



"A HUD Certified Housing Counseling Agency"

Dear Future Homeowner:

We are so happy you have chosen HEA as your housing education provider, housing counseling agency and your personal advocate during the home buying process. We have helped over 18,000 families purchase their first homes here in Tampa Bay since 2002.

Your **first step** toward home ownership is enrolling in HEA's Homebuyer Education Class, HomeTRACK. This class will provide you with many of the generic answers to the questions you may have regarding homeownership and the home buying process.

To take the **next step** of meeting with a housing counselor to discuss your personal situation you are required to fill out the Intake Form and corresponding documents attached. Sign where indicated and attach **copies** of all documents required. **A counselor will not be able to effectively analyze your situation and guide you without this paperwork and the corresponding documents available for review.** This will ensure a more seamless process while you go through the steps required to become a successful homeowner.

Due to company policy and government reporting requirements, a counselor will not be able to meet with you until these documents are received and reviewed. Within three days of receipt of required signed documents and copies of paperwork needed you will be contacted to set up an appointment.

If you do not have a lender, HEA has recently been accepted into the Nationwide Mortgage Collaborative and we can provide a service where we review thousands of loan programs from hundreds of banks and mortgage lenders and are able to recommend the top three programs that are the best for you. Additionally, we are able to refer you to the right realtors who are familiar with the area you wish to purchase in.

Our Preferred Realtors are chosen due to their experience and professionalism when it comes to working with first time homebuyers. They are vetted to insure quality service to their clients.

We look forward to helping you with your home ownership needs and are grateful to be a part of your home buying adventure. Happy Home Hunting!

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www.heausa.org



UNIT 1



The “Am I Ready to Buy a House” Checklist

If you're considering buying your first home, you probably have a list of “must-have” features. It might be as simple as three bedrooms, two baths. Or maybe your checklist includes a breakfast nook, stained glass windows, a home theater and a claw-footed bathtub.

Regardless, you've put a lot of thought into what you want out of a home.

But many people fail to give that same consideration to their financial situation and to whether they're truly ready to become a homeowner. Many people are not quite ready for the financial responsibility of home ownership, and jumping in before you're prepared can result in significant financial harm.

So, how do you determine if buying a house is a good money move? Here's a checklist of financial and personal goals to accomplish before you set out to buy that first home:

You're a budget mastermind

Were you born with the innate ability to manage a budget? Probably not. Budgeting skills have to be learned, successful money-management is often the product of a lot of practice. If you're a good budgeter, you:

- Know where your money comes from, and where it's going, each and every month
- Payoff your monthly expenses without going into debt
- Funnel a portion of your monthly budget into savings

If this sounds like you, you can check off this box!

Debt doesn't control your life

Bear in mind that a mortgage is debt. It's great investment, but it's still an obligation that you have to pay off.

Before you buy a house and enter into more debt, gain control of debt you already have. High interest debt should be your first target, and something you should pay down before you buy a house.

But having some debt doesn't preclude you from buying a home. For example, lower-interest debts like student loans and car payments can typically be managed alongside a mortgage payment. If you've worked the payment of these debts into your monthly budget, and you're paying them off at a reasonable rate, you might be ready to buy your first home.

You're ready to be landlord-less

Landlords can come in handy when something breaks. They'll get it taken care of, and foot the bill too!

But when you own your home, you won't have a landlord to depend on. When anything breaks or wears out, it will be your responsibility to fix it. And you'll have to pay for it too.

A lot of people gloss over this area of homeownership. Be sure you think honestly about whether you're ready to take on that kind of responsibility.

You have a sizable emergency fund

So how are you going to pay for those home emergencies? Every financially responsible adult should have an emergency fund. Not only will this help cover the cost of any home disasters, but it will help cover your mortgage payment and other monthly bills if you happen to get sick, lose your job, or encounter other unexpected events.

Your income is reliable

When you take on a mortgage, you're entering into a serious long-term financial commitment. You need to be confident that you'll be able to afford your mortgage payment a year from now, 10 years from now and even 20 years from now.

You should have a stable income as well as at least one to two years of employment history at your current job.

If you have any doubts about your job or financial situation, don't buy a house! Not being able to afford your mortgage could have serious implications.

You have a decent credit score

Most mortgage companies have a minimum credit score requirement to obtain a mortgage. Getting a mortgage with a poor credit score may mean a higher interest rate, and that you'll end up paying more over the life of your loan.

Generally speaking, having a better credit score means that you pay less to own your home. So, before you become a homeowner, beef up that credit score.

You're ready to make the commitment to stay in one place

You should be able to live in the same place for at least five years. The graduate student who is looking to travel the world, for example, is not a good candidate for homeownership. It doesn't make financial sense to buy a home if you're not really ready to settle down.

You've saved for a down payment

Most mortgages require a down payment. The larger your down payment, the less interest you'll end up paying on the loan. If you can save up the thousands of dollars required for a down payment, chances are, you're in a good financial place to make a home purchase.

Buying a home is a serious commitment—and likely the biggest financial decision you'll ever make—so it's important to make sure you're absolutely ready.

If you are able to check off this whole list, congratulations! If not, keep working hard to get your finances under control: homeownership may be in your future yet!

<http://blog.allstate.com/the-am-i-ready-to-buy-a-house-checklist/>

1. Mortgage Type 2. Select Your Current Rate 3. Loan Type 4. Loan Amount

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5. 

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Add a new house calculator to your Web site. You can implement the calculator as displayed or customize it using the preferences below. Then simply copy and paste the widget code onto your website.

Review display preferences and then

Review display preferences:

Change preferences to customize:

New House Calculator

[Bankrate.com](#)

Choose a color:

Gross Monthly Income

Wages (\$):

Investments / Dividends (\$):

Alimony received (\$):

Other (\$):

Total monthly income (\$): 0

New Home Info :

Down payment (\$):

Loan term (years):

Interest rate (%):

Homeowner's insurance (\$/year):

Real estate taxes (\$/year):

Monthly Expenses:

Car payment (\$):

Alimony paid (\$):

Credit card payment (\$):

Other debts (\$):

Total monthly expenses (\$): 0

Total monthly expenses (including insurance
and real estate tax payments)

Calculate

Choose a font:

Select width:

If your browser does not allow automatic copy, then select all, and copy and paste the code from the window below.

HomeTRACK Important Concepts - Unit One

Looking back at what we have discussed in Unit One, the following are the four most important ideas that you should focus on when looking to purchase a home:

1) There are Pros and Cons to Homeownership

- a. *Not everyone should buy a home.* We all have the right to be a homeowner but it is not always "right" for everyone to buy a home. We must consider the following concepts before we decide to buy a home...
- b. *Buying a home is a long-term commitment.* We must take into consideration if the time is right for us to be a homeowner. If we are in a position where our life may be changing in two to three years, then the up-front cost of buying a home may not be worth the commitment to homeownership. In this case, renting for that period should be seriously considered.
- c. *Owning a home means there will be repairs.* When you rent and something in the home breaks, it is the landlord's responsibility to repair it. When you own a home, the responsibility of fixing whatever breaks is on you! You must be able to save money for these inevitable repairs. Some repairs are simple and rather inexpensive such as replacing a light switch or doing some caulking. However, some repairs can be quite expensive and are not covered under insurance. Things like replacing a hot water heater or a furnace may cost from hundreds to thousands of dollars. It is going to be crucial that you are able to save a good amount of money each month until you have an emergency fund of a few thousand dollars.
- d. *Planning for the Future.* Buying a home is a great way to invest for the future. The money you pay toward a home will eventually pay off the home so you will own it. While this is a good thing, you will need to consider that the house that is right for you today may not be the house that is right for you tomorrow. A young married couple may find that a two bedroom home suites them nicely, but after having a couple of children, they may find that house too small for their family. A middle-aged home-buying couple may decide to buy a split-level home but in a few years begin to realize that as they get older that stairs are hard for them to deal with. Moving into a new home always comes with cost, so when buying a home, look at what your anticipated family needs will be in ten, twenty or even thirty years from now.

2) Conducting a Self-Assessment of your own Homeownership Readiness

- a. *Budget* - Are you keenly aware of how you are spending your money? If you are not using some sort of budgeting device you are just spending haphazardly. Unless you are able to focus in and take the time to track your spending you are probably not ready to take on the financial responsibility of homeownership. In budgeting you need to:
 - i. Know where your money is coming from and if it is stable and can be counted on so you can make a monthly house payment
 - ii. Know where your money is going, each and every month
 - iii. Be able to Pay off your monthly expenses without going into debt
 - iv. Set aside a portion of your money every month for savings
- b. *Debt* - Remember, that while buying a home is an investment, the mortgage is a debt. Make sure you have current debt under control before you buy a home. There are a lot of things you will need in that new home like furniture, small appliances, lamps and rugs. You can be easily tempted to buy these things on credit and this will add to your debt load and your ability to save money for repairs, not to mention the stress that comes with being in debt!
- c. *Savings* - Enough cannot be said about having a sizeable amount of savings when you buy a home. If you spend all your savings to get into a home, it will take you quite a while to save that money again. If a major appliance goes out during that time, such as a stove or a refrigerator, and you do not have the money saved back when it does, you will be forced to go into debt to replace them. Make sure that the day you close on your home that you still have a good amount of money in the bank.
- d. *Employment* - Do you have a stable job and are you pretty confident that the job you have will be around for a while? No one can control what their employer does, but you can feel more confident about the security of your job if you have held it for a couple of years. If you are new to a job, buying a home should wait until you are sure that job is going to work out.
- e. *Commitment* - As mentioned before, buying a home is a big commitment. Someone who is not sure they are going to be in an area for long would be wiser to rent a place to live.
- f. *Downpayment*. Do you have a sizable amount of money saved to put down on a home? Beware of loans that advertise "No Money Down".

The more money you put down on your home means the less money you have to borrow from the bank. The more money you borrow from the bank means the more money you will pay back in interest. The wise homebuyer puts as much as they can down when they buy a home.

3) Calculate your Personal Housing Affordability

- a. Your house payment should never exceed 29% of your total gross monthly income.
 - i. Gross Monthly Income means the amount you make before any deductions are taken out by your employer.
 - ii. Take your gross monthly payment and multiply it times .29. This will show you what you should not exceed for a house payment. NOTE: The 29% for a house payment includes taxes and insurance payments also.
- b. Your total debt combined should never be more than 41% of your total gross monthly income.
 - i. Take your gross monthly payment and multiply it times .41. This will show you what you should not exceed on for all debt.
 - ii. NOTE: All debt means the following five - House Payment, Car payments, Minimum Monthly Credit Card Payments, Personal Loan Payments and School Loan Payments. This does not include utilities such as phone or electricity payments.

4) The Four C's of Credit

It is important that you understand that banks look at credit four ways. The following is a breakdown of the way a bank look at credit. By understanding these four concepts, you will be better prepared to speak to a lender about purchasing a home:

- a. "CAPACITY" - The ability to pay back the loan - this is why they ask you for proof of income
- b. "CHARACTER" - This means how well you pay your debts now - this is why they look at your credit report

- c. "COLLATERAL" - This means the house you want to buy must be worth what you are willing to pay for it and determines how much they are going to loan you to buy it - this is why they do an appraisal
- d. "CAPITAL" - This means that you have some money saved up to make the house payment if an emergency happens and to identify where your down payment is coming from - this is why they want a copy of your bank statements

If you feel like you have a good understanding of these four main concepts in Unit 1, then you are ready to move forward to Unit 2. If you feel you may want more information on any of these topics, feel free to look at those sections again, or you can ask your local Housing Counselor at a HUD approved Housing Counseling Agency. You can find the nearest one to you at:

[http://portal.hud.gov/hudportal/HUD?src=/i want to/talk to a housing counselor](http://portal.hud.gov/hudportal/HUD?src=/i%20want%20to/talk%20to%20a%20housing%20counselor)



UNIT 2



DAILY EXPENSE TRACKING SHEET

[illegible]



Housing & Education
ALLIANCE
MAKING A DIFFERENCE ONE FAMILY AT A TIME



HUD Approved Housing Counseling Agency

CLASS DATE: _____

BUDGET

Applicant Name _____

Co-Applicant Name _____

MONTHLY INCOME

Gross Monthly \$ _____
Net Monthly \$ _____
Child Support \$ _____
Alimony \$ _____
Investment \$ _____
Pension/Retirement \$ _____
SSI/SSD \$ _____
Other \$ _____

Gross Monthly \$ _____
Net Monthly \$ _____
Child Support \$ _____
Alimony \$ _____
Investment \$ _____
Pension/Retirement \$ _____
SSI/SSD \$ _____
Other \$ _____

TOTAL INCOME \$ _____

TOTAL INCOME \$ _____

MONTHLY EXPENSES – complete below for all expenses

Rent \$ _____
Renters Insurance \$ _____
Mortgage (P & I) \$ _____
Property Taxes \$ _____
Homeowners Insurance \$ _____
Flood Insurance \$ _____
Second Mortgage/Loan \$ _____
HOA/Condo Fees \$ _____
Home Repair \$ _____
Electricity \$ _____
Water \$ _____
Sewer \$ _____
Garbage \$ _____
Cable/Internet \$ _____
Phone \$ _____
Phone \$ _____
Cell Phone \$ _____
Student Loan \$ _____
Tuition \$ _____
School Lunch \$ _____

Credit Cards \$ _____
(Minimum Payments)
Car Loan/Lease \$ _____
Car Insurance \$ _____
Car Maintenance \$ _____
Gas/Oil \$ _____
Child Support \$ _____
Alimony \$ _____
Food/Groceries \$ _____
Eating Out \$ _____
Recreation \$ _____
Personal Care \$ _____
Church/Contributions \$ _____
Medical Bills \$ _____
(not covered under insurance)
Medicines \$ _____
(not covered)
Pet Expense \$ _____
Other Insurance \$ _____
Other Expenses \$ _____

TOTAL EXPENSE \$ _____

TOTAL INCOME Less TOTAL EXPENSES \$ _____ \$ _____



FREE CREDIT REPORTS

Visit annualcreditreport.com to get your free credit report.

The Fair Credit Reporting Act (FCRA) requires each of the nationwide credit reporting companies—Equifax, Experian, and TransUnion—to provide you with a free copy of your credit report, at your request, once every months. The FCRA promotes the accuracy and privacy of information in the files of the nation's credit reporting companies. The Federal Trade Commission (FTC), the nation's consumer protection agency, enforces the FCRA with respect to credit reporting companies.

A credit report includes information on where you live, how you pay your bills, and whether you've been sued or have filed for bankruptcy. Nationwide credit reporting companies sell the information in your report to creditors, insurers, employers, and other businesses that use it to evaluate your applications for credit, insurance, employment, or renting a home.

Here are the details about your rights under the FCRA, which established the free annual credit report program.

Q: How do I order my free report?

The three nationwide credit reporting companies have set up a central website, a toll-free telephone number, and mailing address through which you can order your free annual report.

To order, visit annualcreditreport.com, call 1-877-322-8228. Or complete the Annual Credit Report Request Form and mail it to: Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281. Do not contact the three nationwide credit reporting companies individually. They are providing free annual credit reports only through annualcreditreport.com, 1-877-322-8228 or mailing to Annual Credit Report Request Service.

You may order your reports from each of the three nationwide credit reporting companies at the same time, or you can order your report from each of the companies one at a time. The law allows you to order one free copy of your report from each of the nationwide credit reporting companies every 12 months.

A Warning About "imposter" Websites

Only one website is authorized to fill orders for the free annual credit report you are entitled to under law --- annualcreditreport.com. Other websites that claim to offer "free credit reports", "free credit scores", or "free credit monitoring" are not part of the legally mandated free annual credit report program. In some cases, the "free" product comes with strings attached. For example, some sites sign you up for a supposedly "free" service that converts to one you have to pay for after a trial period. If you don't cancel during the trial period, you may be unwittingly agreeing to let the company start charging fees to your credit card.

Some "imposter" sites use terms like "free report" in their names; others have URLs that purposely misspell annualcreditreport.com in the hope that you will mistype the name of the official site. Some of these "imposter" sites direct you to other sites that try to sell you something or collect your personal information.

Annualcreditreport.com and the nationwide credit reporting companies will not send you an email asking for your personal information. If you get an email, see a pop-up ad, or get a phone call from someone claiming to be from annualcreditreport.com or any of the three nationwide credit reporting companies, do not reply or click on any link in the message. It's probably a scam. Forward any such email to the FTC at spam@uce.gov.

Q: What information do I need to provide to get my free report?

A: You need to provide your name, address, Social Security number, and date of birth. If you have moved in the last two years, you may have to provide your previous address. To maintain the security of your file, each nationwide credit reporting company may ask you for some information that only you would know, like the amount of your monthly mortgage payment. Each company may ask you for different information because the information each has in your file may come from different sources.

Q: Why do I want a copy of my credit report?

A: Your credit report has information that affects whether you can get a loan – and how much you will have to pay to borrow money. You want a copy of your credit report to:

- Make sure the information is accurate, complete, and up-to-date before you apply for a loan for a major purchase like a house or car, buy insurance, or apply for a job.
- Help guard against identity theft. That's when someone uses your personal information --- like your name, your Social Security number, or your credit card number --to commit fraud. Identity thieves may use your information to open a new credit card account in your name. Then, when they don't pay the bills, the delinquent account is reported on your credit report. Inaccurate information like that could affect your ability to get credit, insurance, or even a job.

Q: How long does it take to get my report after I order it?

A: If you request your report online at annualcreditreport.com, you should be able to access it immediately. If you order your report by calling toll-free 1877-322-8228, your report will be processed and mailed to you within 15 days. If you order your report by mail using the Annual Credit Report Request Form, your request will be processed and mailed to you within 15 days of receipt.

Whether you order your report online, by phone, or by mail, it may take longer to receive your report if the nationwide credit reporting company needs more information to verify your identity.

Q: Are there any other situations where I might be eligible for a free report?

A: Under federal law, you're entitled to a free report if a company takes adverse action against you, such as denying your application for credit, insurance, or employment, and you ask for your report within 60 days of receiving notice of the action. The notice will give you the name, address, and phone number of the credit reporting company. You're also entitled to one free report a year if you're unemployed and plan to look for a job within 60 days; if you're on welfare; or if your report is inaccurate because of fraud, including identity theft. Otherwise, a credit reporting company may charge you a reasonable amount for another copy of your report within a 12-month period.

To buy a copy of your report, contact:

- Equifax: 1-800-685-1111; Equifax.com
- Experian: 1-888-397-3742; Experian.com
- TransUnion: 1-800--916-8800; transunion.com

Q: Should I order a report from each of the three nationwide credit reporting companies?

A: It's up to you. Because nationwide credit reporting companies get their information from different sources, the information in your report from one company may not reflect all, or the same, information in your reports from the other two companies. That's not to say that the information in any of your reports is necessarily inaccurate; it just may be different.

Q: Should I order my reports from all three of the nationwide credit reporting companies at the same time?

A: You may order one, two, or all three reports at the same time, or you may stagger your requests. It's your choice. Some financial advisors say staggering your requests during a 12-month period may be a good way to keep an eye on the accuracy and completeness of the information in your reports.

Q: What if I find errors --- either inaccurate or incomplete information --- in my credit report?

A: Under the FCRA, both the credit reporting company and the information provider (that is, the person, company, or organization that provides information about you to a consumer reporting company) are responsible for correcting inaccurate or incomplete information in your report. To take full advantage of your right under this law, contact the credit reporting company and the information provider.

1. Tell the credit reporting company, in writing, what information you think is inaccurate.

Credit reporting companies must investigate the items in question ---usually within 30 days --- unless they consider your dispute frivolous. They also must forward all the relevant data you provide about the inaccuracy to the organization that provided the information. After the information provider receives notice of a dispute from the credit reporting company, it must investigate, review the relevant information, and report the results back to the credit reporting company. If the information provider finds the disputed information is inaccurate, it must notify all three nationwide credit reporting companies so they can correct the information in your file.

When the investigation is complete, the credit reporting company must give you the written results and a free copy of your report if the dispute results in a change. (This free report does not count as your annual free report.) If an item is changed or deleted, the credit reporting company cannot put the disputed information back in your file unless the information provider verifies that it is accurate and complete. The credit reporting company also must send you written notice that includes the name, address, and phone number of the information provider.

2. Tell the creditor or other information provider in writing that you dispute an item. Many providers specify an address for disputes. If the provider reports the item to a credit reporting company, it must include a notice of your dispute. And if you are correct --- that is, if the information is found to be inaccurate --- the information provider may not report it again.

Q: What can I do if the credit reporting company or information provider won't correct the information I dispute?

A: If an investigation doesn't resolve your dispute with the credit reporting company, you can ask that a statement of the dispute be included in your file and in future reports. You also can ask the credit reporting company to provide your statement to anyone who received a copy of your report in the recent past. You can expect to pay a fee for this service.

If you tell the information provider that you dispute an item, a notice of your dispute must be included any time the information provider reports the item to a credit reporting company.

Q: How long can a credit reporting company report negative information?

A: A credit reporting company can report most accurate negative information for seven years and bankruptcy information for 10 years. There is no time limit on reporting information about criminal convictions; information reported in response to your application for a job that pays more than \$75,000 a year; and information reported because you've applied for more than \$150,000 worth of credit or life insurance. Information about a lawsuit or an unpaid judgment against you can be reported for seven years or until the statute of limitations runs out, whichever is longer.

Q: Can anyone else get a copy of my credit report?

A: The FCRA specifies who can access your credit report. Creditors, insurers, employers, and other businesses that use the information in your report to evaluate your applications for credit, insurance, employment, or renting a home are along those that have a legal right to access your report.

Q: Can my employer get my credit report?

A: Your employer can get a copy of your credit report only if you agree. A credit reporting company may not provide information about you to your employer, or to a prospective employer, without your written consent.

For More Information

The FTC works for the consumer to prevent fraudulent, deceptive, and unfair business practices in the marketplace and to provide information to help consumers spot, stop, and avoid them. To file a complaint, visit ftc.gov/complaint or call 1-877-FTC-Help (1-877-382-4357). The FTC enters Internet, telemarketing, identify theft, and other fraud-related complaints into Consumer Sentinel, a secure online database available to hundreds to civil and criminal law enforcement agencies in the U.S. and abroad.

Report Scams

If you believe you've responded to a scam, file a complaint with:

- The Consumer Financial Protection Bureau
- The FTC
- Your state Attorney General

March 2013

HomeTRACK Important Concepts - Unit Two

Budgeting and Credit

Great job on the work you did on Unit Two. The following are the key concepts we explored in this unit:

1) The Importance of Goal Setting

- a. Before you can determine where you want to prioritize things like saving and spending, you really need to prioritize what is important to you. In order to do this, the first step is to set your Goals.
- b. Setting Goals will help you determine the most important things you want to accomplish in the future.
- c. In the exercise we did at the beginning of the unit we took a list of items and ranked them in order of importance. That is what goal setting is all about. You list the things you would like to achieve, rank them in order of importance to you and then, set out a plan that helps you achieve the goals.
- d. If you need some help in this area, reach out to a Housing Counselor, they are trained to assist you in prioritizing and then reaching your goals.

2) Tracking Expenses

- a. As we learned in this unit, you must know where your money is going if you plan on reaching your financial goals.
- b. We challenge you to take up this task and track your family's expenses for at least one week. Once you have done that, you will be able to see where your money is going and how you can be in control of your spending.
- c. After you have done this for one week - try to do for another week - then another. Before you know it, you will be in control of your financial destiny!

3) Setting Up a Spending Plan

- a. Once you have begun to track where you are spending your money, the next step is to create a Spending Plan so that you can decide where you are going to use your money before you spend it.
- b. Spending Plans do not have to be complicated. Some people like to do it on their computer using programs such as Excel, while others simply use a legal pad or a notebook to write out your plan. Either way, a Spending Plan puts you in charge. It helps you to say, "This is *my money* and I am going to decide what I do with it!"
- c. Moving forward you should decide what you will use to keep your spending plan on track, will you use a computer or a note pad? Either way, you will never be in control of what happened with your money unless you "Plan" how it will be spent!

4) Budgeting and Spending Tips

- a. As part of creating a Spending Plan we need to do all we can to control expenses. Taking the time to determine how we will use our money is half the job, the other half is making wise spending choices.
- b. There are little things we can do daily to control our spending such as taking the time to think before we buy something. Store owners rely on consumers to do something called "Impulse Buying" in order to make more money. Impulse buying can also blow our Spending Plan. For example, very few of us have Candy on our grocery list, but where does the store owner place the candy? Correct... right at the checkout line where we are waiting... and tired... and hungry ... and vulnerable! When we make that last minute decision to buy that candy bar, we fall prey to "Impulse Buying".
- c. Remember, the only way to keep to a Spending Plan... is to keep to a Spending Plan! Only you can help you do this. You are in control. Be Strong! Make spending decisions wisely and take time to determine if something is in your spending plan before you buy it.

5) Importance of Good Credit

- a. Budgeting is half the job to gaining financial independence, the other half is being mindful of your credit picture.
- b. Credit scores can rise and fall drastically by either doing something right or doing something wrong.
 - i. A credit score will rise steadily if you make a car payment or a credit card payment monthly in a timely manner and by paying at least the minimum monthly payment.
 - ii. A credit score will plummet fast when you miss one of those payments.
- c. Lower credit scores means less access to credit from lenders when you need it. It also could mean you will pay higher rates on your car insurance.
- d. You can get a copy of your credit report once a year for free by going to www.annualcreditreport.com and requesting a copy, or you can reach out to your local Housing Counseling Agency and they will work with you to help you get a copy of your Credit Report... plus they will help you to determine if there is anything you should do to help you improve your credit score.

If you feel like you have a good understanding of these five main concepts in Unit 2, then you are ready to move forward to Unit 3. If you feel you may want more information on any of these topics, feel free to look at those sections again, or you can ask your local Housing Counselor at a HUD approved Housing Counseling Agency. You can find the nearest one to you at:

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



UNIT 3

Uniform Residential Loan Application

This application is designed to be completed by the applicant(s) with the Lender's assistance. Applicants should complete this form as "Borrower" or "Co-Borrower," as applicable. Co-Borrower information must also be provided (and the appropriate box checked) when ☐ the income or assets of a person other than the Borrower (including the Borrower's spouse) will be used as a basis for loan qualification or ☐ the income or assets of the Borrower's spouse or other person who has community property rights pursuant to state law will not be used as a basis for loan qualification, but his or her liabilities must be considered because the spouse or other person has community property rights pursuant to applicable law and Borrower resides in a community property state, the security property is located in a community property state, or the Borrower is relying on other property located in a community property state as a basis for repayment of the loan.

If this is an application for joint credit, Borrower and Co-Borrower each agree that we intend to apply for joint credit (sign below):

Borrower		Co-Borrower	
I. TYPE OF MORTGAGE AND TERMS OF LOAN			
Mortgage Applied for:	☐ VA ☐ FHA	☐ Conventional ☐ USDA/Rural Housing Service	☐ Other (explain):
Agency Case Number		Lender Case Number	

Amount \$	Interest Rate %	No. of Months	Amortization Type:	☐ Fixed Rate ☐ GPM	☐ Other (explain): ☐ ARM (type):
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II. PROPERTY INFORMATION AND PURPOSE OF LOAN	
Subject Property Address (street, city, state & ZIP)	No. of Units
Legal Description of Subject Property (attach description if necessary)	Year Built

Purpose of Loan	☐ Purchase ☐ Refinance	☐ Construction ☐ Construction-Permanent	☐ Other (explain):	Property will be:	☐ Primary Residence ☐ Secondary Residence ☐ Investment
-----------------	---	--	---	-------------------	---

Complete this line if construction or construction-permanent loan.

Year Lot Acquired	Original Cost	Amount Existing Liens	(a) Present Value of Lot	(b) Cost of Improvements	Total (a + b)
	\$	\$	\$	\$	\$ 0.00

Complete this line if this is a refinance loan.

Year Acquired	Original Cost	Amount Existing Liens	Purpose of Refinance	Describe Improvements	☐ made ☐ to be made
	\$	\$		Cost: \$	

Title will be held in what Name(s)	Manner in which Title will be held	Estate will be held in: ☐ Fee Simple ☐ Leasehold (show expiration date)
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Source of Down Payment, Settlement Charges, and/or Subordinate Financing (explain)

Borrower		III. BORROWER INFORMATION		Co-Borrower	
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Borrower's Name (include Jr. or Sr. if applicable)				Co-Borrower's Name (include Jr. or Sr. if applicable)			
Social Security Number	Home Phone (incl. area code)	DOB (mm/dd/yyyy)	Yrs. School	Social Security Number	Home Phone (incl. area code)	DOB (mm/dd/yyyy)	Yrs. School

☐ Married ☐ Separated	☐ Unmarried (include single, divorced, widowed)	Dependents (not listed by Co-Borrower)	☐ Married ☐ Separated	☐ Unmarried (include single, divorced, widowed)	Dependents (not listed by Borrower)
		no. ages			no. ages

Present Address (street, city, state, ZIP)	☐ Own ☐ Rent ____ No. Yrs.	Present Address (street, city, state, ZIP)	☐ Own ☐ Rent ____ No. Yrs.
--	---	--	---

Mailing Address, if different from Present Address	Mailing Address, if different from Present Address
--	--

If residing at present address for less than two years, complete the following:

Former Address (street, city, state, ZIP)	☐ Own ☐ Rent ____ No. Yrs.	Former Address (street, city, state, ZIP)	☐ Own ☐ Rent ____ No. Yrs.
---	---	---	---

Borrower		IV. EMPLOYMENT INFORMATION		Co-Borrower	
----------	--	----------------------------	--	-------------	--

Name & Address of Employer	☐ Self Employed	Yrs. on this job	Name & Address of Employer	☐ Self Employed	Yrs. on this job
		Yrs. employed in this line of work/profession			Yrs. employed in this line of work/profession

Position/Title/Type of Business	Business Phone (incl. area code)	Position/Title/Type of Business	Business Phone (incl. area code)
---------------------------------	----------------------------------	---------------------------------	----------------------------------

If employed in current position for less than two years or if currently employed in more than one position, complete the following:

Borrower		IV. EMPLOYMENT INFORMATION (cont'd)		Co-Borrower	
Name & Address of Employer	☐ Self Employed	Dates (from - to)	Name & Address of Employer	☐ Self Employed	Dates (from - to)
		Monthly Income			Monthly Income
		\$			\$
Position/Title/Type of Business	Business Phone (incl. area code)		Position/Title/Type of Business	Business Phone (incl. area code)	
Name & Address of Employer	☐ Self Employed	Dates (from - to)	Name & Address of Employer	☐ Self Employed	Dates (from - to)
		Monthly Income			Monthly Income
		\$			\$
Position/Title/Type of Business	Business Phone (incl. area code)		Position/Title/Type of Business	Business Phone (incl. area code)	

V. MONTHLY INCOME AND COMBINED HOUSING EXPENSE INFORMATION						
Gross Monthly Income	Borrower	Co-Borrower	Total	Combined Monthly Housing Expense	Present	Proposed
Base Empl. Income*	\$	\$	\$ 0.00	Rent	\$	
Overtime			0.00	First Mortgage (P&I)		\$
Bonuses			0.00	Other Financing (P&I)		
Commissions			0.00	Hazard Insurance		
Dividends/Interest			0.00	Real Estate Taxes		
Net Rental Income			0.00	Mortgage Insurance		
Other (before completing, see the notice in "describe other income," below)			0.00	Homeowner Assn. Dues		
				Other:		
Total	\$ 0.00	\$ 0.00	\$ 0.00	Total	\$ 0.00	\$ 0.00

* Self Employed Borrower(s) may be required to provide additional documentation such as tax returns and financial statements.

Describe Other Income

Notice: Alimony, child support, or separate maintenance income need not be revealed if the Borrower (B) or Co-Borrower (C) does not choose to have it considered for repaying this loan.

B/C	Monthly Amount
	\$

VI. ASSETS AND LIABILITIES

This Statement and any applicable supporting schedules may be completed jointly by both married and unmarried Co-Borrowers if their assets and liabilities are sufficiently joined so that the Statement in be meaningfully and fairly presented on a combined basis; otherwise, separate Statements and Schedules are required. If the Co-Borrower section was completed about a non-applicant spouse or other person, this Statement and supporting schedules must be completed about that spouse or other person also.

Completed ☐ Jointly ☐ Not Jointly

ASSETS		LIABILITIES	
Description	Cash or Market Value	Liabilities and Pledged Assets. List the creditor's name, address, and account number for all outstanding debts, including automobile loans, revolving charge accounts, real estate loans, alimony, child support, stock pledges, etc. Use continuation sheet, if necessary. Indicate by (*) those liabilities, which will be satisfied upon sale of real estate owned or upon refinancing of the subject property.	
Cash deposit toward purchase held by:	\$		
List checking and savings accounts below		Name and address of Company	Monthly Payment & Months Left to Pay
Name and address of Bank, S&L, or Credit Union			Unpaid Balance
Acct. no.	\$		\$
Name and address of Bank, S&L, or Credit Union		Name and address of Company	\$ Payment/Months
Acct. no.	\$		\$
Name and address of Bank, S&L, or Credit Union		Name and address of Company	\$ Payment/Months
Acct. no.	\$		\$

VI. ASSETS AND LIABILITIES (cont'd)

Name and address of Bank, S&L, or Credit Union		Name and address of Company		\$ Payment/Months	\$
Acct. no.	\$	Acct. no.			
Stocks & Bonds (Company name/ number & description)	\$	Name and address of Company		\$ Payment/Months	\$
		Acct. no.			
Life insurance net cash value	\$	Name and address of Company		\$ Payment/Months	\$
Face amount: \$					
Subtotal Liquid Assets	\$ 0.00				
Real estate owned (enter market value from schedule of real estate owned)	\$				
Vested interest in retirement fund	\$				
Net worth of business(es) owned (attach financial statement)	\$	Acct. no.			
Automobiles owned (make and year)	\$	Alimony/Child Support/Separate Maintenance Payments Owed to:		\$	
Other Assets (itemize)	\$	Job-Related Expense (child care, union dues, etc.)		\$	
		Total Monthly Payments		\$	
Total Assets a.	\$ 0.00	Net Worth (a minus b) ▶	\$ 0.00	Total Liabilities b.	\$ 0.00

Schedule of Real Estate Owned (If additional properties are owned, use continuation sheet.)

Property Address (enter S if sold, PS if pending sale or R if rental being held for income)	Type of Property	Present Market Value	Amount of Mortgages & Liens	Gross Rental Income	Mortgage Payments	Insurance, Maintenance, Taxes & Misc.	Net Rental Income
		\$	\$	\$	\$	\$	\$
	Totals	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$

List any additional names under which credit has previously been received and indicate appropriate creditor name(s) and account number(s):

Alternate Name	Creditor Name	Account Number

VII. DETAILS OF TRANSACTION

VII. DETAILS OF TRANSACTION

..	Purchase price	\$	If you answer "Yes" to any questions a through i, please use continuation sheet for explanation.	Borrower		Co-Borrower	
				Yes	No	Yes	No
..	Alterations, improvements, repairs		a. Are there any outstanding judgments against you?	☐	☐	☐	☐
..	Land (if acquired separately)		b. Have you been declared bankrupt within the past 7 years?	☐	☐	☐	☐
..	Refinance (incl. debts to be paid off)		c. Have you had property foreclosed upon or given title or deed in lieu thereof in the last 7 years?	☐	☐	☐	☐
..	Estimated prepaid items		d. Are you a party to a lawsuit?	☐	☐	☐	☐
..	Estimated closing costs		e. Have you directly or indirectly been obligated on any loan which resulted in foreclosure, transfer of title in lieu of foreclosure, or judgment?	☐	☐	☐	☐
..	PMI, MIP, Funding Fee		(This would include such loans as home mortgage loans, SBA loans, home improvement loans, educational loans, manufactured (mobile) home loans, any mortgage, financial obligation, bond, or loan guarantee. If "Yes," provide details, including date, name, and address of Lender, FHA or VA case number, if any, and reasons for the action.)				
..	Discount (if Borrower will pay)						
	Total costs (add items a through h)	0.00					

VII. DETAILS OF TRANSACTION

VIII. DECLARATIONS

		If you answer "Yes" to any question a through i, please use continuation sheet for explanation.	Borrower		Co-Borrower	
			Yes	No	Yes	No
i.	Subordinate financing		☐	☐	☐	☐
c.	Borrower's closing costs paid by Seller	f. Are you presently delinquent or in default on any Federal debt or any other loan, mortgage, financial obligation, bond, or loan guarantee?	☐	☐	☐	☐
		g. Are you obligated to pay alimony, child support, or separate maintenance?	☐	☐	☐	☐
	Other Credits (explain)	h. Is any part of the down payment borrowed?	☐	☐	☐	☐
		i. Are you a co-maker or endorser on a note?	☐	☐	☐	☐
n.	Loan amount (exclude PMI, MIP, Funding Fee financed)		☐	☐	☐	☐
	PMI, MIP, Funding Fee financed	j. Are you a U.S. citizen?	☐	☐	☐	☐
	Loan amount (add m & n)	k. Are you a permanent resident alien?	☐	☐	☐	☐
	0.00	l. Do you intend to occupy the property as your primary residence?	☐	☐	☐	☐
	Cash from/to Borrower (subtract j, k, l & o from i)	If Yes," complete question m below.	☐	☐	☐	☐
		m. Have you had an ownership interest in a property in the last three years?	☐	☐	☐	☐
		(1) What type of property did you own—principal residence (PR), second home (SH), or investment property (IP)?				
		(2) How did you hold title to the home—by yourself (S), jointly with your spouse (SP), or jointly with another person (O)?				

IX. ACKNOWLEDGEMENT AND AGREEMENT

Each of the undersigned specifically represents to Lender and to Lender's actual or potential agents, brokers, processors, attorneys, insurers, servicers, successors and assigns and agrees and acknowledges that: (1) the information provided in this application is true and correct as of the date set forth opposite my signature and that any intentional or negligent misrepresentation of this information contained in this application may result in civil liability, including monetary damages, to any person who may suffer any loss due to reliance upon any misrepresentation that I have made on this application, and/or in criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Sec. 1001, et seq.; (2) the loan requested pursuant to this application (the "Loan") will be secured by a mortgage or deed of trust on the property described in this application; (3) the property will not be used for any illegal or prohibited purpose or use; (4) all statements made in this application are made for the purpose of obtaining a residential mortgage loan; (5) the property will be occupied as indicated in this application; (6) the Lender, its servicers, successors or assigns may maintain the original and/or an electronic record of this application, whether or not the Loan is approved; (7) the Lender and its agents, brokers, insurers, servicers, successors, and assigns may continuously rely on the information contained in the application, and I am obligated to amend and/or supplement the information provided in this application if any of the material facts that I have represented herein could change prior to closing of the Loan; (8) in the event that my payments on the Loan become delinquent, the Lender, its servicers, successors or assigns may, in addition to any other rights and remedies that it may have relating to such delinquency, report my name and account information to one or more consumer reporting agencies; (9) ownership of the Loan and/or administration of the Loan account may be transferred with such notice as may be required by law; (10) neither Lender nor its agents, brokers, insurers, servicers, successors or assigns has made any representation or warranty, express or implied, to me regarding the property or the condition or value of the property; and (11) my transmission of this application as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or my facsimile transmission of this application containing a facsimile of my signature, shall be as effective, enforceable and valid as if a paper version of this application were delivered containing my original written signature.

Acknowledgement. Each of the undersigned hereby acknowledges that any owner of the Loan, its servicers, successors and assigns, may verify or reverify any information contained in this application or obtain any information or data relating to the Loan, for any legitimate business purpose through any source, including a source named in this application or a consumer reporting agency.

Borrower's Signature X	Date	Co-Borrower's Signature X	Date
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X. INFORMATION FOR GOVERNMENT MONITORING PURPOSES

The following information is requested by the Federal Government for certain types of loans related to a dwelling in order to monitor the lender's compliance with equal credit opportunity, fair housing and home mortgage disclosure laws. You are not required to furnish this information, but are encouraged to do so. The law provides that a lender may not discriminate either on the basis of this information, or on whether you choose to furnish it. If you furnish the information, please provide both ethnicity and race. For race, you may check more than one designation. If you do not furnish ethnicity, race, or sex, under Federal regulations, this lender is required to note the information on the basis of visual observation and surname if you have made this application in person. If you do not wish to furnish the information, please check the box below. (Lender must review the above material to assure that the disclosures satisfy all requirements to which the lender is subject under applicable law for the particular type of loan applied for.)

BORROWER		CO-BORROWER	
I do not wish to furnish this information		I do not wish to furnish this information	
Ethnicity:	☐ Hispanic or Latino ☐ Not Hispanic or Latino	Ethnicity:	☐ Hispanic or Latino ☐ Not Hispanic or Latino
Race:	☐ American Indian or Alaska Native ☐ Asian ☐ Black or African American ☐ Native Hawaiian or Other Pacific Islander ☐ White	Race:	☐ American Indian or Alaska Native ☐ Asian ☐ Black or African American ☐ Native Hawaiian or Other Pacific Islander ☐ White
Sex:	☐ Female ☐ Male	Sex:	☐ Female ☐ Male

Completed by Loan Originator: Information was provided: ☐ In a face-to-face interview ☐ In a telephone interview ☐ By the applicant and submitted by fax or mail ☐ By the applicant and submitted via e-mail or the Internet	
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Originator's Signature	Date
Originator's Name (print or type)	Loan Originator Identifier
Originator's Phone Number (including area code)	
Origination Company's Name	Loan Origination Company Identifier
Loan Origination Company's Address	

CONTINUATION SHEET/RESIDENTIAL LOAN APPLICATION

Use this continuation sheet if you need more space to complete the Residential Loan Application. Mark B for Borrower or C for Co-Borrower.

Borrower:

Agency Case Number:

Co-Borrower:

Lender Case Number:

We fully understand that it is a Federal crime punishable by fine or imprisonment, or both, to knowingly make any false statements concerning any of the above facts as applicable under the provisions of Title 18, United States Code, Section 1001, et seq.

Borrower's Signature

Date

Co-Borrower's Signature

Date

X

X

INSTRUCTIONS

Uniform Residential Loan Application

The lender uses this form to record relevant financial information about an applicant who applies for a conventional one- to four-family mortgage. Roman numerals in these instructions correspond to the sections on the form.

Lenders must use the PDF dated 6/09 for mortgage loans applications taken on or after July 1, 2010.

Printing Instructions

We provide Form 1003 in an electronic format that prints as a letter size document. However, lenders may print Form 1003 as a legal size document or with different fonts or margins that may affect pagination; we have no specific standards for the number or size of pages the form may have. Consequently, the number and size of pages will not affect compliance with Fannie Mae requirements pertaining to use of the Uniform Residential Loan Application, provided that the content of the form has not been materially altered. When printing this form, you must use the "shrink to fit" option in the Adobe Acrobat print dialogue box.

Instructions

The lender may accept applications taken during a face-to-face interview, over the telephone, through the mail, or via the Internet. The lender should complete all blanks and attach any separate exhibits, details, or statements that are relevant to underwriting the mortgage. The borrower(s) must sign the original application at the time it is completed. If the application is taken over the telephone or via the Internet, the borrower(s) must sign the completed application as soon as possible thereafter. However, an electronic signature or facsimile of the borrower's signature is acceptable as indicated in the "Acknowledgment and Agreement" section of the application. The lender should retain the original application with the supporting information provided by the borrower(s). Before or at the loan closing, the borrower(s) must sign the final application that the lender prepares based on its verification of the information that the borrower(s) provided in the original application.

The instructions at the top of Form 1003 are consistent with the permissible inquiries that creditors are allowed to make under the Equal Credit Opportunity Act (ECOA). Although ECOA permits the lender in a community property state to obtain information regarding the liabilities of a borrower's spouse even though he or she is not applying for the mortgage and his or her income will not be considered for loan qualification purposes, we do not require the lender to obtain the information. This also means that in states where another person shares community property rights with the applicant, the lender does not need to include information on that person's liabilities if he or she is not an applicant.

Note: The following instructions highlight certain sections of the form.

Introductory Statement

We recognize that the introductory paragraph of Form 1003 differs slightly from the introductory paragraph in the Uniform Residential Loan Application found on Freddie Mac's website, Freddie Mac Form 65. However, because we have determined that these differences are not material, Fannie Mae will deem either version to comply with our requirements for use of the Uniform Residential Loan Application.

V. Monthly Income and Combined Housing Expense Information

Gross Monthly Income: If the net cash flow for an investment property is a positive number, it should be listed as "net rental income." If it is a negative number, it must be included in the applicant's monthly obligations. If the property is a two- to four-unit property for which the applicant occupies one of the units as a principal residence, the monthly rental income should be listed as "net rental income."

Combined Monthly Housing Expense: The present monthly housing expenses for the borrower and the co-borrower should be listed on a combined basis. The proposed monthly housing expense for a two- to four-unit property in which the applicant will occupy a unit as a principal residence should reflect the monthly payment (PITIA) for the subject property. For all one- to four-unit investment properties the present monthly housing expense should reflect the applicant's principal residence.

VI. Assets and Liabilities

When the borrower's and co-borrower's assets and liabilities are not sufficiently joined to make a combined statement meaningful, a separate Statement of Assets and Liabilities (Form 1003A) should be completed for the co-borrower.

VII. Details of Transaction

The purchase price shown on Line "a" under the "Details of Transaction" should not include any discounts or rebates or other allowances paid or allowed to the purchaser. For refinancing, the amount being refinanced should be shown on Line "d" -- Refinance. The figure should include the total amount of all existing liens plus the costs of improvements that have been -- or will be -- made. Lines "a", "b", and "c" should not be used to describe a refinance transaction.

VIII. Declarations

Noncitizen Applicants: If an applicant indicates in his response to Question J that he is not a U.S. citizen, and also indicates in his response to Question K that he is not a permanent resident alien, the lender may wish to ask whether he is a nonpermanent resident alien or otherwise is lawfully present in the United States.

X. Information for Government Monitoring Purposes

This section is included to aid the federal government in monitoring compliance with equal credit opportunity, fair housing and home mortgage disclosure laws. Supplying this information is strictly voluntary on the part of the applicant, but lenders should ask all applicants to provide it, including those who apply by telephone and through the Internet, and should describe the reason for collecting this data. Race and ethnicity are separate categories, and although the lender should ask applicants to furnish information for both, applicants may furnish one but not the other. Note that there is no longer a place for applicants to indicate race as "Other" but applicants may check as many races as apply.

The Home Mortgage Disclosure Act and its implementing Regulation C generally require Lenders to collect sex, race, and ethnicity data on all applications.

When an application is taken in person and an applicant elects not to provide some or all of this information, federal law requires the lender to note the applicant's sex, ethnicity, and race on the form, based on the lender's visual observation or the applicant's surname. To aid in identifying applicants who may be of Hispanic ethnicity and who elect not to self-identify, the lender may wish to consult the list of Spanish surnames developed by the U.S. Bureau of the Census. Furthermore, the lender may wish to advise the applicant that he may complete or change the information in this section after the application is approved, at any time up until closing.

To Be Completed By Interviewer

The interviewer must complete this portion of the form to indicate the method used to take the application and to provide the name and telephone number of the interviewer, as well as his or her employer's name and address.

To Be Completed By Loan Originator (for PDF dated 06/09 for mortgage loans applications taken on or after January 1, 2010)

The loan originator must complete this portion of the form to indicate the method used to take the application and to provide the loan originator's name, ID, and telephone number, as well as his or her employer's name, company ID, and address.

Continuation Sheet/Residential Loan Application

Lenders may amend this section by including space to evidence intent to apply for joint credit. Other approaches, such as including this information on a separate document, are also acceptable to Fannie Mae, provided they meet the requirements of applicable law. Lenders should consult counsel to determine their alternatives.

Special Notice for Balloon Mortgages

For each balloon mortgage, the lender must insert a special notice regarding the nature of the balloon features on Form 1003 or in a separate attachment to the form.

If an attachment is used, the borrower(s) must sign the attachment. The following language must be inserted, using capital letters:

"THIS LOAN MUST EITHER BE PAID IN FULL AT MATURITY OR REFINANCED TO A MARKET LEVEL FIXED-RATE MORTGAGE. YOU MUST REPAY THE ENTIRE PRINCIPAL BALANCE OF THE LOAN AND UNPAID INTEREST THEN DUE IF YOU DO NOT QUALIFY FOR THE CONDITIONAL RIGHT TO REFINANCE AS SPECIFIED IN THE NOTE ADDENDUM AND MORTGAGE RIDER. THE LENDER IS UNDER NO OBLIGATION TO REFINANCE THE LOAN IF QUALIFICATION CONDITIONS ARE NOT MET. YOU WILL, THEREFORE, BE REQUIRED TO MAKE PAYMENT OUT OF OTHER ASSETS THAT YOU MAY OWN, OR YOU WILL HAVE TO FIND A LENDER, WHICH MAY BE THE LENDER YOU HAVE THIS LOAN WITH, WILLING TO LEND YOU THE MONEY. IF YOU REFINANCE THIS LOAN AT MATURITY, YOU MAY HAVE TO PAY SOME OR ALL OF THE CLOSING COSTS NORMALLY ASSOCIATED WITH A NEW LOAN EVEN IF YOU OBTAIN REFINANCING."

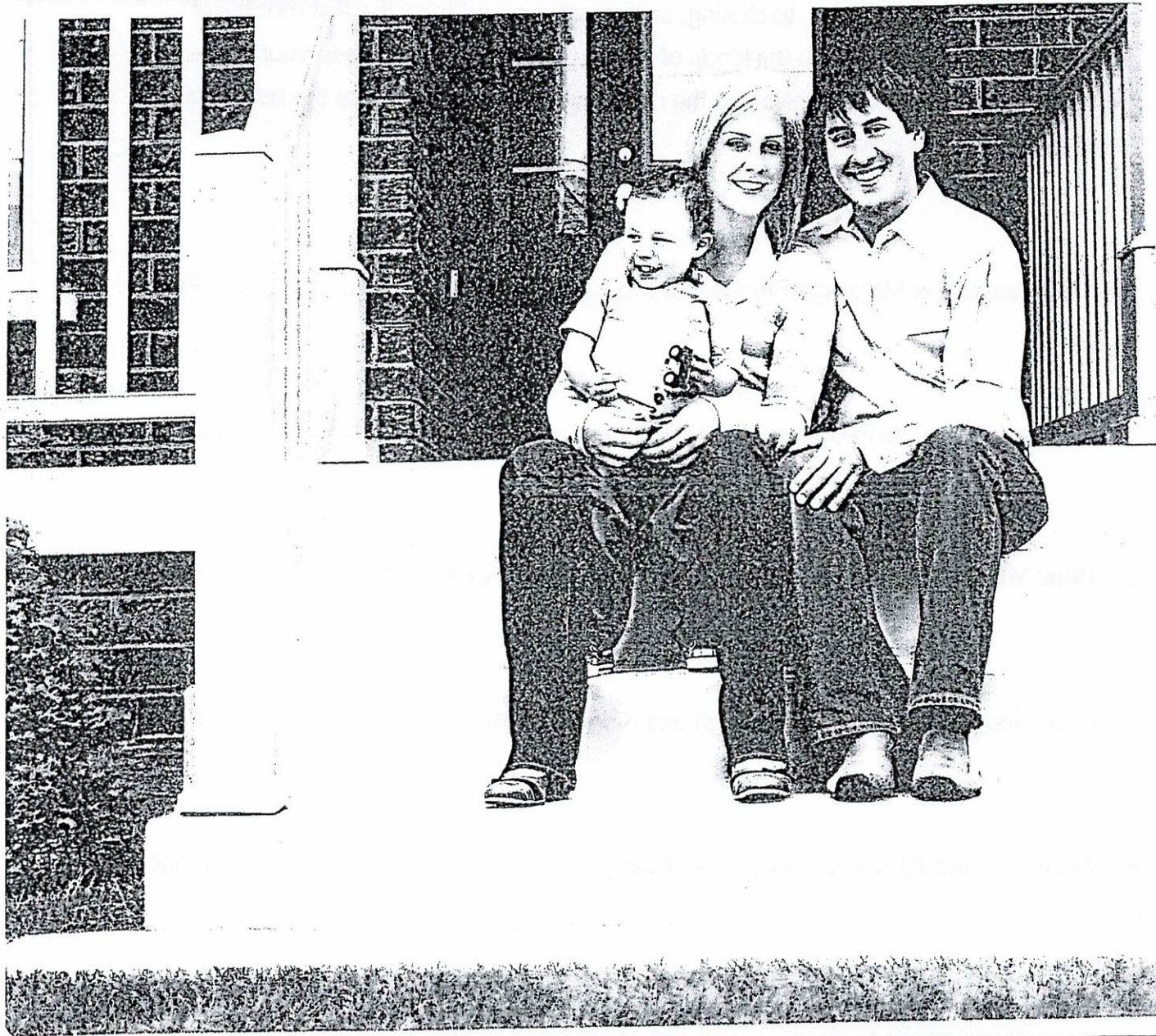
For California Applications

California Civil Code 1812.30 (j) requires that credit applications clearly specify that the applicant, if married, may apply for a separate account. This requirement is not inconsistent with the language at the beginning of Form 1003.

Lenders may revise the description of the "Married" box in Section III for Borrowers and Co-Borrowers by adding "(includes registered domestic partners)." If lenders are unable to insert the language due to the format of the form, this language may be added to the continuation sheet or included as an attachment to Form 1003.

Your Step-by-Step Mortgage Guide

From Application to Closing



We make home possible®

Table of Contents



In this guide, you will learn about one of the most important steps in the homebuying process—obtaining a mortgage. The materials in this guide will take you from application to closing, and they'll even address the first months of homeownership to show you the kinds of things you need to do to keep your home. Knowing what to expect will give you the confidence you need to make the best decisions about your home purchase.

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HomeTRACK Important Concepts - Unit Three

Financing a Home

Good work so far, you are well on your way of completing HomeTRACK. In this unit we spent time learning about all that is involved in "Financing a Home". The following are the key concepts we explored in this unit:

1) How a Lender Decides to Lend or Not to Lend

- a. A lender cannot deny someone for a loan for any other reason than not meeting the requirements to get the loan.
- b. A person cannot be turned down for a loan based on how they look, what they wear, what religion they are, if they are disabled, what heritage they have or whether or not they have kids.
- c. If you feel you have been treated unfairly when attempting to get a loan, speak to a Housing Counseling Agency, they can help you file a complaint with HUD so that this can be investigated and no one experiences discrimination when trying to purchase a home.
- d. There are many reasons why a lender may turn someone down for a loan. Following is a list of some of those reasons, if you have been turned down for a loan for one of these, or think you will be, speak to a Housing Counselor, they can help you to make a plan to overcome these issues. Here are some reasons someone may be turned down for a home loan:
 - i. The person has no proof of income
 - ii. The person has not been making their car payments on time
 - iii. The person does not pay their credit card payments on time
 - iv. The person has too many debts already
 - v. The person has too many collections on their credit report
 - vi. The person recently filed bankruptcy
 - vii. The person has a garnishment on their income
 - viii. The person has a judgment against them that is still not paid
 - ix. Their income is too low for the house they want to purchase
 - x. The house they chose did not appraise for the asking price

2) Different Types of Loans

- a. There are various types of loans to consider when buying a home. You will need to look at your personal situation to help you determine which loan is right for you.

b. The three most common are:

- i. **"Fixed-Interest Mortgage"** - With a fixed-rate home loan, your interest rate remains the same for the life of the loan and the payment is split into equal monthly payments for the life of the loan. The interest payments are set up so that during the first few years of the loan term, only a small portion of the payment pays off the loan. Most commonly taken as a 30-year loan, fixed-rate mortgages can be shorter in duration or, more rarely, longer. The Fixed-Interest Mortgage is the one most recommended by Housing Counselors, especially for first time buyers.
- ii. **"Adjustable-Rate Mortgage"** - The interest rate on this type of loan is adjusted from time to time to meet current interest rates. This normally happens annually. This option is most attractive when interest rates are higher on fixed rate loans.
 1. When interest rates are higher, the introductory rate to this type of loan is usually lower than fixed rate loans. The person getting this type of loan is hoping that interest rates will go lower over time and then the interest rate on this type of loan will go down.
 2. When interest rates get a lot lower, then most people will refinance their loans to a fixed rate loan.
 3. The interest rate will adjust regularly, but there is a limit to the amount it can change.
 4. Typically, there will be a cap on the initial interest rate to limit how high it can go, plus a cap on the amount the rate can change over the life of the loan. It is important that you know what that is before you lock in one of these loans.
- iii. **"Interest-Only Loans"** - In this type of mortgage all the payments go toward interest and nothing goes toward paying off the house.
 1. For those buyers who need a rock-bottom payment for several years, the interest-only mortgage loan, as its name implies, allows them the option of paying only the interest for the first few years of the loan.
 2. An interest-only loan may be appropriate for homebuyers who believe their income will increase in the coming years -- for instance, young families or a professional just starting out at

the bottom of a potentially lucrative field such as law or medicine.

3. It may be an option if the homeowner truly believes that the house will rise significantly in value in a short amount of time. In this case it is really a gamble, because if the house lowers in value, as we have seen happen, the homeowner can be stuck owing much more than the house is worth because they have never made any payments toward the loan itself.

3) The Loan Process

a. The loan process can be broken down into the following areas:

- i. **"Research"** - Make sure you do your research and shop around for the right loan product for you.
- ii. **"Pre-Approval"** - It is important that you get with the lender before you start looking for a home to determine just how much money they will lend you to buy a home. If you are **pre-approved** you have a guarantee from that lender that they will lend you a certain amount if you buy within a limited time period. Usually 30 to 60 days. At this time you will have to supply personal information and documents such as bank statements, pay stubs, tax returns and W2s.
- iii. **"Finalizing the Loan Application"** - After you have chosen the home to buy and have an executed and signed purchase agreement, now is the time to finalize your loan application by providing updated information such as bank statements and pay stubs.
- iv. **"Loan Processing"** - This is the review process the lender does with the application. This is where they will verify your sources of income and look at your credit report. They will also have an appraisal done on the property during this period to make sure the house is worth what they are lending on it. Don't be surprised if they ask for some more detailed personal information during this stage, this is normal.
- v. **"Loan Approval"** - Once you are approved for the loan the lender will give you a "Conditional Approval" letter. This letter states that as long as nothing changes and no problems arise between now and the loan closing, they will give you the home loan.
- vi. **"Closing on the Loan"** - This is the last step. This is done at the bank or at another location designated by the bank. The closing is the day where you will sign all the paperwork on the loan and to complete the sale of the house.
- vii. **"Making the Payments on Time"** - This is important in order to be able to keep the home. If you stop making the payments, your lender has

the legal right to foreclose on the loan and if this happens, you will lose your home.

4) Items You Need to Provide to Your Lender

- a. Following is a list of items your lender may ask you to produce in order to get a loan:
 - i. Photo I.D.
 - ii. Last two pay stubs
 - iii. Proof of other income
 - iv. Last two years tax returns
 - v. Employment history (two years), including addresses and contact information
 - vi. Previous lenders or landlords (past two years)
- b. They may also ask for some or all of the following:
 - i. A list of All debts
 - ii. A list of All savings
 - iii. Your source of down payment

5) What to do if you are Denied a Home Loan

- a. If a lender rejects your loan application, it's required under the Equal Credit Opportunity Act for the lender to tell you the specific reasons your application was rejected or tell you that you have the right to learn the reasons if you ask within 60 days.
- b. The lender is also required to send you something in writing to inform you that you have been denied. They should send you information on how to obtain a free copy of your credit report from www.annualcreditreport.com
- c. To help you understand what you should do next when this happens you should speak to a Housing Counselor.

If you feel like you have a good understanding of these five main concepts in Unit 3, then you are ready to move forward to Unit 4. If you feel you may want more information on any of these topics, feel free to look at those sections again, or you can ask your local Housing Counselor at a HUD approved Housing Counseling Agency. You can find the nearest one to you at:

[http://portal.hud.gov/hudportal/HUD?src=/i want to/talk to a housing counselor](http://portal.hud.gov/hudportal/HUD?src=/i%20want%20to%20talk%20to%20a%20housing%20counselor)



UNIT 4

Total Home Inspection Checklist

Use a checklist like this to make sure that you are looking at all parts of the house. Check off those items that are in good condition and make notes about those that are not. (Note that this list describes an ideal house, but in our experience no house is perfect – not even brand new ones!!)

Please Note:

This checklist should not be relied upon as a home inspection report, nor should it be considered a substitute for a home inspection. This list is representative, but NOT exhaustive. If you require a home inspection, contact Total Home Inspection or another qualified, educated, licensed, experienced ASHI certified home inspector in your area.

Grounds

- ☐ Proper grading drainage away from house
- ☐ No evidence of standing water
- ☐ No leaks from septic tank or leech field
- ☐ Yard, landscaping, trees and walkways in good condition
- ☐ No branches or bushes touching house or overhanging the roof
- ☐ Exterior structures (fences, sheds, decks, retaining walls, detached garages) in good condition, no evidence of termite damage or rotted wood
- ☐ Railings on stairs and decks are adequate and secure
- ☐ Driveways, sidewalks, patios, entrance landings in good condition, and pitched away from structure
- ☐ Downspout drainage directed away from structure

Structure

- ☐ Ridge and fascia board lines appear straight and level
- ☐ Sides of house appear straight, not bowed or sagging
- ☐ Window and doorframes appear square (especially bowed windows)

____ Visible foundation in good condition - appears straight, plumb, with no significant cracks

Exterior Surfaces

____ Adequate clearance between ground and wood siding materials (6" minimum); no wood-to-earth contact

____ Siding: no cracking, curling, loose, rot or decay

____ Masonry veneers: no cracks in joints, no broken, spalling or flaking components

____ Stucco: no large cracks (discuss all stucco cracks with a professional inspector)

____ Vinyl or aluminum siding: no dents, damage, no bowing or loose siding

____ No vines on surface of structure

____ Exterior paint or stain: no flaking or blisters

____ No stains on exterior surfaces

Windows, Doors and Wood Trim

____ Wood frames and trim pieces are secure, no cracks, rot or decay

____ Joints around frames are caulked

____ No broken glass (window or storm panes) or damaged screens, no broken double-paned, insulated window seals.

____ Muntin and mullion glazing compound in good condition

____ Storm windows or thermal glass used

____ Drip caps installed over windows

Roof

___ Composition shingles: no curling, no cupping, no loss of granulation particulate, no broken, damaged or missing shingles, no more than two layers of roofing

___ Wood shingles or shakes: no mold, rot or decay, no cracked/broken/missing shingles, no curling

___ Flat roofs: no obvious patches, no cracks or splits, minimal blisters/"alligatoring" or wrinkles, no silt deposits (indicates improper drainage), sealed tar at flashings

___ Flashing around roof penetrations

___ No evidence of excess roofing cement/tar/caulk

___ Soffits and fascia: no decay, no stains

___ Exterior venting for eave areas: vents are clean and not painted over

___ Gutters: no decay or rust, joints sealed, attached securely to structure, no bending or sagging, no sections of gutter or downspout missing, gutters clean, no mud deposits

___ Chimneys: straight, properly flashed, no evidence of damaged bricks or cracked joints, mortar/cement cap in good condition

Attic

___ No stains on underside of roofing, especially around roof penetrations

___ No evidence of decay or damage to structure

___ Sufficient insulation and properly installed insulation (moisture barrier installed closest to the heated area of the house)

___ Adequate ventilation, clear path into attic for air entering through soffit vents, adequately sized gable end louvers, all mechanical ventilation operational

___ No plumbing, exhaust or appliance vents terminating in attic

___ No open electrical splices

Interior Rooms

- ____ Floors, walls and ceilings appear straight and plumb and level
 - ____ No stains on floors, walls or ceilings
 - ____ Flooring materials in good condition
 - ____ No significant cracks in walls or ceilings
 - ____ Windows and exterior doors operate easily and latch properly, no broken glass, no sashes painted shut, no decay; windows and doors have weather-stripping, "weep holes" installed
 - ____ Interior doors operate easily and latch properly, no damage or decay, no broken hardware
 - ____ Paint, wall covering, and paneling in good condition
 - ____ Wood trim installed well and in good condition
 - ____ Lights and switches operate properly
 - ____ Adequate number of three pronged electrical outlets in each room
 - ____ Electrical outlets test properly (spot check)
 - ____ Heating/cooling source in each habitable room
 - ____ Evidence of adequate insulation in walls
 - ____ Fireplace: no cracking or damaged masonry, no evidence of back-drafting (staining on fireplace façade), damper operates properly, flue has been cleaned, flue is lined
-

Kitchen

- ____ Working exhaust fan that is vented to the exterior of the building
- ____ Ground Fault Circuit Interrupter ("GFCI") protection for electrical outlets within 6 feet of the sink(s)
- ____ Dishwasher: drains properly, no leaks, baskets, door spring operates properly

- ___ No leaks in pipes under sinks
 - ___ Floor in cabinet under sink solid, no stains or decay
 - ___ Water flow in sink adequate
 - ___ No excessive rust or deterioration on garbage disposal or waste pipes
 - ___ Built-in appliances operate properly
 - ___ Cabinets in good condition: doors and drawers operate properly
-

Bathrooms

- ___ Working exhaust fan that doesn't terminate in the attic space
 - ___ Adequate flow and pressure at all fixtures
 - ___ Sink, tub and shower drain properly
 - ___ Plumbing and cabinet floor under sink in good condition
 - ___ If sink is metal, it shows no signs of rust, overflow drain doesn't leak
 - ___ Toilet operates properly
 - ___ Toilet stable, no rocking, no stains around base
 - ___ Caulking in good condition inside and outside of the tub and shower area
 - ___ Tub or shower tiles secure, wall surface solid
 - ___ No stains or evidence of past leaking around base of bath or shower
-

Miscellaneous

- ___ Smoke and carbon monoxide detectors where required by local ordinances
- ___ Stairway treads and risers solid
- ___ Stair handrails where needed and in good condition

____ Automatic garage door opener operates properly, stops properly for obstacles

Basement or Mechanical Room

____ No evidence of moisture

____ Exposed foundation; no stains no major cracks, no flaking, no efflorescence

____ Visible structural wood: no sagging, no damage, no decay, no stains, no damage from insects, sills attached to foundation with anchor bolts

____ Insulation at rim/band joists

Crawl Space

____ Adequately vented to exterior

____ Insulation on exposed water supply, waste and vent pipes

____ Insulation between crawl space and heated areas, installed with vapor barrier towards heated area

____ No evidence of insect damage

____ No evidence of moisture damage

Plumbing

____ Visible pipes: no damage, no evidence of leaks, no signs of stains on materials near pipes; drain pipes slope slightly down towards outlet to septic/sewage system

____ Water heater: no signs of rust, vented properly, sized to produce adequate quantities of hot water for the number of bedrooms in the house.

____ Water pump: does not short cycle

____ Galvanized pipes do not restrict water flow

____ Well water test is acceptable

____ Hot water temperature between 118 - 125 degrees Fahrenheit

Electrical

____ Visible wiring: in good condition, no "knob-and-tube" wiring, no exposed splices, cables secured and protected

____ Service panel: adequate capacity, all cables attached to panel with cable connectors; fuses or breakers are not overheating

____ No aluminum cable for branch circuits

Heating/Cooling System

____ Appears to operate well throughout (good air flow on forced hot air systems)

____ Flues: no open seams, slopes up to chimney connection

____ No rust around cooling unit

____ No combustion gas odor

____ Air filter(s) clean

____ Ductwork in good condition

____ No asbestos on heating pipes, water pipes or air ducts

____ Separate flues for gas/oil/propane and wood/coal

HomeTRACK Important Concepts - Unit Four

Shopping for a Home

Four down and one to go! You only have one more unit left to complete your HomeTRACK experience. The following are key concepts we explored in this unit:

1) The Homebuying Team

a. There are many people involved when you buy a home. Following is a list of many of those:

- i. Housing Counselor - Works with home buyers to determine readiness to buy a home. Usually works for a not for profit agency.
- ii. Realtor - Helps the buyer to find a home and negotiate the purchase price.
- iii. Loan Originator - Gathers all the documents needed from the buyer and helps find the best loan available.
- iv. Loan Underwriter - Approves the loan by looking over documents provided.
- v. Home Inspector - Determines the condition the home is in, and gives a report on the condition of the home.
- vi. Appraiser - Determines the value of the home.
- vii. Surveyor - Determines the area of land you are buying.
- viii. Closing Agent - Oversees the paperwork details when the ownership of the home is transferred from the seller to the buyer

2) Real Estate Professionals

- a. When a Realtor only represents the seller, they are called a "Seller's Agent".
- b. When a Realtor only represents the buyer, they are called a "Buyer's Agent".
It is always best to work with your own Buyer's Agent who only represents your interests.
- c. In some cases, the Realtor can represent both the buyer and the seller. Not all states allow for this but many do. When a Realtor represents both the Buyer and the Seller, they are called a "Limited Agent". Sometimes this is called a "Dual Agent", but no matter if they are called a Limited or Dual Agent, their job is to represent the rights and responsibilities of both the buyer and the seller. They will work as the go between in negotiating between the two.

3) Different Types of Home Ownership

- a. There are various legal ways to have ownership in a home. It is good for you to know these, especially if you are not buying the home by yourself. Following is a list of the most common legal forms of homeownership:
- b. "Sole Ownership" As the term implies, this means that only one person owns the home. The person owning the home has all rights and responsibilities of homeownership and can sell the property whenever they please.
- c. "Joint Tenancy" This is the most common of property ownership when a married couple buys a home. However it can also be used by two people that are not married to buy a home. In this case, each of the two has complete ownership of the property. When one joint tenant dies, his/her interest automatically goes to the surviving joint tenant by operation of law. More than two people can have joint tenancy and this can be a way for more than one person to purchase a home together. Some states do not allow this form of property ownership.
- d. "Tenancy in the Entirety" Some states have a special form of joint tenancy when the joint tenants are husband and wife, with each owning a one-half interest. In this case, neither spouse can sell the property without the consent of the other.
- e. "Tenants in Common" In this case, the property is owned by two or more persons at the same time. When one of the owner dies, their interest in the property passes to the person or persons named in the will, who then become new tenants in common with the surviving tenants in common. None of the tenants in common automatically receives the share of the one that dies. There is no right of survivorship as with joint tenants.
- f. "Community Property" The last type we discussed is called Community Property. In states that recognize community property, a special form of joint tenancy exists between husband and wife, with each owning a one-half interest. Upon death, the decedent's interest passes in a manner similar to tenants in common. Words in the deed such as "John and Mary, husband and wife as community property", establishes community property ownership.

4) Understanding Purchase Contracts

- a. The most important thing to remember about a Purchase Agreement is that it is a legal contract.
- b. Like any other legal contract there are ramifications if someone does not keep up their part of the agreement.
 - i. If you are not able to close on the home by the date the contract says, the owner has the right to back out of the deal.

- ii. The owner may be able to keep your Earnest Money if you do not buy the home.
- iii. If your contract says the homeowner is supposed to leave something behind such as a major appliance and they do not, then you have the right to legally pursue the homeowner.

5) Home Inspections

- a. It is highly recommended that you always have the home inspected by a licensed home inspector before you purchase it.
- b. Some lenders do not require a home inspection - but you should always demand to have one done.
- c. The inspector is working for you and you should receive a copy of the home inspection report.
- d. If there are questions about what is found you can call the inspector to seek clarification.
- e. In most states the home buyer is responsible for paying for the home inspection. If you decide to not purchase the home you will still need to pay for the inspection.
- f. If something is found to be wrong with the home the buyer typically has the right to demand that the item be corrected by the home owner or the buyer can decide to not purchase the home.
- g. If the home is sold "as is" and the inspection finds something wrong with the property the buyer may be able to walk away from the deal, but the buyer will in most cases forfeit any earnest money paid to the seller.

If you feel like you have a good understanding of the main concepts in Unit 4, then you are ready to move forward to Unit 5. If you feel you may want more information on any of these topics, feel free to look at those sections again, or you can ask your local Housing Counselor at a HUD approved Housing Counseling Agency. You can find the nearest one to you at:

<http://portal.hud.gov/hudportal/HUD?src=/i-want-to-talk-to-a-housing-counselor>



UNIT 5

HomeTRACK

HOME EMERGENCY KIT



BUILD A KIT

A disaster supplies kit is simply a collection of basic items your household may need in the event of an emergency.

Try to assemble your kit well in advance of an emergency. You may have to evacuate at a moment's notice and take essentials with you. You will probably not have time to search for the supplies you need or shop for them.

You may need to survive on your own after an emergency. This means having your own food, water and other supplies in sufficient quantity to last for at least 72 hours. Local officials and relief workers will be on the scene after a disaster but they cannot reach everyone immediately. You could get help in hours or it might take days.

Additionally, basic services such as electricity, gas, water, sewage treatment and telephones may be cut off for days or even a week, or longer. Your supplies kit should contain items to help you manage during these outages.

FAMILY SUPPLY LIST

Ready Kids & The Federal Emergency Management Agency present:

Family Supply List

Emergency Supplies:

Water, food, and clean air are important things to have if an emergency happens. Each family or individual's kit should be customized to meet specific needs, such as medications and infant formula. It should also be customized to include important family documents.

Recommended Supplies to Include in a Basic Kit:

- Water, one gallon of water per person per day, for drinking and sanitation
- Food, at least a three-day supply of non-perishable food
- Battery-powered radio and a NOAA Weather Radio with tone alert, and extra batteries for both
- Flashlight and extra batteries
- First Aid kit

- Whistle to signal for help
- Infant formula and diapers, if you have an infant
- Moist towelettes, garbage bags and plastic ties for personal sanitation
- Dust mask or cotton t-shirt, to help filter the air
- Plastic sheeting and duct tape to shelter-in-place
- Wrench or pliers to turn off utilities
- Can opener for food (if kit contains canned food)

Clothing and Bedding:

If you live in a cold weather climate, you must think about warmth. It is possible that the power will be out and you will not have heat. Rethink your clothing and bedding supplies to account for growing children and other family changes.

One complete change of warm clothing and shoes per person, including:

- A jacket or coat
- Long pants
- A long sleeve shirt
- Sturdy shoes
- A hat and gloves
- A sleeping bag or warm blanket for each person

Family Supply List (continued)

Below are some other items for your family to consider adding to its supply kit. Some of these items, especially those marked with a * can be dangerous, so please have an adult collect these supplies.

- Emergency reference materials such as a first aid book or a print out of the information on www.ready.gov
- Rain gear
- Mess kits, paper cups, plates and plastic utensils
- Cash or traveler's checks, change
- Paper towels
- Fire Extinguisher
- Tent
- Compass
- Matches in a waterproof container*
- Signal flare*
- Paper, pencil
- Personal hygiene items including feminine supplies
- Disinfectant*
- Household chlorine bleach* - You can use bleach as a disinfectant (diluted nine parts water to one part bleach), or in an emergency you can also use it to treat water. Use 16 drops of regular household liquid bleach per gallon of water. Do not use scented, color safe or bleaches with added cleaners.
- Medicine dropper
- Important Family Documents such as copies of insurance policies, identification and bank account records in a waterproof, portable container

From: <http://www.ready.gov/build-a-kit>

Emergency Kits can also be purchased through the Red Cross. Information can be found at:
<http://www.redcrossstore.org/>



100 Ways to Save Energy at Home

Cooling

- Switch your ceiling fan to turn in a counter-clockwise direction In the summer; in the winter, run it at low speed, but clockwise.
- Close your exterior doors and windows tightly when the AC is on. Save even more by turning off kitchen and bath exhaust fans.
- Change or clean your AC's air filters at least once a month to keep your system running at peak performance.
- Make sure your AC has a rating – or Seasonal Energy Efficiency Ratio (SEER) – of 15. Not only will your AC be more efficient, you could also be eligible for a rebate up to \$300.
- Make saving automatic: Set your thermostat fan switch to "auto" to save energy. Leaving it in the "on" position keeps air running constantly.
- Block the sun from overheating your home! Inside, use shades, blinds and drapes. Outside, use awnings, trees and shrubs.
- Insulate your walls with injected foam insulation to help you save energy by keeping hot outside air from seeping through porous block walls – check with your local building supply company for details.
- Give your AC tune-up. Running an inefficient AC system can result in high monthly bills. Plus, you could qualify for a rebate.
- Open interior doors so that cooled air flows freely throughout your home.
- Repair leaky ducts to reduce heating and cooling costs and qualify for a rebate up to \$120 toward repairs.
- Install attic insulation rated R-30 and sealing any attic leaks to reduce high home cooling costs. You'll save money each month and qualify for a rebate of \$75 or more.
- Check for household leaks to make sure air isn't escaping through openings such as fireplace dampers, doors and windows.
- Decorate for a cooler home by hanging light-colored curtains that allow light to enter a room while blocking some of the sun's rays, and light-colored paint to reflect heat.
- Close unused air vents. If you have central AC you can close air vent in rooms you're not using so you're not paying to cool them.
- Plant trees to provide shade on the sunny side of your home.
- Use ceiling fans to cool off for less. Ceiling fans use no more electricity than a standard light bulb. However, be sure to turn fans off when you leave — they only cool people, not rooms.
- Install more ceiling fans. Because the breeze of a fan can make you feel three to four degrees cooler, you can raise that thermostat and still stay comfortable.
- Raise the temperature on your thermostat by a few degrees to save on your cooling costs.
- Install a programmable thermostat to adjust your temperature during the day.

Heating

- Cover all bare floors. Carpeting or rugs add to comfort and heat retention, especially if there is little or no floor insulation.
- Raise the temperature slowly to keep your bill lower. Quickly raising your heat pump's temperature activates the heat strip, which uses tons of energy.
- Set your thermostat to 68-70 degrees during the day in the winter, and 65-68 degrees at night to keep your home comfortable and save on heating costs.
- Close the flue in your fireplace and install glass doors to keep in the warm air.
- Limit your use of portable heaters. They're great for "spot" heating, but running a 1,500-watt heater 24/7 can be expensive.
- Keep your thermostat close to the outside temperature – it's cheaper to keep your home at 70°F when it's 50°F outside than when it's 30°F.
- Don't block air vents with drapes and furniture.
- Get an energy-efficient heat pump and you could cut your heating costs in half. Duke Energy Progress offers rebates.
- Change the filters in your heating system every month for optimum efficiency.
- Give your air compressor space to work efficiently. Never stack anything against your HVAC or drape anything over it.
- Set your thermostat to 60 degrees if going on vacation during the winter months, but don't turn it off.
- Heat your home with the sun's help. Leave window shades or blinds open during the daytime. And consider using solar heat to supplement your normal heating source.
- Lower your thermostat every time you leave the house.

Lighting

- Buy bulbs for less. Check out the Duke Energy Progress Residential Lighting Program to find local retailers who offer energy-efficient compact fluorescent (CFL) bulbs at discounted prices.
- Replace standard bulbs with CFLs. Compact fluorescent light bulbs are more energy-efficient than regular bulbs, while giving off the same amount of light.
- Use the right bulb. Make sure you're using the appropriate CFL bulb for your light fixture – they come in various sizes and types for different lighting needs.
- Replace halogen light bulbs, which can get hot enough to be a fire hazard, with CFLs – they use less energy and don't get as hot.
- Use motion-detector lights for all your outdoor lighting – they're convenient and efficient.
- Recycle your CFL bulbs. Check the CFL recycling page to find out how, where and why.
- Replace your five most-used light fixtures and/or bulbs with ENERGY STAR® products. If every American did so, we would save about \$8 billion per year in energy costs.

-
- Look for ENERGY STAR-qualified TVs – they're up to 30 percent more efficient than noncertified models.
 - Consider a laptop next time you're looking to buy a computer – they use less energy than desktop computers.
 - Set your computer to sleep or hibernate mode instead of using a screen saver so it uses less electricity during periods of inactivity.
 - Unplug battery chargers when the batteries are fully charged or the chargers are not in use. Many chargers draw power continuously, even when the device is not plugged into the charger.

Windows

- Install high-performance windows, screens and films to protect upholstery, wood and artwork from UV rays while saving energy.
- Eliminate "hot spots" in your home by using High-performance windows, solar window screens and qualified window films.
- Consider high-performance windows before you replace your AC system. They're so efficient that they may help reduce the size and cost needed for a AC system.
- Install high-performance windows with double-glazing and spectrally selective coatings that reduce heat gain and avoid cranking up your AC.
- Look for the National Fenestration Rating Council label when shopping for new windows: It means the window's performance is certified.

Roofing

- Reduce the strain on your AC by applying reflective coating. This will help you save by decreasing the amount of heat coming into your home.
- Keep your roofs lasting longer. Reflective roofs not only reduce heat buildup, they also prevent the expansion and contraction that degrade roofs.
- Replace the roof with one with an ENERGY STAR® label. It will save energy and help protect the environment through superior energy-efficiency.

HomeTRACK Seasonal Home Maintenance Checklist

Outdoor Tasks:



- Clean gutters and downspouts.
- Inspect roof and chimney for cracks and damage.
- Touch up peeling or damaged paint.
- Wash all windows, inside and out.
- Install screens on windows and doors.
- Clean outdoor furniture and air out cushions.
- Service your lawn mower.
- Fertilize your lawn.

Indoor Tasks:

- Test smoke and carbon monoxide detectors when you set clocks forward.
- If your basement has a sump pump, test it by dumping a large bucket of water into the basin of the sump pump. This should activate the sump pump. If it does not switch on or if it's not pumping water, it may need to be serviced by a professional. Also, check for and remove any debris and make sure there are no leaks.
- Dust blinds and vacuum curtains throughout your house.

Outdoor Tasks:



- Walk around your home's exterior and slide open crawl space vents at the foundation.
- Prune trees and shrubs.
- Remove lint from dryer exhaust vent on the outside of the home with a long, flexible brush.
- Uncover central air conditioner and install window air conditioners.

Indoor Tasks:

- Change or clean heating, ventilating and air conditioning filters. Consult manufacturer instructions for your furnace to determine whether you need to change filters more frequently.
- Clean kitchen appliances inside and out, including refrigerator coils.
- Maintain clean drains by adding a half-cup of baking soda followed by a half-cup of white vinegar. After 10 minutes, flush with boiling water.
- Drain or flush water heater.

Outdoor Tasks:

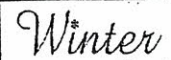


- Clean gutters and downspouts.
- Inspect roof and chimney for cracks and damage.
- Rake leaves and shred to use as mulch or dispose of them based on local guidelines.
- Close or install storm windows.
- Remove hoses from spigots and drain and store indoors, coiled and flat.
- Store outdoor furniture and cushions.
- Test snow blower and have it professionally serviced if necessary.

Indoor Tasks:

- Test smoke and carbon monoxide detectors when you set clocks back in the fall.
- Check windows and doors for weather-tightness and install weather stripping where it's needed.
- Have furnace professionally inspected.
- If needed, set traps for rodents.
- Dust blinds and vacuum curtains throughout your house.

Outdoor Tasks:



- Walk around your home's exterior and check the crawl space vents located at the foundation. Close any that are open.
- Protect your central air conditioning unit with a cover, and remove and store window air conditioners.
- Clean and store garden tools.
- Move snow shovels and snow blowers to a convenient spot.

Indoor Tasks:

- Change or clean furnace filters. Consult manufacturer instructions for your furnace to determine how frequently the filters should be replaced.
- Clean kitchen appliances inside and out, including refrigerator coils.
- Maintain clean drains by adding one-half-cup baking soda followed by one-half-cup white vinegar. After 10 minutes, flush with boiling water.



Where to keep, when to toss documents

Keep these documents at home

Documents

When to toss them

Bank deposit slips

After you reconcile your statements

Banking statements

After a calendar year; store with tax returns if they will be used to prove deductions

Brokerage, 401(k), IRA, Keogh, and other investment statements

Shred monthly and quarterly statements as new ones arrive; hold on to annual statements until you sell the investments

Credit-card bills

After you check and pay them, unless you need them to support tax filings

Employer defined-benefit plan communications

Never

Household warranties and receipts

After you no longer own the household items

Insurance policies

After you renew them

Investment purchase confirmations and 1099s

Hold until you sell the securities, then keep with your tax records for an additional seven years

Pay stubs

After you reconcile them with your W-2

Receipts

After you reconcile them with your credit-card or bank statement unless needed for a warranty

Safe-deposit box inventory

Never, but review and update annually

Savings bonds

Cash them in when they mature

Social Security statements

When you get a new statement, then shred the old one

Tax returns and supporting documents

After seven years



Keep these in a safe-deposit box

Documents

When to toss them

Birth and death certificates

Never

Estate-planning documents

Never

Life-insurance policies

Never, or when a term policy has ended

Loan documents

After you sell your home, automobile, boat, or whatever the loan was for

Marriage licenses and divorce decrees

Never

Military discharge papers

Never

Social Security cards

Never

Vehicle titles

After you sell the car, boat, motorcycle, or other vehicle

HomeTRACK Important Concepts - Unit Five

Maintaining a Home and Finances

Great job on completing HomeTRACK! You should be very proud of yourself. This last section focused on "Maintaining a Home" and "Finances". Following are the key concepts we explored in this unit:

1) Maintaining and Protecting a Home

- a. We all hope that nothing breaks, but chances are, the longer that we own a home, the more likely things are to need repaired or replaced.
- b. When we buy a house, we buy a whole lot of items that are glued, screwed, bolted and nailed together! We are buying things like toilets, sinks, cabinets, flooring, roofs, and furnaces. All of those things, at one time or another, will either wear out, breakdown, or simply quit working and will have to be replaced.
- c. That is why it is important that each month we put money back for repairs on these things.
- d. You should work with a Housing Counselor to determine just how much you should set aside each month - but you should plan on saving anywhere from \$50 to \$100 a month for repairs.

2) Home Safety and Security

- a. Every home needs to have an Emergency Kit in case of a disaster.
- b. In the emergency kit you should have things like:
 - i. Fresh water
 - ii. Canned food with a can opener (non-electric)
 - iii. Battery powered radio and extra batteries
 - iv. Flashlight and extra batteries
 - v. First Aid Kit
 - vi. This is just a sample of things you should have in your Home Emergency Kit. If you did not print off a detailed list earlier you can find a list at the website for the American Red Cross.

3) Seasonal Home Maintenance

- a. During different parts of the year homeowners need to do various chores around the house to make sure the home is in the best shape it can be.
- b. Left neglected a home can quickly deteriorate.
- c. At the end of this section we have included the HomeTRACK Seasonal Home Maintenance Checklist. Print off this list and place it somewhere in your new

home to remind you which jobs you should be performing at various times of the year.

4) What to do if I Cannot Pay my Mortgage Payment

- a. Life happens. Something could happen which may make it difficult, if not impossible to make a monthly mortgage payment.
- b. If you find yourself in the situation of not being able to make your mortgage payment you should do the following:
 - i. Do not hide from your lender! Reach out to your lender early on and let them know what is happening, they may have programs that can help.
 - ii. See if your lender can change the payment date - sometimes when we get paid and when our house payment is due simply does not line up well. You can request that your lender change your payment due date. Most lenders will allow for this.
 - iii. Open any correspondence from your lender. Sometimes when we are behind on the mortgage, fear makes us not want to open the items they send to us. Make sure you open the mail they send you. They may be trying to reach you to offer a resolution to being behind on your mortgage that you are not aware is possible.
 - iv. Contact a local Housing Counseling Agency. Housing Counselors are experts in working as a facilitator between the home buyer and the lender. There is no cost to work with a HUD Approved Housing Counseling Agency when you are trying to save your home from foreclosure.

If you feel like you have a good understanding of these four main concepts in Unit 5, then you are ready to move forward with purchasing a home. If you feel you want more information on any of these topics, feel free to look at those sections again, or you can ask your local Housing Counselor at a HUD approved Housing Counseling Agency. You can find the nearest one to you at:

[http://portal.hud.gov/hudportal/HUD?src=/i want to/talk to a housing counselor](http://portal.hud.gov/hudportal/HUD?src=/i%20want%20to%20talk%20to%20a%20housing%20counselor)