



Purchasing a Home

An informational guide
to the process of becoming
a homeowner.

Check Your Credit. The first step in the process is to check your credit report. This will help determine whether you would be able to qualify for loan. You can get a free credit report from each of the three credit agencies once a fiscal year: www.annualcreditreport.com

Check Your Budget: The second step in the process is to figure out how much you can afford per month for a loan payment. You should also factor in additional costs such as utilities, ongoing maintenance, updates or upgrades, and miscellaneous expenses. One way to figure out what *you* can afford is to use this online *free* resource:

www.discover.com/home-loans/mortgage/affordability-calculator

Another way to see what you can afford is to participate in *pre-purchase mortgage counseling*. This will help with understanding the different types of mortgages, what you will be able to afford per month, and the system as a whole. This website identifies mortgage counselors in your area:

http://portal.hud.gov/hudportal/HUD?src=/i_want_to/talk_to_a_housing_counselor

For local counseling information, go to the following Family Housing Advisory Services website at: <http://www.fhasinc.org/pre-purchase.html>

Pre-Approval for a loan. Once you have figured out how much you can afford to pay on a mortgage each month, the next step is to get *pre-approval* for a loan. There are several different types of loans. If you are a first time homeowner, you might qualify for an FHA loan. If you are a veteran, you could qualify for a VA loan. There are also several other conventional loans.

Before applying for a loan, do your research on different lenders and their rates and fees before deciding where to apply for a loan. Your interest rates will be based on your credit score. The better the credit score, the better your rate will be. The following websites can help you understand the different types of loans:

<http://www.homebuyinginstitute.com/mortgagetypes.php>

After applying for the loan, the lender will give the buyer a “Good Faith Estimate.” This is the lender’s estimated amount that it will cost to buy your home. This includes the amount of the closing costs, escrows, loan costs, prepaid taxes and insurance.

Mortgage companies earn money on loans, so there is a built in incentive for them to convince you that you can afford more than *you* believe you can afford. *Resist the temptation to agree* because **you have done your homework and taken ALL of your expenses into account before deciding on your price range.**

Start looking for your new home! Once you find a house you like within your price range, you can make an offer on the house. *You can always negotiate with a seller.* Your offer should include other considerations and contingencies, such as who will pay closing costs. *Always make your offer contingent on a whole home inspection.* An inspection might identify any hidden problems with the house, which you could end up costing you money either right away or down the road. You should negotiate to have the seller make the necessary repairs to the home prior to closing.

A seller can accept or decline your offer, or come back with a counteroffer. This may continue until both the buyer and the seller can come to an agreement on a price. Sometimes, an agreement will not be reached and you have to look for a different house. The following websites have good information on the bidding process:

<http://www.homefinder.com/content/Buying-Guide:Understanding the Offer Process>

<http://ezinearticles.com/?Bidding-on-a-House---Tips-For-Before,-During-and-After-the-Bid&id=3987541>

Once the buyers and sellers have agreed on a price and contingencies, the buyers will sign the buyer’s receipt to buy the house, which will make it a binding contract. This is part of, and the final part of the “Purchase Agreement.” The Purchase Agreement will have the terms of the contract to buy the home, along with some conditions. Conditions may include repairs not covered by a

Once the contract is signed and the loan is approved, the real estate agent will send the contract to the title company to “search” the title of the property. This is to make sure the seller is the person who owns the property and is able to sell the property. The title company will charge you for title insurance to protect against any issues it missed during the search. The following website has good information about the title company process:

http://www.dfi.wa.gov/consumers/pdf/consumers_guide_title_escrow.pdf

Once the title report is completed and the loan file clears the underwriting process with the lender, the lender will send the title company closing instructions. At this point, the title company will do a settlement statement that breaks down all the charges for the closing. Once this is completed, the property is ready for “closing.”

Buy and take possession of your new home! The “closing” is a meeting where the money is exchanged and the deed is changed from the seller’s name to the buyer’s name. At closing, you will sign many documents including the mortgage or deed of trust and your agreement to repay the loan. The seller will sign a deed transferring title to the buyer. The following website is a good informative piece on the closing process and what you would need to bring to closing:

<http://homebuyers.mgic.com/closing-your-loan/closing-your-loan.html>

The date you will receive your keys depends on the date stated in the purchase agreement. If it is the day of the closing, you will receive the keys after all the documents are signed. If closing and possession are two different dates, you will receive the keys on the date specified in the contract.

Enjoy your new home!

Statewide Resources

Allen

Northeast Housing Initiative
P.O. Box 226
Allen, NE 68710-0226
(402) 635-2078
Email: nehi@nntc.net

Nebraska Investment Finance Authority or NIFA

Lincoln Office (Headquarters)
1230 "O" Street, Suite 200
Lincoln, NE 68508-1402
(402) 434-3900
1-800-204-NIFA (6432)

Hastings

Housing Development Corporation
301 S. Burlington Ave.
Hastings, NE 68902-1005
(402) 461-8407
Email: lahdc@hastingschamber.com

Omaha Office
1625 Farnam Street, Suite 750
Omaha, NE 68102
(402) 898-2501

Website: www.nifa.org

North Platte

Lincoln County Community
Development Corporation
P.O. Box 1413
502 South Dewey Street
North Platte, NE 69103
(308) 534-5095
Email: lccdc@kdsi.net
Contact: Nancy Striebel

Norfolk

Northern Ponca Housing Authority
1501 W. Michigan Ave
Norfolk, NE 68701
(402) 379-8224
1-800-367-2320

Tekamah

Three Rivers HDC
Pam Thomsen, Executive Director
448 South 13th Street, Suite 200
P.O. Box 212
Tekamah, NE 68061
(402) 374-2056
Email: threerivershdc@qwestoffice.net

Consumer Credit Counseling Services (CCCS)

809 North 96th Street, Suite 100
Omaha, NE 68114
(402) 333-2227
1-877-494-2227

Additional Resources:

The following website gives information on how to be a good homeowner following the purchasing process:

<http://homebuyers.mgic.com/being-a-successful-homeowner/being-a-successful-homeowner.html>

If you should find yourself in default of your loan, this is a good informational website of the different ways to help get you out of default:

<http://www.hopenow.com/homeowner-options.php>

If you have any additional questions or for general information, see the Family Housing Advisory Services website: <http://www.fhasinc.org>

Legal Aid of Nebraska's mission is to "promote justice, dignity, hope and self-sufficiency through quality civil legal aid for those who have nowhere else to turn."

