

This page is located on the U.S. Department of Housing and Urban Development's Homes and Communities Web site at <http://www.hud.gov/buying/index.cfm>.



## Buying a Home

The home buying process can seem complicated, but if you take things step-by-step, you will soon be holding the keys to your own home!

### Nine steps to buying a home

1. Figure out how much you can afford
2. Know your rights
3. Shop for a loan
4. Learn about home buying programs
5. Shop for a home
6. Make an offer
7. Get a home inspection
8. Shop for homeowners insurance
9. Sign papers

### Step 1: Figure out how much you can afford

What you can afford depends on your income, credit rating, current monthly expenses, down payment and the interest rate. The calculators below can help, but it is best to visit a lender to find out for sure.

- How much home can you afford?
- Buying vs. Renting

Need help with your down payment and/or closing costs?

- Home buying programs in your state

A housing counselor can help you figure out how to manage and pay off your debt, and start saving for that down payment!

- ▶ Find a housing counselor near you

## **Step 2: Know your rights**

- ▶ Fair Housing: Equal Opportunity for All - brochure
- ▶ Real Estate Settlement Procedures Act (RESPA)
- ▶ Borrower's rights
- ▶ Predatory lending

## **Step 3: Shop for a loan**

Save money by doing your homework. Talk to several lenders, compare costs and interest rates, negotiate to get a better deal. Consider getting pre-approved for a loan.

- ▶ Looking for the best mortgage: shop, compare, negotiate - brochure
- ▶ Let FHA help you
- ▶ Why Ask for an FHA Loan?
- ▶ Learn about interest only loans

## **Step 4: Learn about home buying programs**

- ▶ Home buying programs in your state

FHA loan programs offer lower down payments and are a good option for first-time homebuyers.

- ▶ Let FHA help you
- ▶ **HUD's special home buying programs**
  - ▶ Good Neighbor Next Door (formerly known as Teacher/Officer/Firefighter Next Door)
  - ▶ Hurricane Evacuees discounted sales
  - ▶ Homeownership for public housing residents

- ▶ Indian Home Loan Guarantee Program (Section 184)

## **Step 5: Shop for a home**

- ▶ **Choose a real estate agent**
- ▶ **Wish list** - what features do you want?
- ▶ Home-shopping checklist – take this list with you when comparing homes
- ▶ Homes for sale (including HUD homes)
- ▶ "Fixer-uppers" - home purchase and repair programs
- ▶ Manufactured (mobile) homes
- ▶ Build a home

If you choose a home in a neighborhood with a Home Owners Association (HOA), be sure to request a copy of the HOA packet, so you can review before closing.

## **Step 6: Make an offer**

Discuss the process with your real estate agent. If the seller counters your offer, you may need to negotiate until you both agree to the terms of the sale.

- ▶ Making an offer

## **Step 7: Get a home inspection**

Make your offer contingent on a home inspection. An inspection will tell you about the condition of the home, and can help you avoid buying a home that needs major repairs.

- ▶ For Your Protection Get a Home Inspection
- ▶ 10 Questions to ask a home inspector

## **Step 8: Shop for homeowners insurance**

Lenders require that you have homeowners insurance. Be sure to shop around.

- ▶ Homeowners insurance
- ▶ 12 ways to lower your homeowners insurance costs

### **Step 9: Sign papers**

You're finally ready to go to "settlement" or "closing." Be sure to read everything before you sign!

- ▶ Settlement Costs and Helpful Information

### **U.S. Department of Housing and Urban Development**

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