



Section 1 Handouts:

Are you Ready to Buy a Home

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Acronyms used in Homebuyer Education

CHFA- Colorado Housing and Finance Authority	COMP- Comparison (Real Estate Values)
PITI- Principal Interest Taxes Insurance	LTV- Loan to Value
N2N- Neighbor to Neighbor	ILC- Improvement Location Certificate
PUD- Planned Unit Development	CLTV- Combined Loan to Value
LOX- Letter of Explanation	FTHB- First Time Homebuyer
YTD- Year to Date	MCC- Mortgage Credit Certificate
HUD- Housing and Urban Development	LHOP- Larimer Home Ownership Program
ARM- Adjustable Rate Mortgage	RESPA- Real Estate Settlement Protection Act
FRM- Fixed Rate Mortgage	FP- Funding Partners
FHA- Federal Housing Administration	DORA- Department of Regulatory Agencies
HOA- Homeowner's Association	HUD 1- Settlement Statement
PUD- Planned Unit Development	FNMA- Fannie Mae. Federal National Mortgage Association
USDA- United States Department of Agriculture	FHLMC- Freddie Mac. Federal Home Loan Mortgage Corporation
APR- Annual Percentage Rate	1003- Form name for Uniform Residential Loan Application
RD- Rural Development	HBA- Homebuyer Assistance for Fort Collins Down payment assistance program
EM- Earnest Money	PMI/MI- Private Mortgage Insurance/Mortgage Insurance
TIL- Truth in Lending	
MLS- Multiple Listing Service	
GFE- Good Faith Estimate	
CIC- Common Interest Community	
DTI- Debt to income	



Housing Professionals and Their Roles

<u>Professional</u>	<u>Role</u>
Homeownership Counselor	Provides Education and support to buyers throughout the process to help prepare them for successful homeownership
Real Estate Agent	Helps buyers find houses that fit their needs and budget
Lender	Provides the home loan
Housing Inspector	Checks the structure and mechanical parts of a property
Appraiser	Determines the market value of the home based on condition and selling price of comparable homes.
Escrow Officer	Ensures that all documents are completed properly and collects fees and gives them to the appropriate parties for the closing meeting, where ownership is transferred from seller to buyer.
Title Officer	Researches the history of a home's previous owners and provide a report of who owned the home.
Surveyor	Checks the measurements of a property and the land around it.
Insurance Agent	Provides homeowners insurance policy to protect a home from casualty and liability.
Mortgage Insurer	Provides insurance to cover the lender's loss if a borrower cannot make the mortgage payments



Monthly Budget

Income Sources	Projected Amount	Actual Amount	Difference
Employment	\$ -	\$ -	\$ -
Child Support	\$ -	\$ -	\$ -
TANF	\$ -	\$ -	\$ -
Social Security	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -
Total Income	\$ -	\$ -	\$ -

Expenses	Projected Amount	Actual Amount	Difference
PAYING YOURSELF			
Monthly savings	\$ -	\$ -	\$ -
HOUSING			
Mortgage or Rent	\$ -	\$ -	\$ -
Water/sewer	\$ -	\$ -	\$ -
Electricity	\$ -	\$ -	\$ -
Gas	\$ -	\$ -	\$ -
Home telephone	\$ -	\$ -	\$ -
Cell phone	\$ -	\$ -	\$ -
Cable and/or Internet	\$ -	\$ -	\$ -
VEHICLES/TRANSPORTATION			
Loan or lease payment	\$ -	\$ -	\$ -
Gas	\$ -	\$ -	\$ -
Repairs/maintenance	\$ -	\$ -	\$ -
FOOD			
Groceries	\$ -	\$ -	\$ -
Household Items	\$ -	\$ -	\$ -
Meals out	\$ -	\$ -	\$ -
KID'S EXPENSES			
School fees & charges	\$ -	\$ -	\$ -
Daycare	\$ -	\$ -	\$ -
Child support payments	\$ -	\$ -	\$ -
CURRENT PAYMENTS			
Credit Card	\$ -	\$ -	\$ -
Loans or other payments	\$ -	\$ -	\$ -
INSURANCE			
Vehicle	\$ -	\$ -	\$ -
House or content	\$ -	\$ -	\$ -
Life	\$ -	\$ -	\$ -
MEDICAL			
Prescriptions	\$ -	\$ -	\$ -
Medical bills	\$ -	\$ -	\$ -
CLOTHING			
Adults	\$ -	\$ -	\$ -
Childrens	\$ -	\$ -	\$ -
PERSONAL EXPENSES			
Memberships/Subscriptions	\$ -	\$ -	\$ -
Presents	\$ -	\$ -	\$ -
Personal spending money	\$ -	\$ -	\$ -
Hairdresser	\$ -	\$ -	\$ -
Sports & recreation	\$ -	\$ -	\$ -
Entertainment	\$ -	\$ -	\$ -
Total Expenses	\$ -	\$ -	\$ -

Flex Spending (Total Income minus Total Expenses)	\$ -	\$ -	\$ -
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How to Pull Your Free Credit Report

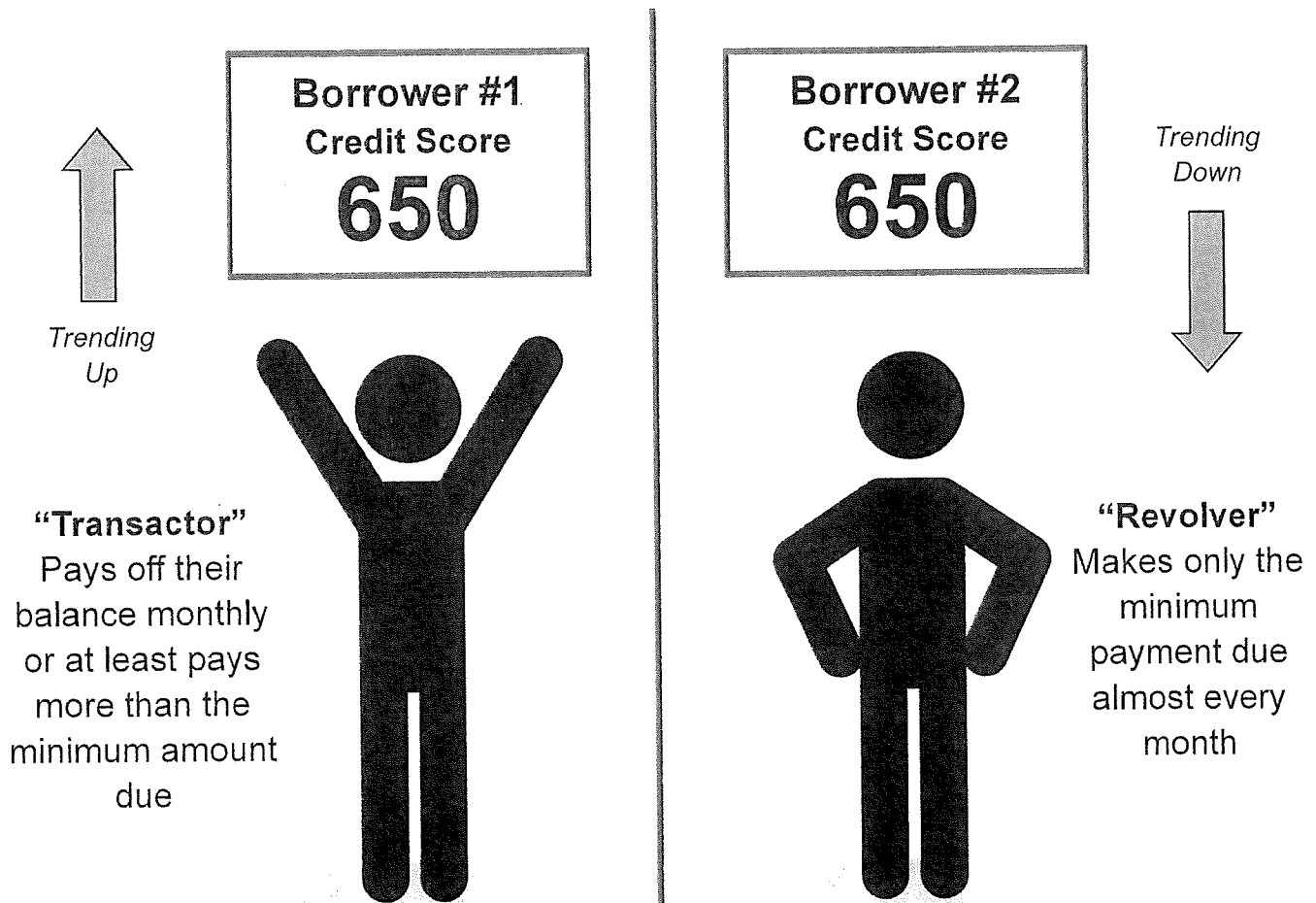
- The state of Colorado allows you to pull your credit report free from each major credit reporting bureau once per year. You may also pull your credit report free if you have been turned down for credit due to negative items on your report. If you have been turned down for credit you will receive notification in the mail of your denial and right to access your report.

Visit www.annualcreditreport.com

- This is the only Neighbor To Neighbor approved website for *free* credit report access. If you would like a more comprehensive, three bureau report, Neighbor to Neighbor can pull that for you, for a fee, during Home Purchase Advising.
- Select one credit reporting bureau, this way you can still pull your report from the other two bureaus within the same calendar year.
- Answer the questions provided and print your report. This will allow your Neighbor To Neighbor homeownership counselor to review your report with you if necessary.

What is trended credit data?

It's expanded information on a borrower's credit history. It includes up to 30 months of history showing amount owed, minimum payment due, and actual payments made.



How to be a “transactor”:

- Consistently pay more than the minimum payment for at least the past 6 months
- Use no more than 1/3 of your available credit
- Make one extra mortgage payment during the calendar year

How to be a “revolver”:

- Have recently increased debt levels
- Use more than 1/3 of your available credit
- Owe so much in various monthly credit payments that it isn't possible to pay extra



Consumer Laws

These can all be found at ftc.gov, fdic.gov, and/or consumerfinance.gov

1. Fair Housing

No one is allowed to discriminate concerning race, creed, color, sex, sexual orientation, marital status, familial status, physical or mental disability, handicap, religion, national origin, or ancestry. Regarding the purchase of a home, this means that everyone should be treated equally when looking for and accessing homes, and obtaining a loan, closing costs, and title services.

2. Equal Credit Opportunity

This act ensures that all consumers are given the same opportunities to obtain credit. Creditors cannot discriminate against you based on sex, race, marital status, religion, national origin, age, sexual orientation, or receipt of public assistance. Anyone involved in granting credit, such as banks, small loan institutions, and/or finance companies, must follow this law. Under the Equal Credit Opportunity Act, you have the right to know whether your application was accepted or rejected within 30 days of filing a complete application, and if rejected, the reason for it. The creditor must send you a letter explaining the specific reasons for rejecting your application if you ask within 60 days. If your application was rejected due to information received from a credit reporting agency, the creditor must disclose to you which credit reporting agency was used.

3. Real Estate Settlement Protection Act (RESPA)

RESPA concerns closing costs and settlement procedures. RESPA requires that consumers receive disclosures at various times in the transaction and outlaws kickbacks that increase the cost of settlement services. RESPA is a HUD consumer protection statute designed to help homebuyers be better shoppers in the home buying process.

4. Truth-in-Lending Act

This act gives you the right to receive the details on exactly how much the credit you are applying for is going to cost you. These details should be given to you prior to signing a contract or loan agreement. The law requires specific disclosures for open-end (i.e., credit cards) or closed-end (i.e., mortgage loan transactions) and applies to all creditors who regularly extend credit that is subject to finance charges and payable under a contract.



5. Consumer Finance Protection Bureau Changes since January 2014

Ability-to-Repay Mortgage Rules (CFPB) New mortgage rules will require lenders, before making a mortgage loan, to look at a consumer's financial information and be sure that the consumer can afford to repay the loan.

Appraisals for Higher-Priced Mortgage Loans (CFPB) Under the Truth in Lending Act, mortgages that exceed a certain interest rate require creditors to 1) obtain an appraisal meeting certain standards, 2) provide applicants notification regarding appraisal use, and 3) give applicants a copy of the written appraisal.

High-Cost Mortgage Protections (CFPB) Starting in January 2014, new rules will protect consumers if a lender offers them a high-cost mortgage.

Mortgage Servicing (CFPB) New mortgage servicing rules, effective January 2014, will give you tools to help if you have problems making your mortgage payments, and give you protections from wrongful actions taken by mortgage servicers.

Disclosure and Delivery Requirements for Appraisals and Other Valuations (CFPB) Learn about revisions to the Equal Credit Opportunity Act, effective January 2014, that will make it easier for borrowers to review a valuation - an estimate of the home's value - before getting a mortgage loan.

Dealing with Discrimination

If you feel you have been discriminated against, you should file a claim with HUD, the Civil Rights Division, and/or Consumer Finance Protection Bureau.

Filing complaints about a real estate broker, appraiser, or mortgage lender

***Contact the State of Colorado Division of Regulatory Agency (DORA) at www.dora.state.co.us
And/Or Consumer Finance Protection Bureau
<http://www.consumerfinance.gov/complaint/>***