

First Time Homebuyers Guide

If you are thinking about obtaining a loan to purchase a home, make sure you choose the right loan to meet your needs. Asking questions and understanding the loan process can save you and your family from excessive fees and possibly foreclosure.

Below are 10 helpful tips to do before the purchase of your home:

- 1. Do Your Homework:** Familiarize yourself with the home loan process and what you can afford. Attend a homeownership education course or meet with a homeownership counselor. These services are available locally and often without a fee. (for a list of counselors in the area visit <http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm?webListAction=search&searchstate=CA>)
- 2. Know Your Credit Rating:** Understand your credit rating and its impact on your loan qualifications. Obtain a copy of your credit report and review it with your mortgage counselor.
- 3. Shop Around:** Get the best loan for your needs: Question loan offers made by mail, over the internet or telephone, or by someone who comes to your door uninvited. Talk to at least three lender, get a "Good Faith Estimate" from each lender, and compare their fees and the total cost of the loan.
- 4. Choose Your Loan Agent Wisely:** Beware of anyone who tells you to falsify information on the loan application.
- 5. Check Your Loan Agent's Qualifications:** Ask your loan officer if they are licensed to originate mortgage loans and confirm with the California Department of Real Estate at www.dre.cahwnet.gov. If they are a mortgage broker, ask if they are a member of the California Association of Mortgage Brokers
- 6. Ask for Clarification:** Understand all of the costs and fees in your loan. If any of the items in your loan contract are not clear, Ask Questions! Don't sign anything you don't completely understand.
- 7. Ensure Affordability:** Make sure you can afford the loan's monthly payments. Ask what the maximum monthly payment would be over the life of the loan. Don't agree to a loan program with payments you cannot comfortably afford.
- 8. Take Charge:** Don't let anyone pressure you to sign a contract. A good deal today should be available tomorrow.
- 9. Complete Contracts:** Don't sign any blank forms or documents that are not filled in completely. If an item is supposed to be blank, draw a line through the space and initial.
- 10. Read and Review:** Make sure the loan contract contains only the terms to which you agreed. Request your loan documents three days before escrow closes. Bring the completed loan documents to a mortgage counselor for review.