Development. <http://www.hud.gov/buying> (accessed October 1, 2008)