

Step-By-Step



Buying Your First

HOME


in Oregon

Your first home may be closer than you think.

Here are four basic steps to help you prepare to buy a home of your own.



1 Attend the *ABC's of Homebuying*, a homebuyer training course.




2 Research first-time homebuyer & downpayment assistance programs.

Tip



Most first-time homebuyer programs require that you have not owned and occupied a home of your own within the last three years.

Most of these types of programs will also require you to occupy the home as your primary residence.



3 Obtain pre-approval through a lender after shopping for a loan.



4 Select and purchase your new home.



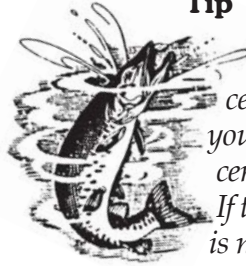
**I Attend the
ABC's of Homebuying,
a homebuyer
training course.**

You wouldn't attempt to drive a car without first taking lessons, neither would you run out and buy a house without first learning the basics about the homebuying process.

The Homeowner Education Collaborative of Oregon (HECO) and its training course, *The ABC's of Homebuying*, were created to help.

The ABC's of Homebuying classes are designed to help homebuyers learn the basics about the homebuying process. You will learn in a classroom setting from real estate professionals who specialize in helping first-time homebuyers.

Tip



*Don't lose your certificate of completion as you may need it to qualify for certain homebuyer programs. If the *ABC's of Homebuying* is not offered in your area, ask your lender about alternative forms of education.*

The course covers

- **Housing Decisions**
- **Financial Preparation**
- **Mortgages**
- **Shopping for a Home**
- **Closing Your Loan**
- **Protecting Your Investment**

**To find a class near you,
visit *HECO* on the web at
www.hecoregon.org
or call 1.800.719.7696.**

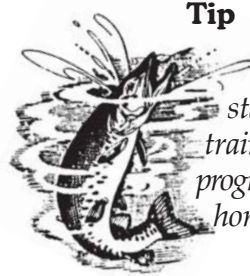
2 Research first-time homebuyer & downpayment assistance programs.

Two of the most common challenges of buying a home are being able to afford a modest home on a modest income and having enough cash to close the loan.

Buying a modest home in Oregon on a modest income is not as easy as it may seem. Fortunately, OHCS's **Residential Loan Program** (also referred to as the 'Oregon Bond Loan') is designed to help eligible low and moderate income homebuyers meet those challenges by offering below-market interest rates to finance their first home.

To be eligible for the **Residential Loan Program**, in most parts of the state a borrower must be a first-time homebuyer with an annual household income *not to exceed* \$58,600 statewide; \$67,400 for Benton county; and \$67,900 for Clackamas, Columbia, Multnomah, Washington or Yamhill counties (*effective 2/27/04*). Ask your lender if you qualify for the "Oregon Bond Loan."

To obtain a brochure and a list of participating lenders, call **1.877.ST8.BOND** (1.877.788.2663), or visit OHCS on the web at www.oregonbond.us.




Tip

Ask your lender, local city staff, or your homebuyer trainers if there are other programs serving first-time homebuyers in your area.

Downpayment Assistance Programs (DAP's) are designed to help address the problem of having enough cash to close the loan. DAP's are typically limited to serving low-income, first-time homebuyers, who earn no more than 80 percent of the area median income, and who will occupy the home. Ask your lender to see if your household meets these income limits.

One such program available in Oregon is the **Home Purchase Assistance Program** (HPAP). Administered by Oregon Bankers Association (OBA) and the Oregon Mortgage Lenders Association (OMLA), HPAP is a statewide DAP specifically for low-income, first-time homebuyers. The assistance is offered in the form of a \$1,500 interest-free second mortgage loan with no monthly payments required.

To obtain a program brochure call the OBA at **503.581.3522**, the OMLA at **503.223.6622**, or visit OHCS on the web at www.oregonbond.us.



3 Obtain pre-approval through a lender after shopping for a loan.

Once you have completed a homebuyer training course and researched first-time homebuyer programs you may be ready to meet with a lender.

Look into which lenders in your area specialize in first-time homebuying programs. Find out what documents you will need to bring in and schedule a meeting with them.

At this meeting you will learn if you are likely to qualify for a home loan, the maximum home loan you can afford, and how much cash you will need to close the loan. Lenders are required by federal law to provide you with a *Good Faith Estimate* of the closing costs and a *Truth in Lending Statement* explaining the true cost and terms of the loan. Use these forms to shop for and compare loan programs.

Mortgage lenders and brokers are required to be licensed to operate in Oregon. If you are uncertain about a lender's license and credentials, contact the Department of Consumer and Business Services at **1.866.814.9710**, or on the web at www.cbs.state.or.us.

Tips



Make sure to bring copies of your required documents to leave with your lender. The more prepared you are, the faster your loan can be reviewed.

Be clear with your lender about your needs so they can suggest the right loan for you.

Make sure your lender provides you with the following:

- *an estimate of the maximum purchase price you can afford*
- *the total cost of obtaining the loan*
- *the amount of cash you'll need to close the loan*
- *if possible, a pre-approval letter so that you can shop for a home with confidence*

Also, inquire if the seller is allowed to pay a portion of your closing costs or if they can be a gift from a family member.

Finally, make sure you are comfortable with your proposed housing payment and that it fits within your household budget.



4 **Select and purchase your new home.**

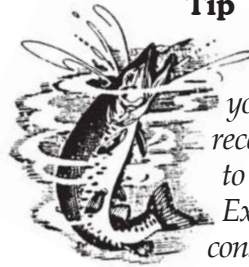
With a solid understanding of the homebuying process and programs, and hopefully a pre-qualification letter in hand, you may now be ready to shop for a home in your price range.

By getting pre-qualified ahead of time, home sellers will have confidence that if they accept your offer, you will be able to obtain financing and that the property sale will not be delayed. They may even be willing to assist you with your closing costs if you are a little short on cash to close the loan.

Once you have a signed sales agreement, your lender can lock in your interest rate with the **Residential Loan Program** (if you decide to use this program).

Within the next 30 to 90 days, your lender, Realtor®, and title & escrow representatives will be set in motion to hit your target closing date. The lender will order the appraisal to confirm the value of the home is adequate and a preliminary title report to check for liens on the property.

You will want to have the home inspected by a licensed home inspector to make sure it is in acceptable condition. Just like an auto mechanic can spot a 'lemon', a professional home inspector is a must to confirm a home is in good condition before you buy.



Tip

As a new homeowner, you will likely begin receiving all types of offers to refinance your home. Exercise caution as you consider these offers.

Carefully research the lender and terms being offered before you sign.

Treat your home as a long-term investment by maintaining its condition and protecting or using your home equity wisely.

Provided everything checks out, you will be well on your way to closing the loan. At loan closing you will sign all the required loan documentation. A few days prior to closing, obtain a copy of the settlement statement (HUD-1) from the escrow officer to verify the closing costs are accurate. Remember to bring your identification and, if needed, a cashier's check to pay your remaining downpayment and closing costs. Don't feel hurried as you sign the loan documents and make sure to ask the escrow officer if you are unclear about anything you are signing.

Once the deed of trust is recorded with your county recorder, you will be the proud owner of your first home. As you move into your home, you will enjoy a pride of ownership because you have now realized the American dream. Even beginning typical household chores like mowing the lawn, cleaning out the gutters, checking the smoke detector, and changing your furnace filter will be enjoyable.

Congratulations!



Oregon Housing and Community Services (OHCS) is the state housing finance agency, providing financial and program support to create and preserve opportunities for quality, affordable housing for lower-income Oregonians. OHCS also administers federal and state antipoverty, homeless and energy assistance community service programs.

For more information on programs offered through OHCS, please call **503.986.2000** or visit the OHCS website at www.oregon.gov/OHCS/.



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