Buying and Owning a Home

A Financial Curriculum for English Language Learners
Before You Buy...

• Can I pay for it?
• What should I ask about?
• How do I get a loan?
What you pay when you own:

- Mortgage payments
- Utilities
- Fix things
- Tax
Can I afford that?

- Can you pay a down payment of 20%?
- Mortgage payments should be less than 28% of income
- Plan to pay 1% home value every year to fix things
- How much do you owe?
What should I ask the seller?

• What is the history of the home?
• Is anything “under warranty” (does it have insurance?)
• Has anything been fixed?
• How much are utilities?
Get a Good Loan!

• Shop around
• Read and understand before you sign
• Get help from a counselor
• You can cancel a loan!
But Watch Out!

• Some lenders are bad!
  - They put a lot of pressure on you
  - High interest rates and fees
  - Cheap now, expensive later

• They try to trick you!
Oh no. I think I got a bad loan. I can’t pay anymore. What now?
Why did my mortgage payments go up?

- You have an **adjustable rate** mortgage
- The fee for borrowing money can change!
- Your mortgage went up because that fee went up
Should I Refinance?

- Get a lower interest rate
- Get another type of mortgage
- Pay faster
- Get cash
What is “Cancellation of Debt”?  

• You borrow money but can’t pay it back  

• The lender might cancel the debt (say you don’t have to pay)  

• You might have to pay taxes
Taxes? Why?

• The money that you don’t have to pay now is like income

• You don’t have to pay taxes if:
  - You are bankrupt
  - Your debt is more than your assets
Foreclosure

• Your lender takes your home because you can’t pay your debt
Get Help Now!

- Counselor who helped you buy your house
- HUD
- Veterans Affairs (VA)
- Fannie Mae
- Your mortgage insurance company
When you talk with a counselor...

- Be honest
- Get the information they need
- Make the changes you have to