THE COMPLETE GUIDE TO

Finding | Buying | Financing

A HOME

Nothing Means More Than Having Your Own Front Door...

EQUAL HOUSING OPPORTUNITY

Fair Housing Center OF SOUTHWEST MICHIGAN

Battle Creek Area Association of REALTORS®

Southwestern Michigan Urban League
Empowering Communities. Changing Lives.

You, Too, Can Be A HOMEOWNER!

» For many, homeownership is the basis of the American Dream. Owning a home continues to be one of the best ways to build wealth. It plays a vital role in building strong, stable communities. It helps to build local economies.

This home buying guide includes comprehensive, step-by-step information about purchasing a home, financial education and resources for those encountering discrimination. All of the answers to your questions may not be within the guide, but the partners listed on the front and back of this manual can help you through the home buying process. We hope this tool is helpful to you in your quest to achieve the American dream of homeownership!

In times past, owning a home has been intentionally and strategically withheld from African Americans, Hispanic/Latino Americans and other non-White people. This home buying guide seeks to intentionally break the barrier and bring all within our community into the home buying realm.

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THE 4-1-1...

This home buying guide is a direct response to a series of investigations, community conversations, educational events and partnerships focused on creating a more equitable and accessible housing system in our community.

In 2016, the City of Battle Creek conducted an investigation that indicated racial discrimination was evident in the home buying process for African Americans. The report is available at www.battlecreekmi.gov/fairhousing. Following the study, the Battle Creek Human Relations Board held a series of meetings to dialogue with the African American community about their home buying experiences. From those dialogues, an idea of what it would take to have an equitable housing market in Battle Creek began to take shape.

Priorities were identified through conversations with the African-American community and the following actions have been taken:

- Diversity, implicit bias and equity training for REALTORS® was conducted with the Fair Housing Center of Southwest Michigan and with Kellogg Community College, through the Center for Diversity and Innovation.
- Another fair housing investigation took place in 2018. The results of the investigation showed significant progress, and the community is committed to building the momentum to create conditions of fair housing for all. However, there is still work to be done. And thankfully, Battle Creek has many partners and community members dedicated to supporting a fair and accessible home buying process for all.
- Home buying and credit education classes were created by the Battle Creek Area Association of REALTORS® to help potential home buyers get financially ready to purchase a home and learn more about the steps to buying a home.
- Richard Rothstein, the author of "The Color of Law: A Forgotten History of How Our Government Segregated America", came to Battle Creek in January 2019. Several community organizations collaborated to make these events possible: Battle Creek Area Association of REALTORS®; Battle Creek Area Habitat for Humanity; Battle Creek Coalition for Truth, Racial Healing, and Transformation; City of Battle Creek; Fair Housing Center of Southwest Michigan; Kellogg Community College; Neighborhoods Inc.; Voces and Willard Library. Over 250 community members attended a series of four events designed to dig deeper on the effects of racism in historical residential segregation and begin thinking about fair pathways to home ownership.

Community members asked for a home buying guide that included step-by-step information for purchasing a home, including financial education and resources for those encountering housing discrimination. Although this guide is not meant to be a one-size-fits-all source of information, it's one tool to help all potential home buyers in their journey to achieve the American dream of owning a home.

YOUR JOURNEY TO

A Home of Your Own

Purchasing a home is an emotional journey. After all, you're not just buying a house. You're investing in your future, building wealth and securing your piece of the American Dream.

Home may be where you choose to escape, or it may be where you choose to plan for life with a family. What's important is that you choose to buy a home that you can comfortably afford and suits your needs. Flip through the pages of this guide to learn about the steps to homeownership and learn about your rights as you go through the process.

Buying a home doesn't have to be scary. But it *should* be approached with a level head, a clear list of priorities, realistic expectations and a whole lot of research.

» **Read on to discover everything you need to know about finding, buying and financing a place you'll *love* – with a payment you can *afford*.**

WHAT IS THE FAIR HOUSING ACT?

In order to make sure everyone has equal access to housing, the United States passed the Fair Housing Act of 1968. It is a federal law that prohibits discrimination in the rental, sale, financing or insuring of housing because you are a member of a protected class. **The federal law prohibits discrimination because of a person's:**

- Race
- Color
- National origin: whether or not you were born in the United States
- Sex (gender): whether you are male, female or gender non-conforming
- Disability: mental or physical
- Religion
- Children or familial status: whether or not you have children in your household

The state of Michigan also recognizes the following as protected classes:

- Marital status: whether or not you are married
- Age

The City of Battle Creek also recognizes the following as protected classes:

- Sexual orientation: heterosexuality, homosexuality, bisexuality or being asexual
- Gender identity and gender expression: whether or not your gender expression/identity matches your assigned gender at birth

What does discrimination look like?

Sometimes it can be difficult to determine whether you are the victim of discrimination or simply not qualified. Here are some examples of what discrimination can look like:

MISREPRESENTING THE AVAILABILITY OF HOUSING: A seller or real estate agent tells you, because he knows or believes you are a member of a protected class, that the house or condominium is not available, when, in fact, it is available.

REFUSALS TO SELL: A seller or real estate professional refuses to sell to you because you are a member of one of the protected classes. This can sometimes be a blunt statement, such as "We do not want to sell to families with children," or "We do not sell to Muslims."

REFUSALS TO LEND: A lender refuses to give you a mortgage because you are a member of a protected class or because you want to buy in a neighborhood that is considered "majority-minority." Refusing to lend in certain neighborhoods is called "redlining," and it is illegal.

REFUSALS TO INSURE: An insurance company refuses to sell you an insurance policy or offers differences in terms/conditions because you are a member of a protected class, because you live in a neighborhood that is considered "majority-minority" or because you rent to people in the protected classes. (i.e., if you rent to tenants who have Section 8).

STEERING: A real estate agent guides you to or away from certain areas based on your race or other protected factors. This includes indicating you would not be comfortable with existing residents of the community or neighborhood.

DISCRIMINATION IN TERMS AND CONDITIONS: You are given different terms or rules than others because you are a member of one of the protected classes. For example, a real estate agent refuses to meet with you alone because you are a Black man and she is afraid to be alone with Black men.

DISCRIMINATORY ADVERTISING: Any written statement in a newspaper or oral statement that indicates preferences or limitations for certain people. This includes online home listings and any ad or brochure that is created by the owner or seller of the property. Some examples might include ads that say, "Just right for a young couple starting out" or "Active adults only."

USE OF THREATS, INTIMIDATION OR COERCION: A real estate agent, neighbor or community member attempts to prevent you from buying a home in a neighborhood or community by suggesting that you will not be safe, that neighbors may not want you to move in or that you may feel "more comfortable" in another neighborhood.

DISCRIMINATION WITH A SMILE: Sometimes a statement is made that sounds like the seller or real estate agent is trying to help or protect you. Perhaps you are told that families with children are only allowed to buy condos on the first floor to avoid accidents or to be closer to the playground in the courtyard. It might sound like they are doing you a favor, but the moment they restrict your choices due to your membership in a protected class, they are violating your rights.

If you suspect you have been discriminated against, write down names, addresses and contact information of anyone or any company involved. Be as specific as possible and record dates, times and conversation details. Keep copies of letters, emails or any other documents and contact the Fair Housing Center at 866.637.0733 or via email at info@fhcswm.org.

When you see discriminatory advertisements in newspapers, keep them or make copies. If the ad is online, take a screen shot or photo on your phone or computer. Online ads can be changed or taken down quickly, so it would be best to have a copy you can access at any time. Please report these advertisements to the Fair Housing Center at info@fhcswm.org.

FAIR LENDING LAWS AND REGULATIONS

The Equal Credit Opportunity Act (ECOA) prohibits discrimination in any aspect of a credit transaction. It applies to any extension of credit, including extensions of credit to small businesses, corporations, partnerships and trusts.

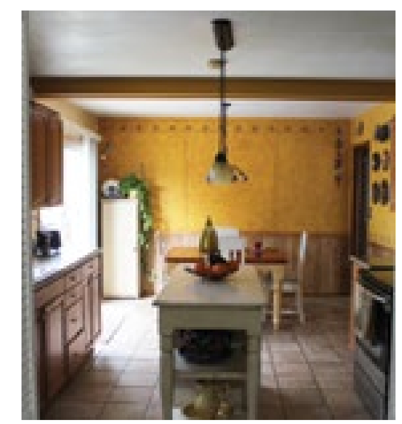
THE ECOA PROHIBITS DISCRIMINATION BASED ON:

- Race
- Color
- Religion
- National origin
- Sex
- Marital status
- Age (provided the applicant has the capacity to contract)
- The applicant's receipt of income derived from any public assistance program
- The applicant's exercise, in good faith, of any right under the Consumer Credit Protection Act

PROOF OF LENDING DISCRIMINATION:

The courts have recognized three methods of proof of lending discrimination under the ECOA and Fair Housing Act:

- Overt evidence of disparate treatment
- Comparative evidence of disparate treatment
- Evidence of disparate impact



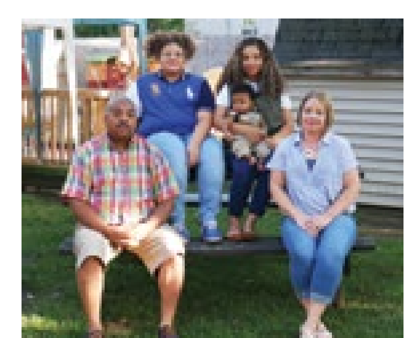
Overt evidence of discrimination is when a lender openly discriminates. Many of the previous examples fit into this category, because on their face, a person's protected status is being used to limit their choices.

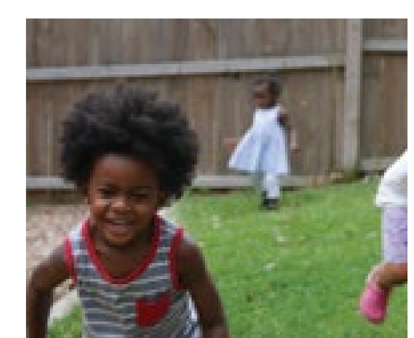
However, discrimination is not always so direct. Discrimination can also be proven by comparing the experiences of persons with protected class status to the experiences of those without. Comparative evidence is when this comparison shows differences in treatment that disproportionately exclude or burden the person of a protected class.

Disparate impact is when a lender applies a policy or practice equally to all credit applicants, but the policy or practice disproportionately excludes or burdens persons of a protected class. Disparate impact applies regardless of whether the policy or practice is racially or otherwise neutral.

REALTOR® CODE OF ETHICS

All REALTORS® adhere to a strict Code of Ethics and pledge to act in an honest and ethical manner with consumers, the public and fellow REALTORS®. The Code of Ethics sets forth standards of conduct and professional integrity that sets REALTORS® apart from other real estate licensees. If you feel your REALTOR® failed to act according to the Code of Ethics, a complaint may be filed with the Battle Creek Area Association of REALTORS® by calling 269.962.5193 or visiting our website at www.bcaar.com. A complaint must be filed within 180 days from the time the potentially unethical conduct took place.





HOME IN ON YOUR
FIRST HOME

HOUSE HUNTING TIPS

Owning a home is possible! Finding a home can be scary and can take some time to achieve. But, with the right support and the right information, you can be on your way to having a place to call your own. Many first-time homebuyers look forward to the house-hunting journey and the future it represents.

Keep in mind that you may not get everything you want in your first home – that's okay. Be patient as you search for the house that meets your needs. There are important factors to consider – location, function, costs, resale and more. Take a look at these factors below and rate them in order of importance as you make your home purchase.

REMEMBER THE REAL ESTATE MANTRA: LOCATION, LOCATION, LOCATION!

You can make changes to the appearance of a house as time and money allow. However, you can't change the location, so you should be sure the location is a good fit for where you want to live. Consider the travel time to places you frequent like work, stores or church. Investigate the schools and crime rates. Examine any development plans that might have an impact on property value.

THINK ABOUT YOUR FUTURE NEEDS.

Homeowners should generally plan to stay in their homes for at least four or five years to break even on closing costs and other fees. Consider how your family or lifestyle may change in the next few years, and strive to purchase a home that can accommodate your future needs.

FOCUS ON FUNCTION.

When touring a home, it can be easy to get charmed by the house's curb appeal or "cuteness" factor. But try to focus on how the house will function when you are living there. Will your furniture fit in the rooms? Is there enough closet space for your wardrobe? Are there enough bathrooms? Make a list of how you want the house to function for you, so you don't get caught up in room colors or how the house is decorated.

KNOW YOUR LIFESTYLE – AND BUY ACCORDINGLY.

Your home choice should fit the way you live. Don't buy acres of land if you don't want to maintain the outside of the house or pay to have it done. Don't buy a one-bedroom downtown condo if you like space and hosting backyard cookouts. Preview association or neighborhood rules. Consider any rules and regulations that might prohibit your lifestyle choices.

CONSIDER LONG-TERM COSTS.

When calculating the monthly cost of the new mortgage, remember to include any additional fees or costs that you will encounter in your new home. Will there be homeowner's association fees? Will additional home repairs and upgrades be needed? What will utilities cost? Will you have any costs for the maintenance of the property and grounds? What are the ages of the appliances and roof? Are you going to get an appliance plan through the utility company or a home warranty? It's always a good idea to create a budget that includes your mortgage payment and any potential long-term costs necessary to maintain a home or make repairs when needed. Do the math and ensure you can afford the extra expenses that may come with the home before making an offer.

TAKE RESALE VALUE INTO THE EQUATION.

Few people live in their first home for the rest of their lives. Before buying, know the neighborhood you're looking in and ask your real estate agent about other property values in the area. Other factors to consider: number of days the house was on the market, listing price decreases and last sale price of the house. How does your house compare to other houses on the block and in the neighborhood? How much of an increase in price can you expect to see when you sell your house? An investment is supposed to make a return for you. Growth in the potential sale (resale) price of your home builds equity (potential cash value). That equity becomes the return on your investment. That equity can be used for many purposes, such as upgrades on that home, post high school education or a down payment on another home. It is important to consider what type of return your home will give you.

DISTINGUISH BETWEEN YOUR WANTS AND NEEDS.

You probably won't be able to find a house with ALL of your wants and needs. Make a list of what you want in a house and what you absolutely must have. Are those your needs or your strongest wants? Prioritize your needs, then prioritize your wants. Make a checklist with needs at the top, followed by wants. Measure each home against that list so when you find a home you like, you can make a confident and informed decision about its ability to truly make you happy for the long haul.

YOUR **CREDIT SCORE** OPENS THE DOOR

Once you decide you're ready for homeownership, it's a good idea to check your credit score. There are very few ways to buy a home independent of your credit score. Also, programs are available to help you get into a home, even with less-than-ideal credit. Be prepared to discuss your credit score with your real estate agent and your lender. Once you know your score, you and your agent can map out the best path forward for obtaining a mortgage.

» **With a few strategies and a commitment to smart money management, you can boost your score and save yourself a lot of money in the long run. Just follow these tips:**

FIND YOUR SCORE.

Ask your banker/credit union representative for your credit score. Credit scores range from 300 to 850; a score around 700 is considered good, while anything above 720 is excellent. A score below 620 is generally considered poor. Once you know your starting point, you can create a goal credit score and map out a plan of how you will get there.

DON'T CLOSE OLD ACCOUNTS.

A part of your credit score comes from how long you've had credit, and the longer a card is open, the higher your score will be. Keep old accounts open; they can help boost your score and balance out newer lines of credit.

PAY DOWN YOUR CREDIT CARD BILLS.

Start by paying down your card with the highest interest rate first, and aim to get all balances below 50% of your credit limit. Since 33% of your credit score is based on the amount you owe, work on relieving your debt in any way that you can.

DON'T OPEN NEW CARDS THAT YOU DON'T NEED.

Avoid opening new cards at department stores or gas stations for one-time promotional discounts. New cards carry 10% of your credit score, and can bring down the average age of your credit, lowering your score even more.

REAL ESTATE MADE REAL SIMPLE

The Basics About Real Estate Agents/REALTORS®

Real estate agents/REALTORS® help buyers through the home buying process from A to Z, including identifying home choices based on buyer needs/wants, scheduling house tours, negotiating a purchase, scheduling inspections, recommending and working with lenders and much more. But many first-time homebuyers have questions about other aspects of real estate agents/REALTORS®, such as: Who pays them? How do you find a real estate agent/REALTOR®? Find answers to these and other FAQs below:

WHAT IS THE DIFFERENCE BETWEEN A REAL ESTATE BROKER, A REAL ESTATE AGENT AND A REALTOR®?

There is a difference between a real estate agent, a REALTOR® and a real estate broker. A real estate agent must pass the Michigan salesperson licensing exam and works for a broker. A REALTOR® must complete the same requirements as real estate agents and then chooses to belong to the National Association of REALTORS®, thereby agreeing to abide by a strict Code of Ethics to act in an honest and ethical manner with consumers, the public and fellow REALTORS®. Real estate brokers manage, own or operate a real estate company and must pass the Michigan Real Estate Broker License exam. They generally have a high level of experience and must have education beyond the agent level.

HOW DO REAL ESTATE AGENTS GET PAID?

A home seller typically utilizes a real estate agency or "listing agent" to list their property for sale. A home buyer will likely utilize a "buyer's agent" to represent them in the home buying process. The seller pays the listing agent a commission for the sale of the home (calculated as a percentage of the sale price). The listing agent will then split the commission with the buyer's agent. Be aware that if you buy a "For Sale by Owner" property, these factors may not apply. Always check with your agent to be clear on your commission structure.

IF I'M AT AN OPEN HOUSE AND WANT TO MAKE AN OFFER, CAN I ASK THE LISTING AGENT TO HELP ME?

If you're not already working with an agent, then the short answer is yes. However, if you decide to work with the agent, it should be done with careful consideration. A real estate agent/REALTOR® can be the agent of both the seller and the buyer in a transaction, but only with the knowledge and informed consent, in writing, of both the seller and the buyer. It is the agent's duty to work in the best interests of his or her client, but sometimes it can be difficult to avoid a conflict of interest.

WHAT DO I DO IF I SUSPECT I'VE BEEN TREATED UNFAIRLY IN THE HOME BUYING PROCESS?

You have the right to expect that housing will be available to you without discrimination or other limitations based on race, color, religion, gender, disability, familial status and national origin. It is important to choose an agent who will prioritize your needs and find homes that best match your checklist. During the purchase process, including when you apply for financing, you have a right to fair and equal treatment. Make sure the agent is taking you to see homes in a variety of neighborhoods within your price range. Those neighborhoods should reflect all areas of the city where that price range exists and not just those largely populated by a particular race or culture. The use of personal biases in presentation of homes and evaluation of homes is illegal. Please review pages 4 and 5 if you suspect you have been a victim of discrimination. Any such concerns may be reported to the Fair Housing Center of Southwest Michigan by calling 866.637.0733 or emailing info@fhcswm.org. Ethics complaints against REALTORS® can also be filed with the Battle Creek Area Association of REALTORS® by calling 269.962.5193 or visiting their website at www.bcaar.com.

HOW DO I GO ABOUT FINDING A REPUTABLE REAL ESTATE AGENT OR REALTOR®?

The best way to find a real estate agent is to ask family and friends. If you are new to the area, you can ask co-workers or search online. The Battle Creek Area Association of REALTORS® also provides a list of REALTORS® and Real Estate offices at www.bcaar.com. Consider meeting with a few agents to get a feel for how well they listen to you. Ask the agent about their experience with homes in your price range and neighborhoods that interest you. Finally, ensure your agent is experienced, but not so busy that he or she won't be able to devote the time you need in your home buying journey.

TO BUY OR NOT TO BUY:
That Is the Question

Owning a home is often touted as the American Dream. But the truth is: Homeownership isn't always rainbows and butterflies. For some, renting may actually be a better option. So before you venture too far down the home buying path, first take some time to decide whether or not homeownership is right for you.

» Here are some things to consider:

FLEXIBILITY

General guidelines dictate that homebuyers should stay in their home for at least four or five years to break even on closing costs and other fees. For those who appreciate flexibility or plan to relocate within the next few years, renting is likely the smarter choice.

TAX ADVANTAGES

Renters do not receive any tax breaks related to their apartment, but homeowners are able to deduct at least a portion of their mortgage interest.

INDEPENDENCE

When you own a home, you are free to make whatever changes you wish (barring any exceptions from a homeowner association). Such freedoms do not exist for most renters. In addition, homeowners don't have to seek permission from a landlord if they wish to add a pet to their family.

UP-FRONT COSTS

Homeowners should be prepared to pay a down payment, closing costs and other fees when purchasing a home. For renters, the up-front costs are much lower – usually only consisting of a security deposit, which in Michigan cannot exceed 1 1/2 months' rent charge.

EQUITY

Homeowners have the opportunity to build equity in their purchase – a huge benefit when it comes time to sell or if they wish to take advantage of a home equity loan. Renters, on the other hand, will not get back any of the money they pay for the use of their apartment.

UPKEEP

Leaky roof? Failing HVAC system? Broken water heater? As a homeowner, these are your problems – not a landlord's (although a home warranty could help you cover some of these costs). If you don't feel capable of handling these potential situations or simply wish to avoid regular upkeep such as yardwork, an apartment is probably for you.

Mortgage Guidelines THAT MAKE "CENTS"

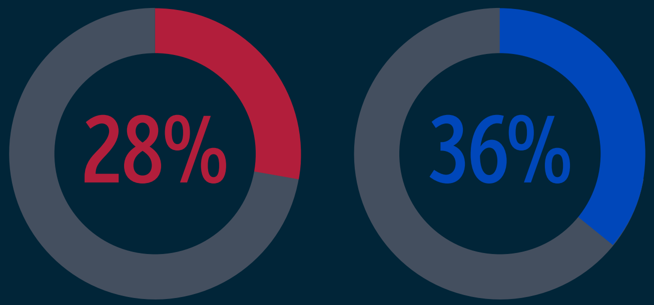
» The true cost of homeownership goes far beyond a house's asking price. Be prepared to fork over thousands of additional dollars in interest, closing costs, repairs, renovations, maintenance, insurance, utilities and more. Not to mention, it will of course cost money to furnish your home as well. (People aren't lying when they say buying a home is likely the biggest purchase you'll ever make!)

Obviously, you'll want to ensure you can afford homeownership before you close on a mortgage. Here are some general rules to keep in mind:

- To keep your purchase affordable, make sure your total monthly housing payment (including your mortgage, homeowner's insurance, property taxes, etc.) doesn't exceed 28% of your gross monthly income. (FYI: Gross monthly income is the amount you make before taxes are taken out.) If your annual household income is $90,000, for instance, divide that number by 12 to determine your gross monthly income. In this example, the gross monthly income is $7,500. Now, multiply that number by 0.28 to determine your maximum monthly housing payment, which equals $2,100 in this scenario.
- Now that you know the maximum amount you should spend on your monthly housing payment, it's time to factor your total debt into the equation. Experts recommend that your total monthly debt payments (including your mortgage and any other debts such as an auto loan, student loan or credit card payments) should not go beyond 36% of your gross monthly income. The 36% should NOT include monthly expenses like groceries, utilities, insurance, gas, etc. So don't assume that if your annual household income is $90,000, you can automatically afford a total monthly housing payment of $2,100. Here's an example to illustrate this point:

Based on the 36% rule (and assuming a $90,000 annual household income), the total amount of debt you should pay per month should max out at $2,700. If you pay $700 each month in other debts, then your total housing payment should not exceed $2,000 (to ensure you don't go above your $2,700 maximum). Note that this is $100 less than the amount you might allow yourself to pay if you fail to take this second rule into account.

Here's how to do the calculation for your own situation: Simply divide your annual household income by 12 and multiply that number by 0.36. Then, subtract from that number all your other monthly debt payments. The number you're left with is your maximum total housing payment per month.



HOUSING DEBT
28% OF PRE-TAX INCOME

TOTAL DEBT
36% OF PRE-TAX INCOME

THE LOW-DOWN ON DOWN PAYMENTS

One of the most important financial decisions you'll have to make early on in the home buying process is determining how much of a down payment you can afford. Some lenders offer low or no down payment options, but putting down 20% of the home's purchase price is ideal. If you put down less than 20%, you will need to pay PMI (Private Mortgage Insurance).

TOP TIPS FOR SELECTING

A LENDER

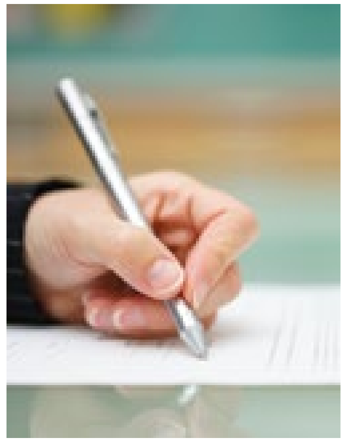
» With the considerable amount of money at stake when purchasing a home, it's worth your while to carefully select a reputable lender you can trust. Consider the following when making your decision:

Research rates. What may seem like a minor difference in rates can amount to thousands of dollars in interest over the life of your loan. Most lenders will have similar mortgage rates, but it's still a good idea to double-check rates and compare.

Think beyond dollars. Yes, interest rates are important. But so is choosing a lender that displays honesty, integrity and a commitment to meeting deadlines and communicating with you throughout the process.

Consider going local. Online lenders are plentiful, but a local lender comes with the added benefit of knowing the neighborhoods, properties and real estate professionals in your area.

Ask for recommendations. Friends and family members are a great place to start when it comes to learning about lenders in your area. Ask what they liked or didn't like about their experience.



As you compare lenders, it may be helpful to answer these questions:

- What products/services does each bank offer?
- What escrow requirements does each bank have?
- How do interest rates, fees, terms and closing costs compare?
- Who will service the loan?
- How long will the approval process take? Closing process?

Remember, during the purchase process, including when you apply for financing, you have a right to fair and equal treatment. If you believe you have not been treated fairly, please contact the Fair Housing Center of Southwest Michigan by calling 866.637.0733 or emailing info@fhcswm.org.

WHAT'S WHAT?

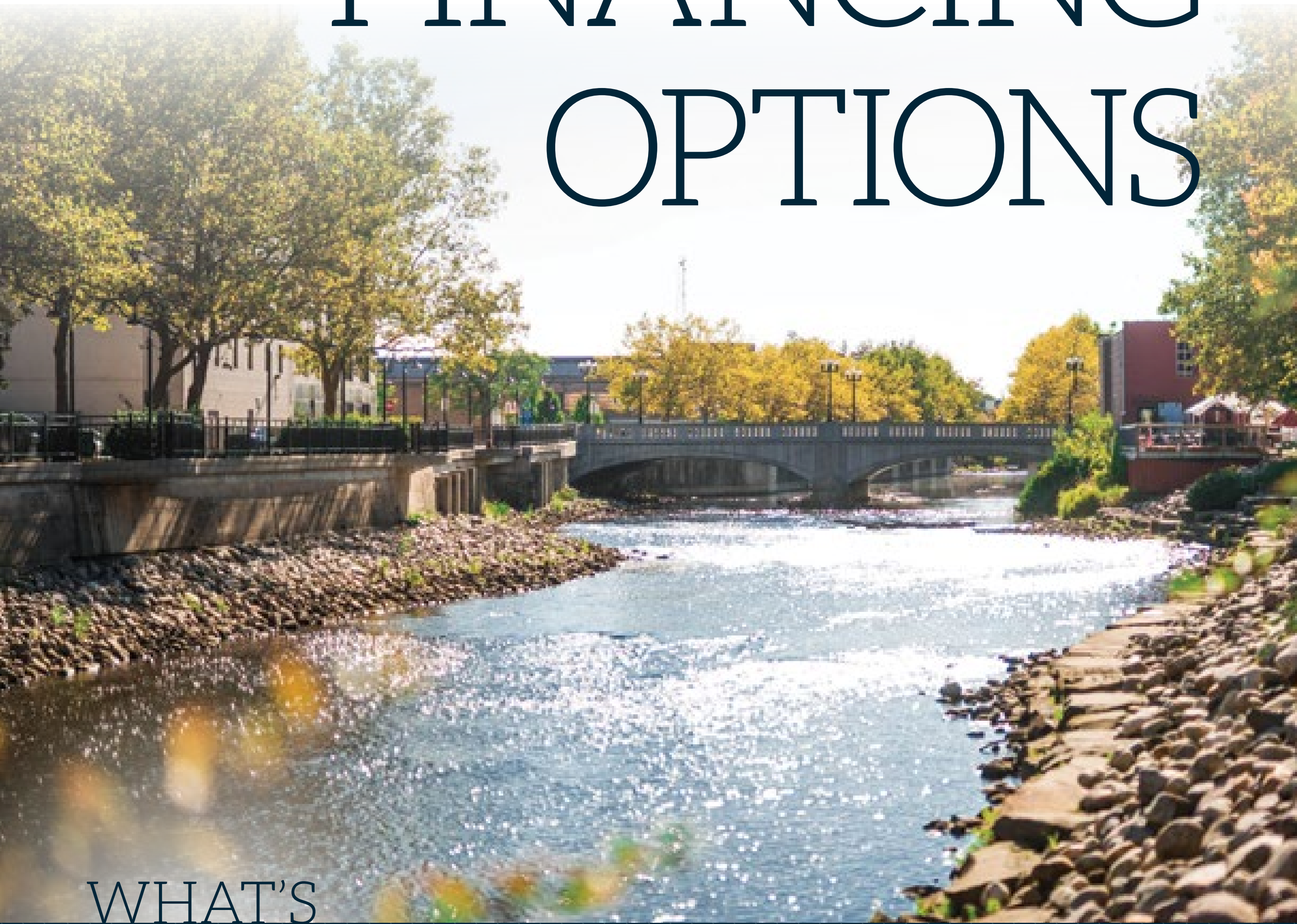
LOAN OFFICERS VS. MORTGAGE BROKERS

If you've started researching the home buying process, you've probably heard the terms "loan officer" and "mortgage broker." These professionals play similar roles, but are fundamentally different:

- A **LOAN OFFICER** is an individual who works directly for a bank or credit union and offers loans from the financial institution that employs them.
- A **MORTGAGE BROKER** is not associated with a particular bank or credit union. Instead, they research loans from a number of different sources and enter into mortgage contracts with various lenders.

LEARN THE LINGO:

HOME FINANCING OPTIONS



WHAT'S WHAT?

PRE-QUALIFICATION VS. PRE-APPROVAL

Before beginning your house hunt, it's a good idea to get pre-qualified or pre-approved for a mortgage. Doing so will give you an idea how much you can afford to spend so you won't waste your time looking at houses that are out of your price range. Keep in mind, though, that pre-qualifications and pre-approvals are two very different things:

- Getting **PRE-QUALIFIED** simply means that a lender has provided you with an estimate of the mortgage amount you will likely qualify for. If you choose to purchase a home, you will still have to go through the actual mortgage application process at that time.
- Getting **PRE-APPROVED** requires you to provide a lender with paperwork so they can verify your income, credit, etc. If that lender does decide to pre-approve you for a mortgage, it essentially means you are guaranteed to get a loan up to a specified amount (assuming no major financial changes occur) for a limited period of time.

WHEN IT COMES TO MORTGAGES, ONE SIZE DOES NOT FIT ALL.

Numerous options and programs exist with different terms, features and benefits to suit various buyers. Be a well-informed consumer by familiarizing yourself with these common mortgage types:

Conventional/Fixed-Rate Mortgage:	A fixed-rate mortgage features an interest rate that remains constant throughout the term of the loan. Most fixed-rate mortgages come with a term of either 15 or 30 years.
Adjustable-Rate Mortgage (ARM):	Adjustable-rate mortgages typically start with a lower rate than fixed-rate mortgages, but after a few years the rate can begin to rise and will fluctuate periodically.
VA (Veterans Affairs) Loans:	VA loans offer up to 100% financing for military members and their families.
FHA (Federal Housing Administration) Loans:	FHA loans can help buyers receive financing even if they may not otherwise qualify for a mortgage. The FHA insures the lender for the mortgage amount – removing the risk associated with the borrower.
USDA (United States Department of Agriculture) Rural Development Loans:	These loans are available to rural residents who meet certain requirements, including the inability to be approved for traditional financing.
Balloon Loans:	A balloon loan is a mortgage that requires the borrower to pay a lump sum (balloon) at the end of the term, typically 5-7 years. This loan can have an advantage of lower initial payments but could pose some risks when interest rates fluctuate or when it comes time to refinance.
Interest-Only Loans:	These loans offer borrowers a period of time when they pay interest only on their mortgage. (During the interest-only term, the borrower does not build any equity.) Once the interest-only term ends, the borrower starts to pay off the principal as well.

Selecting the mortgage option that works best for you will depend on a number of factors, including how long you plan to stay in the home, if you're comfortable not knowing what your future payments might be and more. Work with your loan officer or mortgage broker to discuss your goals and lifestyle in relation to these different financing options. By carefully analyzing the pros and cons of each loan type, you can determine a financing option that best meets your needs.

FINALIZING THE DEAL

Once you decide you want to make an offer on a house, the home buying process goes into overdrive. Your real estate agent/REALTOR® and lender will guide you through this final leg of your journey, but here's a high-level overview of what to expect:

01 Make an offer.

Your real estate agent/REALTOR® will look at comparable homes that have recently sold in the area to help you determine a fair offer price. Depending on the situation and type of home you are purchasing, you will want to consider including an inspection contingency and financing contingency with your offer. Also, remember that including a pre-approval or pre-qualification letter will persuade the seller to take your offer much more seriously.

02 Negotiate.

After you make an offer, the seller can accept it, reject it or make a counteroffer. Keep in mind that closing costs can be negotiated, too. And don't forget to double-check which home features will be staying (like appliances, window treatments, etc.). For added peace of mind, you might also want to consider a home warranty. This is a contract that will cover repairs or replacements for major home appliances and systems due to normal wear and tear.

03 Sign the contract.

After signing the contract, you must put down earnest money and apply for a mortgage if you haven't done so already. You will then want to have an inspector look at the home to detect any potential problems, and your lender will have the home appraised. You will also need to get homeowner's insurance, which will be required by your lender.

04 Complete the final walkthrough and close on the home.

Before closing, you will need to do a final walkthrough of the home to ensure its condition has not changed and that any features that were supposed to be included in the sale are still in place. Next, you will prepare your documents for closing. (Note: You will need to pay your down payment and closing costs via wire transfer or cashier's check.) Finally, you will attend the closing and sign the papers. Congratulations, you're now a homeowner!

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