



## *HOME BUYING TIPS*

The following are a few tips that should be considered when purchasing a home:

- \*Get pre-approved through a local lender who understands the market we are in.
- \*Attend a homebuyer class. SCHA offers this class free of charge once a month; check out our website for upcoming dates [www.summithousing.us](http://www.summithousing.us)
- \*Check your credit report regularly. If there are issues on it get them cleared up ASAP! Go to [www.annualcreditreport.com](http://www.annualcreditreport.com) for your free copy.
- \*Shop for a loan. Make sure you are comfortable with all terms of the loan and that you fully understand the process.
- \*Talk to your lender and SCHA about any down payment assistance program(s) you may qualify for.
- \*Ask your lender about any first-time homebuyer programs they may have available.
- \*Prepare a budget that you can stick with now and in the future.
- \*Shop for a home that is within your affordability range and budget you just outlined.
- \*Make an offer.
- \*Get a home inspection.
- \*Shop for homeowners insurance.
- \*Sign the papers, and you are on your way to homeownership!

For additional tips and more information on the above, go to <http://www.hud.gov/buying/index.cfm>

### **SOME COMMON HOUSING ACRONYMS YOU MAY ENCOUNTER:**

**APR** ANNUAL PERCENTAGE RATE – calculated by using a standard formula, the APR shows the cost of a loan; expressed as a yearly interest rate, it includes the interest, points, mortgage insurance, and other fees associated with the loan.

**ARM** ADJUSTABLE RATE MORTGAGE – a mortgage loan that is subject to changes in interest rates; when rates change, ARM monthly payments increase or decrease at intervals determined by the lender; the change in monthly payment amount, however, is usually subject to a cap.

**CIC** COMMON INTEREST COMMUNITY – real estate with respect to which a person, by virtue of his ownership of a unit, is obligated to pay for real estate taxes, insurance premiums, maintenance, or improvement of other real estate described in a declaration.

**CC&R** COVENANTS, CONDITIONS AND RESTRICTIONS – The restrictions governing the use of real estate, usually enforced by a homeowners' association and passed on to the new owners of property.

**FICO** FAIR ISAAC COMPANY – Founded in 1956 by engineer Bill Fair and mathematician Earl Isaac, provides consulting services and enterprise decision management systems. They developed the FICO scores, a measure of credit risk, that are the most used credit scores in the world.

**FSBO** FOR SALE BY OWNER – Selling your house without a real estate broker.

**HOA** HOME OWNERS ASSOCIATION – A group of owners that share the common expenses of maintaining their property.

**ILC** IMPROVEMENT LOCATION CERTIFICATE – A document that certifies that all improvements to real property are within the boundaries of the property description.

**MLS** MULTIPLE LISTING SERVICE – A computer-based service that provides real estate professionals with detailed listings of most homes currently on the market.

**PITI** PRINCIPLE, INTEREST, TAXES AND INSURANCE – the four elements of a monthly mortgage payment; payments of principal and interest go directly towards repaying the loan while the portion that covers taxes and insurance (homeowner's and mortgage, if applicable) goes into an escrow account to cover the fees when they are due.

**PMI** PRIVATE MORTGAGE INSURANCE – privately owned companies that offer standard and special affordable mortgage insurance programs for qualified borrowers with down payments of less than 20% of a certain purchase price.