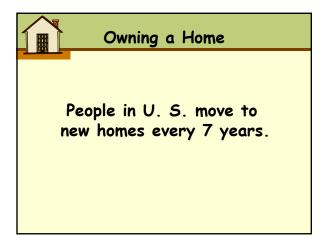
Opening the Door to	
Homeownership	
Presented by	
Pat Hildebrand	
Consumer & Family Economics	





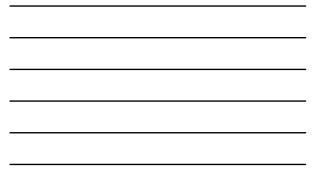












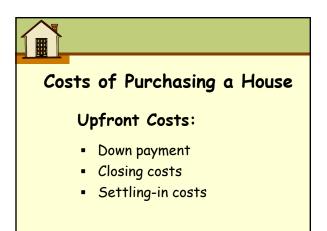




#### Disadvantages

- High cost of homeownership
- Possibility of foreclosure
- Decreased mobility
- Repairs and maintenance

Owning a Home
Can you AFFORD to buy a house?
Estimate your future costs





#### **Buying Power**

- How much you make
- How much you have available for the down payment and closing costs
- How much a financial institution will agree to lend you

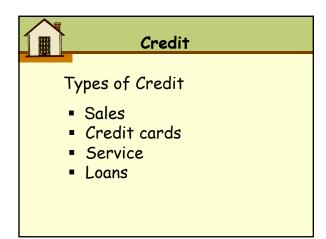
#### **Borrowing Power**

## Lenders <u>traditionally</u> use two gualifying guidelines:

- Monthly housing costs total no more than 28% of monthly gross before-tax income.
- Monthly housing costs plus other longterm debts total no more than 36% of monthly gross income.

# Credit What's Your Credit History?

Credit is.... The use of future money



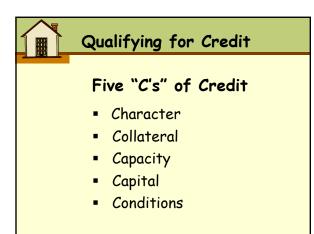
#### Credit Advantages of Credit Convenient Saves Money Emergencies Credit History Down payment Mail Orders

Travel Protects against fraud Use of item while paying for it

# Credit

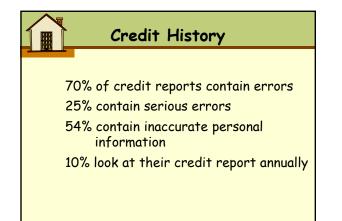
#### Disadvantages of Credit

- Pay interest
- May buy more than can pay
- Ties up future income
- Monthly payments tie up money for other needs











### Credit

#### What Creditors May Consider

- Your current income
- Savings & investments
- Occupation
- Length of time at present job
- Amount of money owed

#### Mortgages

#### What is a Mortgage?

A mortgage is a loan or lien on a property that has to be paid over a specified period of time.

#### Mortgages

#### Sources of Mortgage Loans

- Savings and loan associations
- Commercial banks
- Mortgage companies
- Federal credit unions
- State & local housing finance authorities
- Financial companies



#### Mortgage Loans

#### **Conventional Loans**

Private mortgage insurance companies provide the insurance that protects the lender or investor in case you default on the loan.

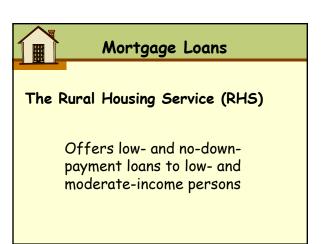


#### Mortgage Loans

Federal Housing Administration (FHA)

Mortgage insurance program operated by HUD



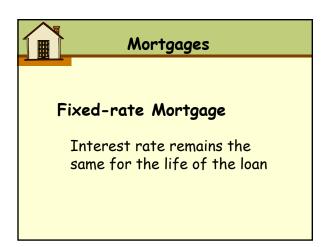


### Mortgage Loans

#### Fannie Mae

Provides financial products and services for low-, moderate-and middle income families to buy homes on their own

# Credit Freddie Mac Works with mortgage lenders to help people get lower housing costs

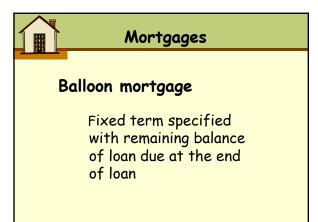














#### Mortgages

#### What else is new in Loans?

- 40-50 year mortgages
- 100+ home loans
- Zero down







