

Training and Counseling

Participating in a home study or home buying training is a valuable first step in home ownership. The training explains the home buying process and terms. Most training offers a Certificate of Completion, which is required for some mortgages.

- ❖ The Home Buyer's Fair offers classes (watch for February date)
- ❖ www.wheda.com offers a free HouseKey on-line course that pre-approves a buyer for a WHEDA Home loan.
- ❖ www.wheda.com offers a free home ownership education course on-line.
- ❖ Check with your lenders

Begin Loan Application Process

Meet with your lender for a free, no-obligation consultation to determine how much home you can afford (Loan Prequalifications) and to discuss various home-purchase programs. A Pre-qualification is not a loan approval or commitment by the lender. It is only an estimate of how much home you can afford.

- Make an appointment with a lender where you have a checking or savings account.
- Ask family, friends or co-workers to recommend a lender.
- Compare lenders' programs, closing costs and interest rates.

Note: It is suggested that once you are ready to start looking for a home, that you go to your lender for a Loan Preapproval. A Preapproval involves the actual verification of your assets, liabilities and running a credit report. It is a credit risk analysis.

Steps in Home Buying:

Step 1

So you want to become a home-owner? Meet with your lender early in the home buying process.



Check your credit.

Step 2



Compare debt versus income.

Step 3



You need a down payment.

Step 4



Credit History

During the loan approval process, your credit history is reviewed. If there is a credit problem, the lender may suggest a credit remedy such as:

- Establish a good credit history:
 - Open and use a checking or savings account.
 - Open and use a limited credit card account.
- Stay current on all bills and rent payments for 12 to 18 months and reapply for a loan.
- Reduce your debt by paying off some bills.
- If not ordered by your lender, order your credit report from Trans Union Consumer Relations:
PO Box 1000
Chester, PA 19022
1-800-916-8800 #1or
1-800-888-4213

Explain any past credit problems to Trans Union in writing. Send in statements to verify information.

- Credit counseling, debt reduction, budget counseling and money management workshops:
 - Consumer Credit Counseling Services 1-608-252-1334 or 1-888-868-5136 (Madison) www.fsamad.org or 1-800-388-2227 (West Bend)
 - Credit Counseling Centers of America 1-800-493-2222
 - Debt Repayment Program 1-888-822-2977 www.cccamerica.org

Note: Six months prior to applying for a home loan, it is recommended that you order your credit report from Trans Union, 1-800-888-4213.

Debt versus Income

The amount of home you can afford is based on a review of your debts in comparison to income. There are a variety of loan programs that address income-to-debt levels. Your lender may administer many of these loan programs.

- Common Wealth Development 1-608-256-3527, Ext. 11
- FHA (contact your lender)
- Lenders' affordable mortgage programs (contact your lender)
- Operation Fresh Start 1-608-244-4721
- Rural Development 1-262-335-6850
- WHEDA, www.wheda.com 1-800-334-6873
- Veterans Administration Federal: 1-800-827-1000 State of Wisconsin: 1-800-947-8387 Dodge: 1-920-386-3798
- Down Payment Plus, 1-608-0258-5560 For a list of lenders, www.wphd.org

Sufficient Down Payment and Closing Costs

A down payment is required on the majority of home loans. The down payment is based on a percentage of the purchase price. If you don't have a sufficient down payment, you may qualify for programs that assist with or require a lesser down payment. *Note: Often potential home buyers believe they need a 20% down payment; however, you may be able to purchase a home with as little as 3% to 5% down payment or even in some cases, no down payment.**

In addition to a down payment, funds are also needed to cover closing costs. Closing costs include: credit report, appraisal, property inspection, closing fee, title insurance, hazard insurance, attorney fees (optional), interest and property tax, private mortgage insurance, etc.

You may be able to use one or more of these options. Check with your lender.

- Gift from relative
- Borrow against a secured asset (i.e., auto)
- Lease purchase programs
 - Common Wealth Development 608-256-3527 Ext. 11

Reduced Down Payment/Closing Costs Loans

- Contact lending institutions for a variety of affordable mortgage programs in your area. You may qualify for one or more programs.
- MSA Professional Services 1-920-887-4242
- Rural Development 1-262-335-6850
- WHEDA 1-800-334-6873
- Veterans Administration 1-920-386-3798
- Downpayment Plus® Affordable Housing Program - WI Partnership for Housing Development 1-888-3184486, www.wphd.org
- South Central Wisconsin Housing Foundation 1-800-422-8831, www.rascw.org

Sufficient Down Payment and Closing Costs (continued)

Other Special Programs

- Movin' Out 1-877-861-6746 (for people with disabilities)
- Habitat for Humanity 1-920-386-9812 (builds one house each year in partnership with income eligible family)

Find an Affordable Home

- Look for homes in your price range as determined by the loan application meeting with your lender.
- You may use a real estate agent or you may conduct your own home search.

Property Appraisal & Inspection

An appraisal determines the market value of the home. The lender as a basis for the mortgage uses it. Your lender orders the appraisal.

A home inspection is recommended and some loan programs require it. The inspection determines the condition of the property.

To select a home inspector:

- Get recommendations from friends, family, a lender, or real estate agent.
- See Yellow Pages of telephone directory "Building Inspection Services," or "Home Inspection Service."

If the appraisal or inspection shows there is repair work or energy-efficient improvements needed, you may be eligible for rehabilitation funds:

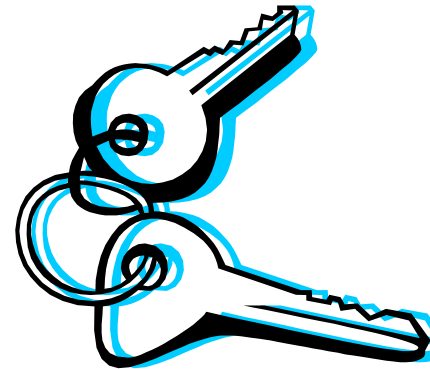
- Rural Development
1-262-335-6850
- Veteran's Administration
1-920-386-3799
- WHEDA Major Rehab
1-800-334-6873
- Wisconsin Home Energy Assistance
1-920-887-7990

Receive Loan Approval

Upon review of your credit, assets, liabilities, income and appraisal, a final loan commitment is issued. The lender orders a title search. A title search shows or indicates disposition of ownership and the status of any liens on the property. The borrower must pay for a one-year premium for homeowner's hazard insurance prior to closing.

Closing

At closing you will legally purchase the home. You, the seller, real estate agent, lenders, and a lawyer (if desired) will attend the closing.



Internet address to print additional copies of this brochure:

Direct questions concerning this information to Dodge County UW-Extension, 1-920-386-3790

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First-Time Home Buyer Checklist

Dodge County, Wisconsin



Equal Housing OPPORTUNITY

Be an informed consumer.

Step 5

Search for your home.



Step 6

Your prospective home will need to be appraised and inspected.



Step 7

**Congratulations!
You have become a homeowner!**