

# 5 STEPS TO HOME OWNERSHIP



MAKE A PLAN



FIND A HOUSE



CLOSE ON HOUSE & MOVE IN



GET APPROVED FOR A LOAN



SUBMIT AN OFFER



AFTER BUYING A HOUSE

# THINGS TO CONSIDER BEFORE BUYING A HOUSE

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## THINK ABOUT IF YOU...

- Plan to stay in one location
- Have funds for a down payment and closing costs
- Can afford the maintenance costs of owning (repairs, lawn care, etc.)
- Have the credit score to get a good mortgage rate

## KEEP IN MIND...

- A plan is key
- There are many classes & people to help you understand the home buying process.
- There are many programs to help people with the costs of buying a home, but you have to find them and apply for them.
- You may have to prepare for several years before purchasing a home—so get started now!



# 1 MAKE A PLAN

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In Order To Make a Plan, You Have To Do All the Research—Which Starts With Reading This Guide!

## HERE ARE SOME OTHER THINGS TO THINK ABOUT & RESEARCH BEFORE BUYING A HOME:

- Make a list of must-haves for your home, things you want but aren't deal-breakers, and things you want to avoid for sure
- Research lenders: you want to find a reputable lender to get your loan from, preferably with a low interest rate and options for refinancing later down the line.
- Figure out your price range and how much you would have to save up for a downpayment and closing costs—the lender, loan, and any other funding you receive will affect this.
- If you need to improve your credit score, write down how much you need to improve and start working on that.
- Research funding: there may be government programs that can assist with downpayment costs, closing costs, or even your mortgage! Make sure you research and apply to programs you are eligible for.



## SUGGESTION

Keep a folder or a binder with all your research and home buying information in it!

## SOME ORGANIZATIONS YOU SHOULD RESEARCH INCLUDE:

- **Section 8** – they have an option for assistance with mortgage payments through the housing choice voucher, and a long waitlist—so you may want to apply ASAP
- **Fannie Mae** – they have many resources for first time homebuyers and can answer your questions
- **Renaissance Community Loan Fund** – this organization offers first time homebuyer classes online free of charge!
  - Other HUD approved counseling agencies in your area
- **Habitat for Humanity** – they build homes for low income individuals, but you have to apply for this program
- **Federal** Government programs:
  - MS Home Corporation
  - HUD
  - USDA
- **Local** Government programs

*\*Full list of resources in appendix\**

# 2 GET APPROVED FOR A LOAN (and/or other funding)

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Before you go find your perfect home, you should have the loan and any other funding already lined up so you can put in an offer once you find the perfect house.

## THINGS TO CONSIDER WHEN DECIDING ON A LENDER:

- Are they reliable?
- What is the **interest rate** of the loan they offer?
- Are you eligible for a **\$0 down-payment**?
- If not, how much money will you have to save for the down-payment?
- Keep in mind, even if you don't make a down-payment, you will still need to pay closing costs which can vary. Get an estimate from a relator or other reliable source.

## HERE ARE SOME PLACES TO START LOOKING FOR A LENDER & OTHER INFORMATION:

- Mississippi Home Corporation ([www.mshomecorp.com](http://www.mshomecorp.com))
- USDA has loans available for rural home-buyers ([www.rd.usda.gov](http://www.rd.usda.gov))
- Us Department of Housing and Urban Development ([www.hud.gov](http://www.hud.gov))
- If you already work with a bank, they may have a lending program available to you

If you are planning on getting other outside funding assistance, you should already be approved for the funding or know you will get approved if you find a house. **Talk to your case worker to make sure your funding will be available when you purchase your home.**

## HERE ARE SOME PLACES TO START IF YOU ARE LOOKING FOR FUNDING:

- Section 8 housing choice voucher program

### TIP

Many loan agencies will require you to get homeownership counseling from a hud approved homeownership counselor

# 3 FIND A HOUSE

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While searching for a house, you may come across a realtor you would like to work with. They are able to take you on tours of each house in a timely manner, submit the offer for you, find an inspector, and offer other services such as first year home owners insurance.

You can do this without a realtor, but they make the process easier. If you don't have a realtor the process of finding a house may take longer and be more complicated, but would probably be cheaper as part of the closing costs is paying the realtors.



## EITHER WAY, YOU WILL NEED TO TOUR HOUSES. SOME THINGS TO LOOK FOR WHEN TOURING INCLUDE:

- Look for your list of “must haves” and “must avoids”.
- Look at houses within your budget—find houses at the top and bottom of your budget to compare them.
- When touring, look for any damage that might be undisclosed.
  - ❑ Pay special attention to any sign of termite damage, or other pest infestations.
  - ❑ Look at cupboards, and if possible look in the attic and under the house for damage.
  - ❑ Some damage is hard to see until you move in, for example: plumbing issues, pest issues, structural issues—be aware of all these things and try to look for them, and more importantly get an inspection done!
  - ❑ If there is any physical damage, you may be able to write in a repair in your offer. For example, if the window is broken, one of your conditions for purchasing the house can be that the current owner must repair it.

**Once you have found the perfect home (don't rush! the home you want is out there!) you must submit an offer.**

# 4 SUBMIT AN OFFER

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**You have found the perfect home and want it to be yours—so you have to make an offer to the seller. Making an offer is a little more complicated than just offering them money.**

Your offer will include: how you plan on paying, who your lender is, and can include conditions and stipulations that they would have to agree to if they accepted your offer.

You generally offer the listing price, however you could offer more or less. If it's been on the market a long time, it may be safe to offer less. If the owner refuses, they may negotiate with you, and you may end up paying less than the list price, but more than your initial offer. However, if the housing market is hot, and houses are selling the day they are listed, and you really want to house, one way to make your offer more appealing is to offer more than the list price, or drop the need for repairs.

**For example,** if the house is listed for 150,000 dollars, has a broken window, hasn't been inspected, and has a washing machine and refrigerator, your offer might look like this:

- You will pay \$150,000 IF the window is fixed, IF the inspection comes back good, and IF you get to keep the washing machine and fridge.
- Alternatively, you could offer them less money if they do not fix the window or let you keep the appliances.

A relator is also a good resource to help decide on what you want your offer to be, but keep in mind they are also trying to make money, so it's also good to be knowledgeable about what things are worth so you can make your own decision on the offer.

- If the owner accepts your offer, it becomes a binding contract—which means you can no longer back out, which is why it is important to make your first offer something you are SURE about.
- If they do not accept your initial offer, they may make a rebuttal, for example they may want you to take the house “as is” without any repairs. You can accept or deny the offer, or make your own rebuttal.

## SUGGESTION

**Make sure that an inspection is included in your offer to avoid any bad surprises when you move in.**

# 5 CLOSE ON HOUSE & MOVE IN

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**If the owner accepts your offer, including all the conditions you set out, and the inspection goes well, then you can officially close on the house!**

When you close, you will have to pay closing costs out of pocket (unless your loan specifies otherwise), which could include:

- Credit check fee,
- Land survey fee,
- Loan application fee,
- Loan origination fee,
- Fees for title services,
- Property appraisal fee,
- Attorney fees,
- Lender's title insurance premium,
- Owner's title insurance premium,
- Government recordation fees,
- Transfer taxes,
- Paying the relator,
- Paying the inspector,
- Getting home insurance

**This may seem overwhelming—but generally your realtor takes care of many of these fees for you! Just make sure to set aside money for closing costs so they don't hit you by surprise!**

In most standard home sales, the buyer is responsible for paying all of the closing costs. However, the buyer may be able to negotiate having someone else pay these costs, such as the seller. In some cases, a seller who is eager to sell their home may even volunteer to pay the closing costs in an effort to make their property more attractive to potential buyers.

**ONCE YOU HAVE PAID THE CLOSING COSTS AND DOWN-PAYMENT, YOU CAN MOVE IN!**

Now you have to work to maintain the house and mortgage payments. The following page is some costs you should make sure to budget in each month when you own a home.

There are also resources for home owners to assist with the costs of owning a home—so don't feel like you are out on your own! Keep researching programs you could apply for either federally or locally to help save you money.



# AFTER BUYING A HOUSE

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## Congratulations! You are now a proud homeowner! Here are some things to think about after buying a house...

The main goal once you've purchased a house is to **avoid foreclosure**. If your house is foreclosed on, it means you have failed to pay the mortgage, and the bank takes the house away from you as collateral on your loan.

So, make sure you pay your loan on time every month. If you are struggling to do this, there may be programs to assist you. Reach out to a local assistance agency if you think you might be in danger of defaulting on your loan. Also talk to your loan agency about any options they might have.

Additionally, you'll want to take care of your house and property. This might mean **unexpected expenses** for repairs or maintenance, including: plumbing, electric, pest control, and yard upkeep. A good way of avoiding too many extra expenses or emergencies is to get **home insurance**. Some banks require home insurance as part of the loan

deal. But if they don't, it is still beneficial to have insurance. Though you do have to pay for insurance, it may be less expensive than paying for an emergency home repair.

There may also be programs to assist home owners with unexpected expenses. Reach out to your local assistance agency for help locating these programs. There may also be programs to assist home owners in making improvements to their house, such as adding solar panels. These are generally local, state, or federal government programs, and you can talk to your local government for more information.

Finally, you may be eligible for tax benefits such as getting a reduction in your taxes by living in your own home. This is called the homestead exemption. You can talk to your local government for more information.



# APPENDIX:

# HOME-OWNERSHIP RESOURCES

- HUD – [www.hud.gov](http://www.hud.gov)
  - **Section 8** – To apply for section 8, visit your local housing authority:  
[www.hud.gov/sites/dfiles/PIH/documents/PHA\\_Contact\\_Report\\_MS.pdf](http://www.hud.gov/sites/dfiles/PIH/documents/PHA_Contact_Report_MS.pdf)
  - Find other HUD approved counseling agencies in your area here:  
[www.hud.gov/states/mississippi/homeownership/hsgcounseling](http://www.hud.gov/states/mississippi/homeownership/hsgcounseling)
    - West Jackson Community development center  
<http://westjacksoncdc.org/housingcounseling.htm>
    - Renaissance Community Loan Fund online classes  
[www.rclfms.com/rclf-resources/classes](http://www.rclfms.com/rclf-resources/classes)
- Mississippi Home Corporation – [www.mshomecorp.com](http://www.mshomecorp.com)
  - Home saver program – [mshomesaver.com/](http://mshomesaver.com/)
  - MRB7 – [www.mshomecorp.com/programs/mortgage-revenue-bond-7](http://www.mshomecorp.com/programs/mortgage-revenue-bond-7)
  - Smart 6 – [www.mshomecorp.com/lenders/smart6-lender-resources](http://www.mshomecorp.com/lenders/smart6-lender-resources)
- USDA
  - Loans for rural home buyers & home owners – [www.rd.usda.gov](http://www.rd.usda.gov)
- Fannie Mae – [www.fanniemae.com](http://www.fanniemae.com)
- Habitat for Humanity – [habitatmca.org](http://habitatmca.org)