

# County Bank

## Homebuyer's Toolkit



County Bank

1615 N. Morley St. Moberly, MO 65270

NMLS#449867



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Section 1










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# Roadmap to Homeownership

# From here to homeowner

## A roadmap to help you plan

Use this worksheet as a guide to help you visualize your journey towards owning a home. Everyone's process is different. Yours could take a short time or a long time, depending on your goals, constraints, personal style, and the market in your area. Having a plan will help you achieve your goals, even if you don't end up following it exactly.


- 1**  **If you haven't already, check your credit right away.** This gives you time to correct errors or strengthen your scores. Learn more at [cfpb.gov/mile1](https://cfpb.gov/mile1) Goal Date:
- 2**  **Decide how much you want to spend on a home.** Only you can determine how much you can afford to pay each month and upfront for your down payment and closing costs. Learn more at [cfpb.gov/mile2](https://cfpb.gov/mile2) Goal Date:
- 3**  **Discover your mortgage options.** Mortgages are complex, and there are lots of possibilities. Explore loan terms, types and interest rate types, talk to lenders, and ask questions. Learn more at [cfpb.gov/mile3](https://cfpb.gov/mile3) Goal Date:
- 4**  **Get a prequalification or preapproval letter.** A preapproval letter helps you show sellers that you are a serious buyer - but it doesn't commit you to a lender. Learn more at [cfpb.gov/mile4](https://cfpb.gov/mile4) Goal Date:
- 5**  **Find the right home and make an offer.** Your first offer may not be accepted by the seller. That's ok. Keep looking until you find your home. Learn more at [cfpb.gov/mile5](https://cfpb.gov/mile5) Goal Date:
- 6**  **Compare loan offers.** Get Loan Estimates from at least three different lenders and compare them to find the best deal. Learn more at [cfpb.gov/mile6](https://cfpb.gov/mile6) Goal Date:
- 7**  **Choose the loan offer that's right for you.** Let your lender know you are ready to proceed. Submit your documents and get ready to close. Learn more at [cfpb.gov/mile7](https://cfpb.gov/mile7) Goal Date:
- 8**  **Shop for your closing services.** Your Loan Estimate has a section called "Services you can shop for." Shopping around for these services can save you money. Learn more at [cfpb.gov/mile8](https://cfpb.gov/mile8) Goal Date:
- 9**  **Close on your new home.** Review your closing documents in advance to make sure there are no errors and everything matches your expectations. Learn more at [cfpb.gov/mile9](https://cfpb.gov/mile9) Goal Date:


This roadmap highlights key milestones, but there are many more steps to the process. Learn all the steps at [consumerfinance.gov/owning-a-home](https://consumerfinance.gov/owning-a-home)

# From here to homeowner

## A roadmap to help you plan


Use this sheet to take notes as you move through each milestone. Having a plan will help you achieve your goals, even if you don't end up following it exactly.

**1**  If you haven't already, check your credit right away.

**2**  Decide how much you want to spend on a home.

**3**  Discover your mortgage options.


**4**  Get a prequalification or preapproval letter.

**5**  Find the right home and make an offer.

**6**  Compare loan offers.

**7**  Choose the loan offer that's right for you.

**8**  Shop for your closing services.

**9**  Close on your new home.

This roadmap highlights key milestones, but there are many more steps to the process. Learn all the steps at [consumerfinance.gov/owning-a-home](https://consumerfinance.gov/owning-a-home)

Section 2

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Credit

# Credit report review checklist

Once you get your credit report, you will want to review it carefully. Ordering it is not enough—you have to read it. Credit reports may have mistakes. And if there are mistakes, you are the only one who is likely to find them.

Use the following worksheet to review each section of your credit report. Do this for each credit report you get throughout the year. Then, keep the completed checklist with your credit report.

Your credit report contains a lot of personal and financial information. Be sure to keep any hard copies of your credit reports in a safe and secure place. If you do not want to hang on to your credit reports, be sure to shred them before getting rid of them.

## Credit report review checklist

Today's date:  Name of credit reporting agency:

- |   |     |    |
|---|-----|----|
| 1. Is your name correct?  | YES | NO |
| 2. Is your Social Security number correct?                                | YES | NO |
| 3. Is your current address correct? Is your current phone number correct? | YES | NO |
| 4. Are the previous addresses they have listed for you correct?           | YES | NO |
| 5. Is your marital status listed correctly?                               | YES | NO |
| 6. Is the employment history they have listed for you accurate?           | YES | NO |
| 7. Is everything listed in the personal information section correct?      | YES | NO |
| 8. Is there anything listed in the public record information?             | YES | NO |
| Is it correct?  | YES | NO |

*Highlight the information you think may not be correct.*



9. Are the accounts on the list still open? <i>Review each item under the credit account (trade account) section.</i>	YES	NO
10. Are all of the current balances correct?	YES	NO
11. Are accounts where you are an authorized user or joint owner listed?	YES	NO
12. Are zero balances recorded for debts discharged in bankruptcy? For debts paid in full?	YES	NO
13. Are you listed as a co-signer on a loan? Is this correct?	YES	NO
14. Are accounts that you closed listed as "closed by the consumer"?	YES	NO
15. Is negative information reported on each credit account correct? <i>Look for late payments and missed payments. Highlight those items you think are not correct.</i>	YES	NO
16. Are any accounts listed more than once? <i>Check to make sure the same account is not listed multiple times in the collections section.</i>	YES	NO
17. Is old negative information still being reported? <i>If yes, highlight the information that has exceeded the negative information reporting limit, which is usually seven years.</i>	YES	NO
18. Do you suspect that you have been the victim of identity theft after reviewing your credit reports?	YES	NO

If you find something wrong with your credit report, you should dispute it. You may contact both the credit reporting company and the creditor or institution that provided the information. Explain what you think is wrong and why.

**To correct mistakes, it can help to contact both the credit reporting company and the source of the mistake.** You may file a dispute not only with the credit reporting company, but also directly with the source of the information, and include

the same supporting documentation. However, there are certain circumstances where creditors and furnishing institutions are not required to investigate.

You may file your dispute online at each credit reporting agency's website.

If you file a dispute by mail, your dispute letter should include: Your complete name, address, and telephone number; your report confirmation



number (if you have one); and the account number for any account you may be disputing.

In your letter, clearly identify each mistake, state the facts, explain why you are disputing the information, and request that it be removed or corrected. You may want to enclose a copy of the portion of your report that contains the disputed items and circle or highlight the disputed items. Include copies (not originals) of documents that support your position.

Send your letter of dispute to credit reporting companies by certified mail, return receipt requested, so that you will have a record that your letter was received. You can contact the nationwide credit reporting companies online, by mail, or by phone:

You can contact the primary nationwide credit reporting agencies online, by mail, or by phone:

## Equifax

### Online

[ai.equifax.com/CreditInvestigation/home.action](https://ai.equifax.com/CreditInvestigation/home.action)

### By mail

Download and complete the dispute form: [equifax.com/cp/MailInDisclosureRequest.pdf](https://equifax.com/cp/MailInDisclosureRequest.pdf). Mail the dispute form with your letter to:

Equifax Information Services LLC  
P.O. Box 740256  
Atlanta, GA 30374

### By phone

Phone number provided on credit report or (800) 864-2978

## Experian

### Online

[experian.com/disputes/main.html](https://experian.com/disputes/main.html)

### By mail

Use the address provided on your credit report or mail your letter to:

Experian  
P.O. Box 4000  
Allen, TX 75013

### By phone

Phone number provided on credit report or (888) 397-3742

## TransUnion

### Online

[transunion.com/credit-disputes/dispute-your-credit](https://transunion.com/credit-disputes/dispute-your-credit)

### By mail

Download and complete the dispute form: [transunion.com/docs/rev/personal/InvestigationRequest.pdf](https://transunion.com/docs/rev/personal/InvestigationRequest.pdf). Mail the dispute form with your letter to:

TransUnion Consumer Solutions  
P.O. Box 2000,  
Chester, PA 19022-2000

### By phone

(800) 916-8800

*\* Keep copies of your dispute letter and enclosures.*



If you suspect that the error on your report is a result of identity theft, visit the Federal Trade Commission's [IdentityTheft.gov](https://www.identitytheft.gov) website for information about identity theft and steps to take if you have been victimized. This will include filing a fraud alert and possibly filing a security freeze.

If the error is with a specific account, you can also choose to start the process by contacting the creditor or the debt collector to resolve the dispute.

Whether you file your dispute directly with the creditor (information furnisher) or the credit reporting agency, they generally have 30 - 45 days

to investigate your claim and 5 days to send you written notice once their investigation is over.

If the dispute results in a business changing the information it reported about you, the business must notify the credit reporting agencies. And vice versa, if you filed your dispute with a credit reporting agency, it must fix your file and notify the creditor of the error.

You can also submit a complaint to the Consumer Financial Protection Bureau at [consumerfinance.gov/complaint](https://consumerfinance.gov/complaint) or by calling 855-411-2372.

## Steps to filing a dispute checklist

### Steps to filing a dispute

- 1. Write a letter to the credit bureau that sent you the report.
- 2. Provide the account number for the item you feel is not accurate.
- 3. For each item, explain concisely why you believe it is not accurate.
- 4. If you can, include copies of bills or cleared checks (money order stubs) that show you have paid them on time.
- 5. Provide your address and telephone number at the end of the letter so the credit bureau can contact you for more information if necessary.
- 6. Make a copy of your letter before you send it to the credit bureau.
- 7. Send the letter. You may choose to use Certified Mail with Return Receipt to have proof of when the letter was received. The consumer reporting agency or the creditor generally has 30-45 days to investigate your claim.

## Example letter

You can use this example dispute letter from the Federal Trade Commission to a credit reporting agency as a guide for writing your own letter.

Be sure to keep copies of everything you send to the credit reporting agencies, including the dates you sent the items.

[Your name]  
[Your return address]

[Date]

Complaint Department  
[Company Name]  
[Street Address]  
[City, State, Zip Code]

Dear Sir or Madam:

I am writing to dispute the following information in my file. I have circled the items I dispute on the attached copy of the report I received.

This item [identify item(s) disputed by name of source, such as creditors or tax court, and identify type of item, such as credit account, judgment, etc.] is [inaccurate or incomplete] because [describe what is inaccurate or incomplete and why]. I am requesting that the item be removed [or request another specific change] to correct the information.

Enclosed are copies of [use this sentence if applicable and describe any enclosed documentation, such as payment records and court documents] supporting my position. Please reinvestigate this [these] matter[s] and [delete or correct] the disputed item[s] as soon as possible.

Sincerely,  
[Your name]  
[Phone number]

Enclosures:  
[List what you are enclosing.]



This checklist is a tool included in the Your Money, Your Goals toolkit. The CFPB has prepared this material as a resource for the public. This material is provided for educational and information purposes only. It is not a replacement for the guidance or advice of an accountant, certified financial advisor, or otherwise qualified professional. The CFPB is not responsible for the advice or actions of the individuals or entities from which you received the CFPB educational materials. The CFPB's educational efforts are limited to the materials that CFPB has prepared.

This Tool may ask you to provide sensitive personal and financial information. The CFPB does not collect any information from you or the organization using this Tool. The CFPB is not responsible and has no control over how others may use the information that you provide to them about your personal or financial situation. The CFPB recommends that you do not include names or account numbers and that users follow their organization's policies regarding retention, storage, and disposal of documents that contain personal information.



# Disputing errors on your credit reports

If you find mistakes on your credit reports, you should dispute them. Here's how you can dispute errors you find.

Errors can appear on one or more of your credit reports due to an error in the information provided about you or as the result of fraud or identity theft.

If you find errors on your credit reports, you should dispute them with the credit reporting company (most often Equifax, Experian, or TransUnion) and the furnisher of the information.

## GETTING READY TO DISPUTE

Review the mistakes you identified in the "Reviewing your credit reports" tool. Then gather any documents you have that support your dispute.

This can include things like:

- Your credit report with the mistake circled or highlighted

- Copies of anything that proves there is an error—for example, if your report incorrectly shows that you're late paying a credit card, make copies of bills or cleared checks (or money order stubs) that show you've paid on time

- Copies of your Social Security card, birth certificate, or other personal identity information, if you're disputing a mistake related to that information

If you suspect that the error on your report is a result of identity theft, visit [identitytheft.gov](https://www.identitytheft.gov). See Module 9: Protecting your Money for more information about identity theft and steps to take if you are a victim, including filing a fraud alert or security freeze.

## SUBMITTING THE DISPUTE

You can submit a dispute to the credit reporting company by phone, by mail, or online. **Explain the error and what you want changed.** Clearly identify each mistake separately, state the facts, explain why you are disputing the information, and request that it be removed or corrected.

Some of the credit reporting companies provide a dispute form you can use. You'll also want to send a letter explaining the mistake(s)—there's a letter template you can use on the next page.

Make sure you also include copies of all of your supporting documentation. Keep your originals.

You can also choose to send a copy of the dispute to the business or individual that provided the incorrect information (furnisher). You can usually find that address on your credit report.

If you're mailing the dispute information, it's a good idea to use certified mail with a return receipt requested, if that's available to you. That way, the post office will send a postcard telling you when your dispute letter was delivered.

## WAITING FOR MISTAKES TO GET FIXED

The credit reporting company generally has 30 calendar days (45 days in some cases) to investigate your dispute. They have five business days to notify you of the results once the investigation is complete.

If the error is fixed, you'll receive a copy of your updated credit report, which doesn't count as your free annual report.

If, as a result of your dispute, a furnisher determines they sent the wrong information to a credit reporting company, they must send the correction to various credit reporting companies to which they had provided the incorrect information.

## IF YOU DISAGREE WITH THE RESULTS

You can send the credit reporting company a letter stating you don't agree with the outcome. The credit reporting company has to clearly note that the information has been disputed and provide your explanation on any future reports.

You can also submit a complaint with the Bureau at [consumerfinance.gov/complaint](https://consumerfinance.gov/complaint). We'll forward it to the company and work to get you a response. See Module 9: Protecting your Money for more information on how to submit a complaint.

You may also want to seek assistance from a lawyer. Learn more at [consumerfinance.gov/askcfpb/1549](https://consumerfinance.gov/askcfpb/1549).

## Ways to contact the credit reporting companies

	EQUIFAX	EXPERIAN	TRANSUNION
Online	<a href="https://equifax.com/personal/disputes">equifax.com/personal/disputes</a>	<a href="https://experian.com/disputes">experian.com/disputes</a>	<a href="https://transunion.com/credit-freeze/place-credit-freeze">transunion.com/credit-freeze/place-credit-freeze</a>
Mail	Mail letter explaining mistakes and completed dispute form	Mail letter explaining mistakes	Mail letter explaining mistakes and completed dispute form
	<b>Dispute form:</b> <a href="https://equifax.com/cp/MailInDisclosureRequest.pdf">equifax.com/cp/MailInDisclosureRequest.pdf</a>	<b>Dispute form:</b> None needed	<b>Dispute form:</b> <a href="https://transunion.com/docs/rev/personal/InvestigationRequest.pdf">transunion.com/docs/rev/personal/InvestigationRequest.pdf</a>
	<b>Mail to:</b> Equifax Information Services LLC P.O. Box 740256 Atlanta, GA 30348	<b>Mail to:</b> Experian P.O. Box 4500 Allen, TX 75013	<b>Mail to:</b> TransUnion Consumer Solutions P.O. Box 2000 Chester, PA 19016
Phone	(800) 864-2978	(888) 397-3742	(800) 916-8800

# I am writing to dispute information that appears on my consumer report.

I am disputing the items on the following page. Please investigate the items I have described below, make necessary corrections and notify me when complete.

Thank you for your assistance. Sincerely,

Name

## My information

---

Name and return address

Today's date

Credit reporting company name and address

Phone number

- -

Date of birth (any format)

Report confirmation number, if available



I am disputing the following:

**My report includes accounts with a reported name that is different than mine.**

**I don't recognize the accounts in question.**

**The report shows I owed money to the company that I have already repaid.**

**The current status of my account is not correct. The report shows that I am delinquent but I have made all of my payments on time.**

**I'm the victim of identity theft and I don't recognize one or more of the accounts on my report.**

**Other, see additional information.**

## Additional information about the disputed item

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Description including account numbers, dates, source of disputed information (like a company or bank), previous addresses related to the dispute

**I have attached a copy of my report with the issues in question circled.**

This tool is included in the Bureau of Consumer Financial Protection's Your Money, Your Goals: A financial empowerment toolkit. The Bureau has prepared this material as a resource for the public. This material is provided for educational and information purposes only. It is not a replacement for the guidance or advice of an accountant, certified financial advisor, or otherwise qualified professional. The Bureau is not responsible for the advice or actions of the individuals or entities from which you received the Bureau educational materials. The Bureau's educational efforts are limited to the materials that the Bureau has prepared.

This tool may ask you to provide sensitive information. The Bureau does not collect this information and is not responsible for how your information may be used if you provide it to others. The Bureau recommends that you do not include names, account numbers, or other sensitive information and that users follow their organization's policies regarding personal information.

This tool includes links or references to third-party resources or content that consumers may find helpful. The Bureau does not control or guarantee the accuracy of this outside information. The inclusion of links or references to third-party sites does not necessarily reflect the Bureau's endorsement of the third-party, the views expressed on the outside site, or products or services offered on the outside site. The Bureau has not vetted these third-parties, their content, or any products or services they may offer. There may be other possible entities or resources that are not listed that may also serve your needs.

# How to rebuild your credit

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When you experience a financial challenge, your credit record could suffer. Rebuilding it takes time. There are no shortcuts or secrets.

## The steps below can help

### 1. Pay your bills on time, every time

“On time” means the payment gets to the company by the day the bill is due. If you pay by mail, put your payment in the mail a few days before it is due.

### 2. Don't get too close to your credit limit

Credit scores consider how close you are to being “maxed out” on credit cards. If you use too much of your credit limit, it may hurt your credit score. Some experts advise using no more than 30 percent of your total credit limit - while others say you should use less than 10 percent.

### 3. Don't apply for too much credit in a short time

Your credit score may go down if you apply for or open a lot of new accounts in a short time. This includes getting a new card so you can transfer balances, or opening a new store card account so you can get a discount.

### 4. If you do not qualify for a regular credit card, try a secured card

Many banks and credit unions offer secured credit cards. With most of these cards, your credit line



starts out small. You put an amount equal to your credit limit in an account as a deposit.

As you show you can pay on time, your credit limit may be raised and you may have your deposit refunded. Fees and interest rates can be high for secured cards, but using one can help you to establish a credit record.

### 5. If you pay with a credit card, pay your balance off every month

You can build credit by using your credit card and paying on time, every time. Pay off your balances in full each month to avoid paying finance charges. Paying off your balance each month can also build better credit than carrying a balance, because it helps keep you from getting too close to your credit limit.

### 6. Keep it up

Credit scores are based on your overall experience with paying your bills over time. The longer you

have credit and pay on time, the more information there is to show you're a good credit risk.

## 7. Check your credit reports and fix errors right away

Your credit report shows your history of loans and borrowing.

You can get a free printed copy of each of your credit reports from the three nationwide credit reporting companies every 12 months at [annualcreditreport.com](https://annualcreditreport.com). Equifax offers six additional free credit reports every 12 months, through December 31, 2026. When you visit the site, you may see steps to view more frequently updated reports online. This gives you a greater ability to monitor changes in your credit.

You may find incorrect information that is bringing your score down. If you do, file a dispute with the credit reporting company and with the company that was the source of the information.

### How long does negative information generally stay on your credit report?

Late payment	7 years
Chapter 13 bankruptcy	7 years
Chapter 7 bankruptcy	10 years
Foreclosure	7 years
Lawsuits and judgments	7 years or longer

In general, recent negative information has more of an effect on your credit score than older information.


## These four things don't help rebuild your credit


- 1. Using a debit card or paying cash.**  
These transactions don't help you prove you can repay debts.
- 2. Using a prepaid card.** A prepaid card is your own money, loaded on to the card in advance.
- 3. Taking out a payday loan.** Even making on-time repayments might not help your credit.
- 4. Taking an auto loan from a "buy here, pay here" car lot,** unless they promise in writing to report your on-time payments.


## Submit a complaint

Have an issue with a financial product or service? We'll forward your complaint to the company and work to get you a response – generally within 15 days.

 **Online**  
[consumerfinance.gov/complaint](https://consumerfinance.gov/complaint)

 **By phone (180+ languages)**  
M-F, 8 a.m. - 8 p.m. ET  
(855) 411-CFPB (2372)  
(855) 729-CFPB (2372) TTY/TDD

 **By mail**  
P.O. Box 2900  
Clinton, IA 52733-2900

 **By fax**  
(855) 237-2392

# Understand your credit score

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Banks, credit card companies and other businesses use credit scores to estimate how likely you are to pay back money you borrow.

A higher score makes it easier to qualify for a loan and lower interest rates. Many scores range from 300 to 850, but different companies use different ranges.

## You have many credit scores

You can have more than one score, because:

- Lenders use different scores for different products
- There are many different credit scoring formulas
- Information can come from different credit reporting sources

For example, a credit card score could be different from a home loan score, and any scores you purchase online could be different from both of those.

For some people, these differences aren't that big. But because lenders use different scores, you might qualify for lower rates with one lender and not another. It can pay to shop around.

## Where do credit scores come from?

Your credit scores are generally based on information in your credit reports. This information is reported by your lenders to credit reporting companies. The three biggest are Equifax, Experian, and TransUnion.



Several variables affect your credit score, including:

- How many credit accounts you have
- How long you've had those accounts
- How close you are to your credit limit
- How often your payments have been late
- Other factors

## How to raise your score

- **Paying your bills on time, every time has the greatest impact on your score.** One way to make sure your payments are on time is to set up automatic payments, or set up electronic reminders. If you have missed payments, get current and stay current.
- **Don't get close to your credit limit.** Credit scoring models look at how close you are to being "maxed out," so try to keep your balances low in proportion to your overall credit limit. Experts advise keeping your use of credit at no more than 30 percent of your total credit limit.

- **A long credit history helps your score.** Credit scores are based on experience over time. Your score improves the longer you have credit, open different types of accounts, and pay back what you owe on time.
- **Be careful closing accounts.** If you close some credit card accounts and put most or all of your credit card balances onto one card, it may hurt your credit score if you are using a high percentage of your total credit limit. Frequently opening accounts and transferring balances can hurt your score too.
- **Only apply for credit you need.** Credit scores look at your recent credit activity as an indicator of your need for credit. If you apply for a lot of credit over a short period of time, it may appear that your money situation has changed for the worse.

- Reports saying you paid late when you paid on time
- Accounts you closed that are listed as open
- The same item showing up more than once (like an unpaid debt)

## How to fix mistakes

If you find something wrong in your credit report, you may contact both the credit reporting company and the company that provided the information (for example, your credit card company). Explain what you think is wrong and why. Include copies of documents that support your dispute. Your credit reports come with instructions on how to dispute mistakes.

## Your credit report matters as much as your score

Mistakes in your credit reports could hurt your credit history and credit score, so check them regularly.

You can get one free credit report from each of the big three credit reporting companies every 12 months. Go to [annualcreditreport.com](https://annualcreditreport.com) or call **877-322-8228**. In addition, Equifax offers six free credit reports every 12 months, until December 31, 2026. When you visit the site, you may see steps to view more frequently updated reports online. This gives you a greater ability to monitor changes in your credit.

### When you get your report, look for:


- Mistakes in your name, phone number, or address
- Loans, credit cards, or other accounts that are not yours

### About us


The Consumer Financial Protection Bureau regulates the offering and provision of consumer financial products and services under the federal consumer financial laws, and educates and empowers consumers to make better informed financial decisions.

Learn more at [consumerfinance.gov](https://consumerfinance.gov)

### Connect with us

 **Submit a complaint**  
[consumerfinance.gov/complaint](https://consumerfinance.gov/complaint)

 **Tell your story**  
[consumerfinance.gov/your-story](https://consumerfinance.gov/your-story)

 **Get answers to money questions**  
[consumerfinance.gov/askcfpb](https://consumerfinance.gov/askcfpb)

 **Share your thoughts**  
[facebook.com/cfpb](https://facebook.com/cfpb)  
[twitter.com/cfpb](https://twitter.com/cfpb)

# Understand your credit report

Once you have requested your free credit report, you can use the information below to see what it means and to make sure there are no errors.

It is easier to review your credit report successfully when you know and understand all the parts, what they mean, and how they affect your credit situation.

Reports can be formatted differently or use different words, but they cover the same information, described below.

File number: 12345678 Date issued: 9/30/2017	
<b>Personal information</b>	
<b>Name:</b> Miguel Smith	<b>SSN:</b> XXX-XX-1234
<b>Other names:</b> Miguel S Smith Miguel Simon Smith	<b>Date of birth:</b> 12-1-1980 <b>Telephone number:</b> 555-555-1000
<b>Addresses reported:</b> 457 First Street, Littletown, MI 09876 13476 Avenue A, Big City, WI 43526	
<b>Employment data reported</b>	
<b>Employer name:</b> Riviera Restaurants <b>Position:</b> Manager <b>Date reported:</b> 3/2013 <b>Hired:</b> 11/2010	<b>Employer:</b> Freer Chiropractic College <b>Date reported:</b> 6/2008 <b>Position:</b> Food services <b>Hired:</b> 3/2008

## Personal information

Credit reporting companies use your personal information to confirm you are the person who opened the accounts listed on the report. Check this section carefully to make sure your information is right and is up to date. The wrong name or Social Security number could mean you could be charged for another person's debt.

<b>Public records</b>	
Big City Wisconsin Court Docket# 200900001467 515 C St, NE, Big City, WI 43528	
<b>Date filed:</b> 8/3/2015	<b>Amount:</b> \$11,987
<b>Type:</b> Chapter 7 Bankruptcy	<b>Responsibility:</b> Individual

## Public records

Bankruptcies and, in some cases, foreclosures are the only public records that appear on a credit report from the three nationwide credit reporting companies. Public court records can have a negative effect on your credit record and scores. Bankruptcies can appear on your credit report for as long as 10 years. Negative information on your credit report may lead to a higher interest rate or being turned down for credit.

## Account information

In the account information section, your credit accounts are displayed one by one. Lenders typically update the information monthly. The information usually includes your payment history, whether an account is current or past due, your balance, and the type of loan or account. If your credit report lists the name of a lender that is unfamiliar to you, it might be the name of the lender's parent company or a new company the lender has joined. Check the fine print on your monthly bill or contact the lender if you are not sure. If your credit report shows an account that is not yours, you have the right to dispute it.

Account information from your credit card company and other lenders appears on your credit report as satisfactory or in good standing, or else as adverse or potentially negative.



Account information						
Littletown Bank (B62391), Account #2010004637						
Balance: \$14,285			Pay status: 30 days past due			
Date updated: 8/31/2019			Account type: Automobile			
High balance: \$16,500			Responsibility: Individual			
Past due: \$395			Date opened: 2/5/2019			
Terms: \$395/month 48 months			Payment received: \$395			
Account type: Automobile			Last payment made: 7/5/2019			
	8/5/19	7/5/19	6/5/19	5/5/19	4/5/19	3/5/19
Balance	\$14,285	\$14,680	\$14,988	\$15,294	\$15,598	\$15,901
Scheduled payment	\$395	\$395	\$395	\$395	\$395	\$395
Amount Paid	\$0	\$395	\$395	\$395	\$395	\$395
Past Due	\$395	\$0	\$0	\$0	\$0	\$0
Rating	30	OK	OK	OK	OK	OK

## Satisfactory accounts

Satisfactory accounts are in good standing because the credit reporting company has not received recent negative reports. An account is usually still reported as current if paid within 30 days of the due date. Paying on time protects your credit record and credit scores.

Collections	
Reliable collections (Y76381); Account #3629	
Original creditor: ABC Megastore	Amount placed: \$2,500
Opened: 7/2/2013	Account type: Open
Balance: \$1,000	Responsibility: Individual

## Potentially negative accounts

Accounts that are past due or in collections are listed as adverse or potentially negative. A credit reporting company generally reports most negative information, like missed payments or collections, for seven years. You may see that your original loan has a different company name. Lenders sometimes ask outside companies to collect debts that are owed to them. Or, they sometimes sell the debt. In those cases, the new company that owns the debt is listed on your credit report together with the original lender.

## Credit inquiries

Credit reporting companies receive inquiries from businesses, lenders, or employers when they ask to review your credit report. The reason for the inquiry determines whether it could affect your credit scores.

Inquiries made to your account	
Inquiries that display to others The following companies have received your credit report.	
Auto Loan Store 90 President Lane, Big City, WI 43529	Requested on: 6/2013

## Hard inquiries

A hard inquiry to review your credit report is made by a lender when you apply for credit. Hard inquiries can affect your credit scores because most credit scoring models look at how recently you applied for credit and how frequently you do so.

Promotional inquiries	
The following companies received your name, address and other limited information about you so they could make a firm offer of credit or insurance. They did not receive your full credit report. These are not displayed to others and do not affect your credit scores.	
Dress for Success Fashion House 31 Fashion Lane, Big City, WI 43530	Requested on: 7/2016

Account review inquiries	
The companies listed below obtained information from your consumer report for the purpose of an account review of business transaction. These are not displayed to others and do not affect your credit scores.	
Bank of Wisconsin 457 State Street, Big City, WI 43532	Requested on: 6/2017

## Soft inquiries

A soft inquiry is recorded when your credit file is reviewed for reasons other than your application for credit—for example, when a lender checks an existing account, when you request your own credit report, and sometimes when a potential lender prescreens you for a credit offer. Soft inquiries do not affect your credit scores.

## Once you've checked your reports, keep up the good work

### Make checking your credit report a regular habit

You are entitled to request a free copy of your credit report, once every 12 months, from each of the three nationwide credit reporting companies: Equifax, Experian, and TransUnion. In addition, until the end of 2026, you can get six free credit reports every 12 months from Equifax.

Visit [annualcreditreport.com](https://annualcreditreport.com), call (877) 322-8228, or download and complete the Annual Credit Report Request Form and mail it to the address on the form. When you visit the site, you may see steps to view more frequently updated reports online. This gives you a greater ability to monitor changes in your credit.

### Take action promptly to correct errors

You can use sample letters to dispute errors on your credit report or respond to debt collection efforts. These letters are available at [consumerfinance.gov/askcfpb/314](https://consumerfinance.gov/askcfpb/314).

### Take steps to improve or better understand your credit


You can see tips and information at [consumerfinance.gov/consumer-tools/credit-reports-and-scores](https://consumerfinance.gov/consumer-tools/credit-reports-and-scores).

## About us


The Consumer Financial Protection Bureau regulates the offering and provision of consumer financial products and services under the federal consumer financial laws, and educates and empowers consumers to make better informed financial decisions.

Learn more at [consumerfinance.gov](https://consumerfinance.gov)

## Connect with us

 Submit a complaint  
[consumerfinance.gov/complaint](https://consumerfinance.gov/complaint)

 Tell your story  
[consumerfinance.gov/your-story](https://consumerfinance.gov/your-story)

 Get answers to money questions  
[consumerfinance.gov/askcfpb](https://consumerfinance.gov/askcfpb)

 Share your thoughts  
[facebook.com/cfpb](https://facebook.com/cfpb)  
[twitter.com/cfpb](https://twitter.com/cfpb)













Section 3

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# Budgeting/Planning

# Use this **spending tracker** to consider what is important to you.

- 1 Get an envelope to collect your receipts.
- 2 Use the table to sort your spending into the categories below. Don't forget about bills you share with others.
- 3 At month's end, total up each category.

	1	2	3	4	5	Category totals
 Cell phone						
 Debt payment						
 Eating out						
 Education + childcare						
 Entertainment						
 Groceries + other supplies						
 Health expenses						
 Helping others						
 Housing + utilities						
 Pets						
 Transport						
 Other						

Total spending for this month:

# How Much Can You Afford?

There are many online calculators available to help you determine how much house you can afford. An easy guideline to follow is the 38% rule; your total monthly debt should never add up to more than 38% of your gross income (Debt-to-Income Ratio or DTI). To do a quick estimate of what you can afford, there are two basic numbers you need: Maximum Debt and Monthly Debt.

## GROSS INCOME

1	Annual Gross Salary	\$	<input type="text"/>
2	Bonus and Overtime	\$	<input type="text"/>
3	Other Income	\$	<input type="text"/>
4	Child Support/Alimony Received	\$	<input type="text"/>
5	GROSS MONTHLY INCOME (1+2+3+4)		<input type="text"/>
	MONTHLY INCOME (Row 5 ÷ 12)		<input type="text"/>
			<b>X .38</b>
	<b>Maximum Debt</b>		<input type="text"/>

## DEBTS

	Monthly Minimum Credit Card Payments	\$	<input type="text"/>
	Monthly Car Payments	\$	<input type="text"/>
	Monthly Personal Loan Payments	\$	<input type="text"/>
	Monthly Student Loan Payments	\$	<input type="text" value="blah"/>
	Monthly Child Support/Alimony	\$	<input type="text"/>
	<b>GROSS MONTHLY DEBT</b>	\$	<input type="text"/>
			<b>(Maximum Debt – Gross Debt)</b>
	<b>Maximum Mortgage Payment</b>		<input type="text"/>



# To Buy or Not to Buy

Before you get too far into the home-buying process, you should be sure that you are ready to own a home. Here are some factors to consider:

	<b>ADVANTAGES</b>	<b>CONSIDERATIONS</b>
<b>BUY</b>	<b>Builds Equity &amp; Better Future Home</b>	<b>Maintenance &amp; Other Expenses</b>
	<b>Sense of Community</b>	<b>Upfront Costs</b>
	<b>Personalization (Updates, Appliances, Landscaping)</b>	<b>Market Variability</b>
	<b>May Offer Certain Tax Advantages</b>	<b>Less Flexibility to Move</b>
<b>RENT</b>	<b>No Surprise Expenses</b>	<b>No Tax Benefit</b>
	<b>Fun Amenities</b>	<b>No Equity</b>
	<b>Easier to Move</b>	<b>No Control over Rent Increases</b>
	<b>Less Maintenance</b>	<b>Noisy Neighbors</b>

Section 4

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# Loan Application Process





# Looking for a Lender

## Homebuyer checklist

Finding the right lender can make a huge difference in ensuring you get the mortgage and loan terms that best meet your needs, so it may be good to shop around before deciding on one. If you're struggling with where to begin, you can ask for referrals from family and friends or go to your local bank. It can also be helpful to search online for lenders and read their reviews. Use this guide to help you find a lender you can feel confident in.

Name: \_\_\_\_\_

Company: \_\_\_\_\_

Office location: \_\_\_\_\_

Email: \_\_\_\_\_ Phone: \_\_\_\_\_

### Questions to ask a lender

1. How do you prefer to communicate with clients—email, text, phone—or in person?  
How can I see the status of my loan? Is it online or will I have to call?

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2. How fast are your turnaround times for pre-approval, appraisal and closing?

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3. What loan products do you offer?

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4. What lender fees will I be responsible for at closing?

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5. Will I have to pay for anything prior to closing?

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6. Will you waive any of these fees or roll them into my mortgage?

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7. What are your down payment requirements?

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8. Do you offer any first-time homebuyer programs and/or down payment assistance programs?

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9. What interest rates do you offer and what is your annual percentage rate (APR)?

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10. What would I need to do to lock in my interest rate?

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11. What would be my estimated monthly payment?

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12. Do you offer eMortgages or eClosings?

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13. Do you have references I could contact and ask questions about their experience with you?

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14. Will your company be servicing my loan (will I be making mortgage payments to your company)?

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This checklist is for educational purposes only. Be sure to communicate with your lender for specifics on the mortgage loan process.

**LAST REVIEWED: SEP 25, 2017**

## What is mortgage insurance and how does it work?

Mortgage insurance lowers the risk to the lender of making a loan to you, so you can qualify for a loan that you might not otherwise be able to get.

Typically, borrowers making a down payment of less than 20 percent of the purchase price of the home will need to pay for mortgage insurance. Mortgage insurance also is typically required on FHA and USDA loans. Mortgage insurance lowers the risk to the lender of making a loan to you, so you can qualify for a loan that you might not otherwise be able to get. But, it increases the cost of your loan. If you are required to pay mortgage insurance, it will be included in your [total monthly payment \(cfpb.gov/askcfpb/1941\)](https://www.cfpb.gov/askcfpb/1941) that you make to your [lender \(cfpb.gov/askcfpb/130\)](https://www.cfpb.gov/askcfpb/130), your costs at closing, or both.

## About mortgage insurance

### Mortgage insurance protects the lender, not you

Mortgage insurance, no matter what kind, protects the lender - not you - in the event that you fall behind on your payments. If you fall behind, your credit score may suffer and you can lose your home through foreclosure.

There are several different kinds of loans available to borrowers with low down payments. Depending on what kind of loan you get, you'll pay for mortgage insurance in different ways:

## Loan types and mortgage insurance

### Conventional loan

If you get a [Conventional loan \(cfpb.gov/owning-a-home/loan-options/conventional-loans/\)](https://www.cfpb.gov/owning-a-home/loan-options/conventional-loans/), your lender may arrange for mortgage insurance with a private company. [Private mortgage insurance \(cfpb.gov/askcfpb/122\)](https://www.cfpb.gov/askcfpb/122) (PMI) rates vary by down payment amount and credit score but are generally cheaper than FHA rates for borrowers with good credit. Most private mortgage insurance is paid monthly, with little or no initial payment required at closing. Under certain circumstances, you can cancel your PMI.

## Federal Housing Administration (FHA) loan

If you get a [Federal Housing Administration \(FHA\) loan](https://cfpb.gov/owning-a-home/loan-options/fha-loans/) ([cfpb.gov/owning-a-home/loan-options/fha-loans/](https://cfpb.gov/owning-a-home/loan-options/fha-loans/)), your mortgage insurance premiums are paid to the Federal Housing Administration (FHA). FHA mortgage insurance is required for all FHA loans. It costs the same no matter your credit score, with only a slight increase in price for down payments less than five percent. FHA mortgage insurance includes both an upfront cost, paid as part of your [closing costs](https://cfpb.gov/askcfpb/1845) ([cfpb.gov/askcfpb/1845](https://cfpb.gov/askcfpb/1845)), and a monthly cost, included in your monthly payment.

If you don't have enough cash on hand to pay the upfront fee, you are allowed to roll the fee into your mortgage instead of paying it out of pocket. If you do this, your loan amount and the overall cost of your loan will increase.

## US Department of Agriculture (USDA) loan

If you get a [US Department of Agriculture \(USDA\) loan](https://cfpb.gov/owning-a-home/loan-options/special-loan-programs/) ([cfpb.gov/owning-a-home/loan-options/special-loan-programs/](https://cfpb.gov/owning-a-home/loan-options/special-loan-programs/)), the program is similar to the Federal Housing Administration, but typically cheaper. You'll pay for the insurance both at [closing](https://cfpb.gov/askcfpb/176) ([cfpb.gov/askcfpb/176](https://cfpb.gov/askcfpb/176)) and as part of your monthly payment. Like with FHA loans, you can roll the upfront portion of the insurance premium into your mortgage instead of paying it out of pocket, but doing so increases both your loan amount and your overall costs.

## Department of Veterans' Affairs (VA)-backed loan

If you get a [Department of Veterans' Affairs \(VA\)-backed loan](https://cfpb.gov/owning-a-home/loan-options/special-loan-programs/) ([cfpb.gov/owning-a-home/loan-options/special-loan-programs/](https://cfpb.gov/owning-a-home/loan-options/special-loan-programs/)), the VA guarantee replaces mortgage insurance, and functions similarly. With VA-backed loans, which are loans intended to help servicemembers, veterans, and their families, there is no monthly mortgage insurance premium. However, you will pay an upfront "funding fee." The [amount of that fee](http://www.benefits.va.gov/homeloans/purchaseco_loan_fee.asp) [↗](http://www.benefits.va.gov/homeloans/purchaseco_loan_fee.asp) ([http://www.benefits.va.gov/homeloans/purchaseco\\_loan\\_fee.asp](http://www.benefits.va.gov/homeloans/purchaseco_loan_fee.asp)) varies based on:

- Your type of military service
- Your down payment amount
- Your disability status
- Whether you're buying a home or refinancing
- Whether this is your first VA loan, or you've had a VA loan before

Like with FHA and USDA loans, you can roll the upfront fee into your mortgage instead of paying it out of pocket, but doing so increases both your loan amount and your overall costs.

If you're behind on your mortgage, or having a hard time making payments, you can use the CFPB's "[Find a Counselor](https://www.consumerfinance.gov/find-a-housing-counselor/)" (<https://www.consumerfinance.gov/find-a-housing-counselor/>) tool to get a list of housing counseling agencies in your area that are approved by HUD. You can also call the [HOPE™ Hotline](https://www.consumerfinance.gov/askcfpb/263) ([cfpb.gov/askcfpb/263](https://www.consumerfinance.gov/askcfpb/263)), open 24 hours a day, seven days a week, at (888) 995-HOPE (4673).

## How to get help

This option may be marketed as being cheaper for the borrower, but that doesn't necessarily mean it is. Always compare the total cost before making a final decision. Learn more about [piggyback second mortgages](https://www.consumerfinance.gov/askcfpb/1955) ([cfpb.gov/askcfpb/1955](https://www.consumerfinance.gov/askcfpb/1955)).

## Don't see what you're looking for?

### Browse related questions

[What is private mortgage insurance? \(cfpb.gov/askcfpb/122\)](https://www.consumerfinance.gov/askcfpb/122)

[What is an FHA loan? \(cfpb.gov/askcfpb/112\)](https://www.consumerfinance.gov/askcfpb/112)

[Learn more about mortgages \(cfpb.gov/consumer-tools/mortgages/\)](https://www.consumerfinance.gov/consumer-tools/mortgages/)

[Ver página en español \(cfpb.gov/es/obtener-respuestas/que-es-un-seguro-hipotecario-y-como-funciona-es-1953/\)](https://www.consumerfinance.gov/es/obtener-respuestas/que-es-un-seguro-hipotecario-y-como-funciona-es-1953/)

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## About us

We're the Consumer Financial Protection Bureau (CFPB), a U.S. government agency that makes sure banks, lenders, and other financial companies treat you fairly.


[Learn how the CFPB can help you \(cfpb.gov/about-us/the-bureau/\)](https://www.consumerfinance.gov/about-us/the-bureau/)

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## Legal disclaimer

The content on this page provides general consumer information. It is not legal advice or regulatory guidance. The CFPB updates this information periodically. This information may include links or references to third-party resources or content. We do not endorse the third-party or guarantee the accuracy of this third-party information. There may be other resources that also serve your needs.

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LAST REVIEWED: AUG 03, 2017

## What's the difference between a prequalification letter and a preapproval letter?

Prequalification and preapproval both refer to a letter from a lender that specifies how much the lender is willing to lend to you, up to a certain amount and based on certain assumptions. These letters provide useful information, but are not guaranteed loan offers.

**There's not a lot of difference between a prequalification letter and a preapproval letter.** While there are some legal distinctions, in practice both terms refer to a letter from a lender that says the lender is generally willing to lend to you, up to a certain amount and based on certain assumptions. This letter helps you to make an offer on a home, because it gives the seller confidence that you will be able to get financing to buy the home. It is not a guaranteed loan offer.

**Don't worry about which word lenders use.** Some lenders may use the word "prequalification", while other lenders may call the letter a "preapproval". In reality, lenders' processes vary widely, and the words they use don't tell you much about a particular lender's process. The important thing is that the letter you receive provides enough information for sellers in your area to take it seriously. The best way to make sure that the letter you have will serve its purpose is to ask a local real estate agent.

**Lenders usually [check your credit \(cfpb.gov/askcfpb/2005\)](https://cfpb.gov/askcfpb/2005) when issuing a prequalification or preapproval letter.** Many people wait to get a preapproval

Don't see what you're looking for?

Browse related questions

[What is the difference between a mortgage interest rate and an APR? \(cfpb.gov/askcfpb/135\)](https://cfpb.gov/askcfpb/135)

[How can I figure out if I can afford to buy a home and take out a mortgage? \(cfpb.gov/askcfpb/118\)](https://cfpb.gov/askcfpb/118)

[What is a mortgage? \(cfpb.gov/askcfpb/99\)](https://cfpb.gov/askcfpb/99)



[Learn more about mortgages](https://cfpb.gov/consumer-tools/mortgages/) (cfpb.gov/consumer-tools/mortgages/)

[Ver página en español](https://cfpb.gov/es/obtener-respuestas/cual-es-la-diferencia-entre-una-carta-de-precalificacion-y-una-carta-de-preaprobacion-es-127/) (cfpb.gov/es/obtener-respuestas/cual-es-la-diferencia-entre-una-carta-de-precalificacion-y-una-carta-de-preaprobacion-es-127/)

## About us

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# Home Loan Documents

## Homebuyer checklist

If you're ready to use this checklist, that means you've taken a big step toward homeownership. Whether you have a signed (ratified) sales contract or are just preparing to make an offer, this checklist can help you make sure you are providing your lender with everything they will need to fulfill the loan process.

**Proof of income** (You will be required to provide documentation for all sources of your income, and the requirements will vary depending on the type of income you're receiving.)

- Pay stubs from the last 2 most recent months
- W2s for the last 2 years
- Tax returns for last 2 years (common for self-employment, rental income, and commission income)
- 1099s (common for contract employees)
- Social Security award letter (common for people receiving Social Security benefits)
- Profit & loss statements and/or business tax returns (common for business owners)

### Asset statements

- Checking account statements
- Savings account statements
- Certificates of Deposit
- Bonds
- Retirement accounts
- Business accounts
- Investment accounts

### Other documents and information (where applicable)

- Photo ID
- Employer name(s) and address(es) for the past 2 years
- Residential address(es) for the past 2 years
- Proof of rent payments/copy of lease
- Divorce papers
- Bankruptcy documents
- Gift letter (if using gift funds)
- Social Security card, ITIN, or other similar documents
- Business license (if self-employed)
- Copy of ratified sales contract

This checklist is for educational purposes only. Be sure to communicate with your lender for specifics on the mortgage loan process.

# Your home loan toolkit

A step-by-step guide



Consumer Financial  
Protection Bureau





# How can this toolkit help you?

Buying a home is exciting and, let's face it, complicated. This booklet is a toolkit that can help you make better choices along your path to owning a home.

## After you finish this toolkit:

- You'll know the most important steps you need to take to **get the best mortgage** for your situation ..... Section 1: Page 3
- You'll better **understand your closing costs** and what it takes to buy a home ..... Section 2: Page 16
- You'll see a few ways to **be a successful homeowner** ..... Section 3: Page 24

## How to use the toolkit:

-  The location symbol orients you to where you are in the home buying process.
-  The pencil tells you it is time to get out your pencil or pen to circle, check, or fill in numbers.
-  The magnifying glass highlights tips to help you research further to find important information.
-  The speech bubble shows you conversation starters for talking to others and gathering more facts.

## About the CFPB

The Consumer Financial Protection Bureau is a federal agency that helps consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives.

Have a question about a common consumer financial product or problem? You can find answers by visiting [consumerfinance.gov/askcfpb](https://consumerfinance.gov/askcfpb). Have an issue with a mortgage, student loan, or other financial product or service? You can submit a complaint to the CFPB. We'll forward your complaint to the company and work to get you a response. Turn to the back cover for details on how to submit a complaint or call us at (855) 411-2372.

# Choosing the best mortgage for you



You're starting to look for a mortgage or want to confirm you made a good decision.

To make the most of your mortgage, you need to decide what works for you and then shop around to find it. In this section, you'll find eight steps to get the job done right.

## 1. Define what affordable means to you

Only you can decide how much you are comfortable paying for your housing each month. In most cases, your lender can consider only if you are able to repay your mortgage, not whether you will be comfortable repaying your loan. Based on your whole financial picture, think about whether you want to take on the mortgage payment plus the other costs of homeownership such as appliances, repairs, and maintenance.

### IN THIS SECTION

1. Define what affordable means to you
2. Understand your credit
3. Pick the mortgage type that works for you
4. Choose the right down payment for you
5. Understand the trade-off between points and interest rate
6. Shop with several lenders
7. Choose your mortgage
8. Avoid pitfalls and handle problems

### THE TALK

Ask your spouse, a loved one, or friend about what affordable means to you:

"What's more important—a bigger home with a larger mortgage or more financial flexibility?"

"How much do we want to budget for all the monthly housing costs, including repairs, furniture, and new appliances?"

"What will a mortgage payment mean for other financial goals?"



## KNOW YOUR NUMBERS

Calculate the home payment you can take on by filling in the worksheets below:

Think about what an affordable home loan looks like for you. These worksheets can help. First, estimate your total monthly home payment. Second, look at the percentage of your income that will go toward your monthly home payment. Third, look at how much money you will have available to spend on the rest of your monthly expenses.

### Step 1. Estimate your total monthly home payment by adding up the items below

Your **total monthly home payment** is more than just your mortgage. There are more expenses that go along with owning your home. Start with estimates and adjust as you go.

	MONTHLY ESTIMATE
<p><b>Principal and interest (P&amp;I)</b></p> <p>Your principal and interest payment depends on your home loan amount, the interest rate, and the number of years it takes to repay the loan. <b>Principal</b> is the amount you pay each month to reduce the loan balance. <b>Interest</b> is the amount you pay each month to borrow money. Many principal and interest calculators are available online.</p>	\$
<p><b>Mortgage insurance</b></p> <p>Mortgage insurance is often required for loans with less than a 20% down payment.</p>	+ \$
<p><b>Property taxes</b></p> <p>The local assessor or auditor's office can help you estimate property taxes for your area. If you know the yearly amount, divide by 12 and write in the monthly amount.</p>	+ \$
<p><b>Homeowner's insurance</b></p> <p>You can call one or more insurance agents to get an estimate for homes in your area. Ask if flood insurance is required.</p>	+ \$
<p><b>Homeowner's association or condominium fees, if they apply</b></p> <p>Condominiums and other planned communities often require homeowner's association (HOA) fees.</p>	+ \$
<p><b>My estimated total monthly home payment</b></p>	= \$

## Step 2. Estimate the percentage of your income spent on your monthly home payment

Calculate the percentage of your total monthly income that goes toward your total monthly home payment each month. A mortgage lending rule of thumb is that **your total monthly home payment should be at or below 28% of your total monthly income before taxes**. Lenders may approve you for more or for less depending on your overall financial picture.

$$\begin{array}{rcl}
 \$ & \div & \$ \\
 \hline
 \text{My estimated total monthly} & & \text{My total monthly income} \\
 \text{home payment (from step 1)} & & \text{before taxes} \\
 & \times 100 = & \\
 & & \hline
 & & \% \\
 & & \text{Percentage of my income} \\
 & & \text{going toward my monthly} \\
 & & \text{home payment}
 \end{array}$$

## Step 3. Estimate what is left after subtracting your monthly debts

To determine whether you are comfortable with your total monthly home payment, figure out how much of your income is left after you pay for your housing plus your other monthly debts.

<b>Total monthly income <i>after taxes</i></b>	\$
My estimated total monthly home payment (from step 1)	
Monthly car payment(s)	– \$
Monthly student loan payment(s)	– \$
Monthly credit card payment(s)	– \$
Other monthly payments, such as child support or alimony	– \$
<b>Total monthly income minus all debt payments</b> This money must cover your utilities, groceries, child care, health insurance, repairs, and everything else. If this isn't enough, consider options such as buying a less expensive home or paying down debts.	= \$

## Step 4. Your choice

I am comfortable with a total monthly home payment of: \$ \_\_\_\_\_

## 2. Understand your credit

Your credit, your credit scores, and how wisely you shop for a loan that best fits your needs have a significant impact on your mortgage interest rate and the fees you pay. To improve your credit and your chances of getting a better mortgage, get current on your payments and stay current. About 35% of your credit scores are based on whether or not you pay your bills on time. About 30% of your credit scores are based on how much debt you owe. That's why you may want to consider paying down some of your debts.

### RESEARCH STARTER

Check out interest rates and make sure you're getting the credit you've earned.

- Get your credit report at [annualcreditreport.com](https://annualcreditreport.com) and check it for errors. If you find mistakes, submit a request to each of the credit bureaus asking them to fix the mistake. For more information about correcting errors on your credit report, visit [consumerfinance.gov/askcfpb](https://consumerfinance.gov/askcfpb).
- For more on home loans and credit, visit [consumerfinance.gov/owning-a-home](https://consumerfinance.gov/owning-a-home).

### NOW

- If your credit score is below 700, you will likely pay more for your mortgage.
- Most credit scoring models are built so you can shop for a mortgage within a certain period—generally between 14 days and 45 days—with little or no impact on your score. If you shop outside of this period, any change triggered by shopping should be minor—a small price to pay for saving money on a mortgage loan.

### IN THE FUTURE

- If you work on improving your credit and wait to buy a home, you will likely save money. Some people who improve their credit save \$50 or \$100 on a typical monthly mortgage payment.
- An average consumer who adopts healthy credit habits, such as paying bills on time and paying down credit cards, could see a credit score improvement in three months or more.

### YOUR CHOICE *Check one:*

- I will go with the credit I have. **OR**  I will wait a few months or more and work to improve my credit.

### TIP

Be careful making any big purchases on credit before you close on your home. Even financing a new refrigerator could make it harder for you to get a mortgage.

### TIP

Correcting errors on your credit report may raise your score in 30 days or less. It's a good idea to correct errors before you apply for a mortgage.



### 3. Pick the mortgage type—fixed or adjustable—that works for you

With a **fixed-rate mortgage**, your principal and interest payment stays the same for as long as you have your loan.

- Consider a fixed-rate mortgage if you want a predictable payment.
- You may be able to refinance later if interest rates fall or your credit or financial situation improves.

With an **adjustable-rate mortgage (ARM)**, your payment often starts out lower than with a fixed-rate loan, but your rate and payment could increase quickly. It is important to understand the trade-offs if you decide on an ARM.

- Your payment could increase a lot, often by hundreds of dollars a month.
- Make sure you are confident you know what your maximum payment could be and that you can afford it.

Planning to sell your home within a short period of time? That's one reason some people consider an ARM. But, you probably shouldn't count on being able to sell or refinance. Your financial situation could change. Home values may go down or interest rates may go up.

You can learn more about ARMs in the Consumer Handbook on Adjustable Rate Mortgages ([files.consumerfinance.gov/f/201401\\_cfpb\\_booklet\\_charm.pdf](https://files.consumerfinance.gov/f/201401_cfpb_booklet_charm.pdf)) or by visiting [consumerfinance.gov/owning-a-home](https://consumerfinance.gov/owning-a-home).

#### YOUR CHOICE Check one:

- I prefer a fixed-rate mortgage.      **OR**       I prefer an adjustable-rate mortgage.

#### Check for risky loan features

Some loans are safer and more predictable than others. It is a good idea to make sure you are comfortable with the risks you are taking on when you buy your home. You can find out if you have certain types of risky loan features from the Loan Terms section on the first page of your Loan Estimate.

A **balloon payment** is a large payment you must make, usually at the end of your loan repayment period. Depending on the terms of your loan, the balloon payment could be as large as the entire balance on your mortgage.

A **prepayment penalty** is an amount you have to pay if you refinance or pay off your loan early. A prepayment penalty may apply even if you sell your home.

#### TIP

Many borrowers with ARMs underestimate how much their interest rates can rise.

## 4. Choose the right down payment for you

A down payment is the amount you pay toward the home yourself. You put a percentage of the home's value down and borrow the rest through your mortgage loan.

### YOUR CHOICE Check one:

YOUR DOWN PAYMENT	WHAT THAT MEANS FOR YOU
<input type="checkbox"/> I will put down 20% or more.	A 20% or higher down payment likely provides the best rates and most options. However, think twice if the down payment drains all your savings.
<input type="checkbox"/> I will put down between 5% and 19%.	<p>You probably have to pay higher interest rates or fees. Lenders most likely require <b>private mortgage insurance (PMI)</b>. PMI is an insurance policy that lets you make a lower down payment by insuring the lender against loss if you fail to pay your mortgage.</p> <p>Keep in mind when you hear about “no PMI” offers that doesn't mean zero cost. No PMI offers often have higher interest rates and may also require you to take out a second mortgage. Be sure you understand the details.</p>
<input type="checkbox"/> I will make no down payment or a small one of less than 5%.	<p>Low down payment programs are typically more expensive because they may require mortgage insurance or a higher interest rate. Look closely at your total fees, interest rate, and monthly payment when comparing options.</p> <p>Ask about loan programs such as:</p> <ul style="list-style-type: none"><li>▪ Conventional loans that may offer low down payment options.</li><li>▪ FHA, which offers a 3.5% down payment program.</li><li>▪ VA, which offers a zero down payment option for qualifying veterans.</li><li>▪ USDA, which offers a similar zero down payment program for eligible borrowers in rural areas.</li></ul>

### The advantages of prepayment

**Prepayment** is when you make additional mortgage payments so you pay down your mortgage early. This reduces your overall cost of borrowing, and you may be able to cancel your private mortgage insurance early and stop paying the premium. Especially if your down payment is less than 20%, it may make sense to make additional payments to pay down your loan earlier.

#### TIP

Prepayment is your choice. You don't have to sign up for a program or pay a fee to set it up.

## 5. Understand the trade-off between points and interest rate

**Points** are a percentage of a loan amount. For example, when a loan officer talks about one point on a \$100,000 loan, the loan officer is talking about one percent of the loan, which equals \$1,000. Lenders offer different interest rates on loans with different points. There are three main choices you can make about points. You can decide you don't want to pay or receive points at all. This is called a **zero point loan**. You can pay points at closing to receive a lower interest rate. Or you can choose to have points paid to you (also called **lender credits**) and use them to cover some of your closing costs.

The example below shows the trade-off between points as part of your closing costs and interest rates. In the example, you borrow \$180,000 and qualify for a 30-year fixed-rate loan at an interest rate of 5.0% with zero points. Rates currently available may be different than what is shown in this example.

### COMPARE THREE SCENARIOS OF HOW POINTS AFFECT INTEREST RATE

RATE	4.875%	5.0%	5.125%
POINTS	+0.375	0	-0.375
YOUR SITUATION	You plan to keep your mortgage for a long time. You can afford to pay more cash at closing.	You are satisfied with the market rate without points in either direction.	You don't want to pay a lot of cash upfront and you can afford a larger mortgage payment.
YOU MAY CHOOSE	Pay points now and get a lower interest rate. This will save you money over the long run.	Zero points.	Pay a higher interest rate and get a lender credit toward some or all of your closing costs.
WHAT THAT MEANS	You might agree to pay \$675 more in closing costs, in exchange for a lower rate of 4.875%. <b>Now:</b> You <b>pay</b> \$675 <b>Over the life of the loan:</b> Pay \$14 <b>less</b> each month	With no adjustments in either direction, it is easier to understand what you're paying and to compare prices.	You might agree to a higher rate of 5.125%, in exchange for \$675 toward your closing costs. <b>Now:</b> You <b>get</b> \$675 <b>Over the life of the loan:</b> Pay \$14 <b>more</b> each month

## 6. Shop with several lenders

You've figured out what affordable means for you. You've reviewed your credit and the kind of mortgage and down payment that best fits your situation. Now is the time to start shopping seriously for a loan. The work you do here could save you thousands of dollars over the life of your mortgage.

### GATHER FACTS AND COMPARE COSTS

- Make a list of several lenders you will start with**  
Mortgages are typically offered by community banks, credit unions, mortgage brokers, online lenders, and large banks. These lenders have loan officers you can talk to about your situation.
- Get the facts from the lenders on your list**  
Find out from the lenders what loan options they recommend for you, and the costs and benefits for each. For example, you might find a discount is offered for borrowers who have completed a home buyer education program.
- Get at least three offers—in writing—so that you can compare them**  
Review the decisions you made on [pages 4 to 8](#) to determine the loan type, down payment, total monthly home payment and other features to shop for. Now ask at least three different lenders to give you a **Loan Estimate**, which is a standard form showing important facts about the loan. It should be sent to you within three days, and it shouldn't be expensive. Lenders can charge you only a small fee for getting your credit report—and some lenders provide the Loan Estimate without that fee.
- Compare Total Loan Costs**  
Review your Loan Estimates and compare Total Loan Costs, which you can see under *Section D* at the bottom left of the second page of the Loan Estimate. **Total Loan Costs** include what your lender charges to make the loan, as well as costs for services such as appraisal and title. The third page of the Loan Estimate shows the **Annual Percentage Rate** (APR), which is a measure of your costs over the loan term expressed as a rate. Also shown on the third page is the **Total Interest Percentage** (TIP), which is the total amount of interest that you pay over the loan term as a percentage of your loan amount. **You can use APR and TIP to compare loan offers.**

### RESEARCH STARTER

Loan costs can vary widely from lender to lender, so this is one place where a little research may help you save a lot of money. Here's how:

- Ask real estate and title professionals about average costs in your area.
- Learn more about loan costs, and get help comparing options, at [consumerfinance.gov/owning-a-home](https://consumerfinance.gov/owning-a-home).

### TIP

A loan officer is not necessarily shopping on your behalf or providing you with the best fit or lowest cost loan.

### TIP

It is illegal for a lender to pay a loan officer more to steer you into a higher cost loan.

## THE TALK

Talking to different lenders helps you to know what options are available and to feel more in control. Here is one way to start the conversation:

“This mortgage is a big decision and I want to get it right. Another lender is offering me a different loan that may cost less. Let’s talk about what the differences are and whether you may be able to offer me the best deal.”



## TRACK YOUR LOAN OFFERS

Fill in the blanks for these important factors:

	LOAN OFFER 1	LOAN OFFER 2	LOAN OFFER 3
Lender name			
Loan amount	\$	\$	\$
Interest rate	%	%	%
	<input type="checkbox"/> Fixed <input type="checkbox"/> Adjustable	<input type="checkbox"/> Fixed <input type="checkbox"/> Adjustable	<input type="checkbox"/> Fixed <input type="checkbox"/> Adjustable
Monthly principal and interest	\$	\$	\$
Monthly mortgage insurance	\$	\$	\$
Total Loan Costs <i>(See section D on the second page of your Loan Estimate.)</i>	\$	\$	\$

My best loan offer is: \_\_\_\_\_

## 7. Choose your mortgage

You've done a lot of hard work to get this far! Now it is time to make your call.



### CONFIRM YOUR DECISION

*Check the box if you agree with the statement:*

- I can repay this loan.
- I am comfortable with my monthly payment.
- I shopped enough to know this is a good deal for me.
- There are no risky features such as a balloon payment or prepayment penalty I can't handle down the road.
- I know whether my principal and interest payment will increase in the future.

Still need advice? The U.S. Department of Housing and Urban Development (HUD) sponsors housing counseling agencies throughout the country to provide free or low-cost advice. To find a HUD-approved housing counselor visit [consumerfinance.gov/find-a-housing-counselor](https://consumerfinance.gov/find-a-housing-counselor) or call HUD's interactive voice system at (800) 569-4287.

### Intent to proceed

When you receive a Loan Estimate, the lender has not yet approved or denied your loan. Up to this point, they are showing you what they expect to offer if you decide to move forward with your application. You have not committed to this lender. In fact, you are not committed to any lender before you have signed final closing documents.

Once you have found your best mortgage, the next step is to tell the loan officer you want to proceed with that mortgage application. This is called expressing your **intent to proceed**. Lenders have to wait until you express your intent to proceed before they require you to pay an application fee, appraisal fee, or most other fees.

### Rate lock

Your Loan Estimate may show a rate that has been "locked" or a rate that is "floating," which means it can go up or down. Mortgage interest rates change daily, sometimes hourly. A **rate lock** sets your interest rate for a period of time. Rate locks are typically available for 30, 45, or 60 days, and sometimes longer.

The interest rate on your Loan Estimate is not a guarantee. If your rate is floating and it is later locked, your interest rate will be set at that later time. Also, if there are changes in your application—including your loan amount, credit score, or verified income—your rate and terms will probably change too. In those situations, the lender gives you a revised Loan Estimate.

There can be a downside to a rate lock. It may be expensive to extend if your transaction needs more time. And, a rate lock may lock you out of better market pricing if rates fall.

#### THE TALK

Rate lock policies vary by lender. Choosing to lock or float your rate can make an important difference in your monthly payment. To avoid surprises, ask:

“What does it mean if I lock my rate today?”

“What rate lock time frame does this Loan Estimate provide?”

“Is a shorter or longer rate lock available, and at what cost?”

“What if my closing is delayed and the rate lock expires?”

“If I lock my rate, are there any conditions under which my rate could still change?”

## 8. Avoid pitfalls

WHAT NOT TO DO	WHY?
Don't sign documents where important details are left blank or documents you don't understand.	You are agreeing to repay a substantial amount of money over an extended period of time. Make sure you know what you are getting into and protect yourself from fraud.
Don't assume you are on your own.	HUD-approved housing counselors can help you navigate the process and find programs available to help first-time homebuyers.  You can find a HUD-approved housing counselor in your area at <a href="https://consumerfinance.gov/find-a-housing-counselor">consumerfinance.gov/find-a-housing-counselor</a> or call HUD's interactive voice system at (800) 569-4287.
Don't take on more mortgage than you want or can afford.	Make certain that you want the loan that you are requesting and that you are in a position to live up to your end of the bargain.
Don't count on refinancing, and don't take out a loan if you already know you will have to change it later.	If you are not comfortable with the loan offered to you, ask your lender if there is another option that works for you. Keep looking until you find the right loan for your situation.
Don't fudge numbers or documents.	You are responsible for an accurate and truthful application. Be upfront about your situation. Mortgage fraud is a serious offense.
Don't hide important financial information.	Hiding negative information may delay or derail your loan application.



# Handle problems

## WHAT HAPPENED

## WHAT TO DO ABOUT IT

I have experienced a problem with my loan application or how my loan officer is treating me.

Ask to talk to a supervisor. It may be a good idea to talk to the loan officer first, and if you are not satisfied, ask to speak with a supervisor.

I think I was unlawfully discriminated against when I applied for a loan or when I tried to buy a home.

The Fair Housing Act and Equal Credit Opportunity Act prohibit housing and credit discrimination. If you think you have been discriminated against during any part of the mortgage process, you can submit a complaint and describe what happened. To do so, you can call the Consumer Financial Protection Bureau at (855) 411-2372 or visit [consumerfinance.gov/complaint](https://consumerfinance.gov/complaint). Submit a complaint to the U.S. Department of Housing and Urban Development (HUD) by calling (800) 669-9777, TTY (800) 927-9275. Or, file a complaint online at [HUD.gov](https://HUD.gov).

You can find more information about your rights and how to submit a complaint with the CFPB at [consumerfinance.gov/fair-lending](https://consumerfinance.gov/fair-lending).

I have a complaint.

Submit a complaint to the Consumer Financial Protection Bureau if you have problems at any stage of the mortgage application or closing process, or later if you have problems making payments or become unable to pay. You can call (855) 411-2372 or visit [consumerfinance.gov/complaint](https://consumerfinance.gov/complaint).

I think I may have been the victim of a predatory lender or a loan fraud.

Don't believe anyone who tells you they are your "only chance to get a loan," or that you must "act fast." Learn the warning signs of predatory lending and protect yourself. Find more information at [portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/sfh/hcc/OHC\\_PREDLEND/OHC\\_LOANFRAUD](https://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/hcc/OHC_PREDLEND/OHC_LOANFRAUD).

You could learn more about your loan officer at [nmlsconsumeraccess.org](https://nmlsconsumeraccess.org).

# Your closing



You've chosen a mortgage. Now it's time to select and work with your closing agent.

Once you've applied for a mortgage, you may feel like you're done. But mortgages are complicated and you still have choices to make.

## 1. Shop for mortgage closing services

Once you've decided to move forward with a lender based on the Loan Estimate, you are ready to shop for the **closing agent** who gathers all the legal documents, closes the loan, and handles the money involved in your purchase. After you apply for a loan, your lender gives you a list of companies that provide closing services. You may want to use one of the companies on the list. Or, you may be able to choose companies that are not on the list if your lender agrees to work with your choice. The seller cannot require you to buy a title insurance policy from a particular title company.

### Closing agent

In most of the country, a settlement agent does your closing. In other states, particularly several states in the West, the person is known as an escrow agent. And in some states, particularly in the Northeast and South, an attorney may be required.



### RESEARCH STARTER

When you compare closing agents, look at both cost and customer service.

- Ask your real estate professional and your friends. These people may know companies they would recommend. Be sure to ask how that company handled problems and if they have a good reputation.

### IN THIS SECTION

1. Shop for mortgage closing services
2. Review your revised Loan Estimate
3. Understand and use your Closing Disclosure

### TIP

Settlement services may feel like a drop in the bucket compared to the cost of the home. But in some states borrowers who shop around may save hundreds of dollars.

- Review the list of companies your lender gave you. Select a few companies on the list and ask for references from people who recently bought a home. Ask those people how the company handled problems that came up during the transaction.

## Title insurance

When you purchase your home, you receive a document most often called a deed, which shows the seller transferred their legal ownership, or “title,” to the home to you. **Title insurance** can provide protection if someone later sues and says they have a claim against the home. Common claims come from a previous owner’s failure to pay taxes or from contractors who say they were not paid for work done on the home before you purchased it.

Most lenders require a **Lender’s Title Insurance** policy, which protects the amount they lent. You may want to buy an **Owner’s Title Insurance** policy, which protects your financial investment in the home. The Loan Estimate you receive lists the Owner’s Title Insurance policy as optional if your lender does not require the policy as a condition of the loan.

Depending on the state where you are buying your home, your title insurance company may give you an itemized list of fees at closing. This itemized list may be required under state law and may be different from what you see on your Loan Estimate or Closing Disclosure. That does not mean you are being charged more. If you add up all the title-related costs your title insurance company gives you, it should match the totals of all the title-related costs you see on your Loan Estimate or Closing Disclosure. When comparing costs for title insurance, make sure to compare the bottom line total.

## Home inspector and home appraiser

When you are considering buying a home, it is smart to check it out carefully to see if it is in good condition. The person who does this for you is called a **home inspector**. The inspector works for you and should tell you whether the home you want to buy is in good condition and whether you are buying a “money pit” of expensive repairs. Get your inspection before you are finally committed to buy the home.

A home inspector is different from a **home appraiser**. The appraiser is an independent professional whose job is to give the lender an estimate of the home’s market value. You are entitled to a copy of the appraisal prior to your closing. This allows you to see how the price you agreed to pay compares to similar and recent property sales in your area.

## 2. Review your revised Loan Estimate

When important information changes, your lender is required to give you a new Loan Estimate that shows your new loan offer.

It is illegal for a lender to quote you low fees and costs for its services on your Loan Estimate and then surprise you with much higher costs in a revised Loan Estimate or Closing Disclosure. However, a lender may change the fees it quotes you for its services if the facts on your application were wrong or changed, you asked for a change, your lender found you did not qualify for the original loan offer, or your Loan Estimate expired.

Here are common reasons why your Loan Estimate might change:

- You decided to change loan programs or the amount of your down payment.
- The appraisal on the home you want to buy came in higher or lower than expected.
- You took out a new loan or missed a payment and that has changed your credit.
- Your lender could not document your overtime, bonus, or other income.

### THE TALK

If your Loan Estimate is revised you should look it over to see what changed. Ask your lender:

**“Can you explain why I received a new Loan Estimate?”**

**“How is my loan transaction different from what I was originally expecting?”**

**“How does this change my loan amount, interest rate, monthly payment, cash to close, and other loan features?”**

### 3. Understand and use your Closing Disclosure

You've chosen a home you want to buy and your offer has been accepted. You've also applied for and been approved for a mortgage. Now you are ready to take legal possession of the home and promise to repay your loan.

At least three days before your closing, you should get your official **Closing Disclosure**, which is a five-page document that gives you more details about your loan, its key terms, and how much you are paying in fees and other costs to get your mortgage and buy your home.

Many of the costs you pay at closing are set by the decisions you made when you were shopping for a mortgage. Charges shown under "services you can shop for" may increase at closing, but generally by no more than 10% of the costs listed on your final Loan Estimate.

The Closing Disclosure breaks down your closing costs into two big categories:

#### YOUR LOAN COSTS

- The lender's **Origination Costs** to make or "originate" the loan, along with application fees and fees to underwrite your loan. **Underwriting** is the lender's term for making sure your credit and financial information is accurate and you meet the lender's requirements for a loan.
- Discount points—that is, additional money you pay up front to reduce your interest rate.
- Services you shopped for, such as your closing or settlement agent and related title costs.
- Services your lender requires for your loan. These include appraisals and credit reports.

#### OTHER COSTS

- Property taxes.
- Homeowner's insurance premiums. You can shop around for homeowner's insurance from your current insurance company, or many others, until you find the combination of premium, coverage, and customer service that fits your situation. Your lender will ask you for proof you have an insurance policy on your new home.
- Any portion of your total mortgage payment you must make before your first full payment is due.
- Flood insurance, if required.

#### RESEARCH STARTER

Get tips, a step-by-step checklist, and help with the rest of the documents you'll see at closing at [consumerfinance.gov/owning-a-home](https://consumerfinance.gov/owning-a-home).

## What is your Closing Disclosure?

The five-page Closing Disclosure sums up the terms of your loan and what you pay at closing. You can easily compare the numbers to the Loan Estimate you received earlier. There should not be any significant changes other than those you have already agreed to.

Take out your own Closing Disclosure, or review the example here. Double-check that you clearly understand what you'll be expected to pay—over the life of your loan and at closing.

### ON PAGE 1 OF 5

#### Loan terms

Review your monthly payment. Part of it goes to repay what you borrowed (and may build equity in your new home), and part of it goes to pay interest (which doesn't build equity). Equity is the current market value of your home minus the amount you still owe on your mortgage.

#### Costs at Closing

Be prepared to bring the full "Cash to Close" amount with you to your closing. This amount includes your down payment and closing costs. The closing costs are itemized on the following pages.

*This form is a statement of final loan terms and closing costs. Compare this document with your Loan Estimate.*

### Closing Disclosure

<b>Closing Information</b> <b>Date Issued</b> 4/15/2013 <b>Closing Date</b> 4/15/2013 <b>Disbursement Date</b> 4/15/2013 <b>Settlement Agent</b> Epsilon Title Co. <b>File #</b> 12-3456 <b>Property</b> 456 Somewhere Ave Anytown, ST 12345 <b>Sale Price</b> \$180,000	<b>Transaction Information</b> <b>Borrower</b> Michael Jones and Mary Stone 123 Anywhere Street Anytown, ST 12345 <b>Seller</b> Steve Cole and Amy Doe 321 Somewhere Drive Anytown, ST 12345 <b>Lender</b> Ficus Bank	<b>Loan Information</b> <b>Loan Term</b> 30 years <b>Purpose</b> Purchase <b>Product</b> Fixed Rate  <b>Loan Type</b> <input checked="" type="checkbox"/> Conventional <input type="checkbox"/> FHA <input type="checkbox"/> VA <input type="checkbox"/> <b>Loan ID #</b> 123456789 <b>MIC #</b> 000654321
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Loan Terms	Can this amount increase after closing?	
<b>Loan Amount</b>	\$162,000	<b>NO</b>
<b>Interest Rate</b>	3.875%	<b>NO</b>
<b>Monthly Principal &amp; Interest</b> <small>See Projected Payments below for your Estimated Total Monthly Payment</small>	\$761.78	<b>NO</b>
Does the loan have these features?		
<b>Prepayment Penalty</b>	<b>YES</b>	As high as \$3,240 if you pay off the loan during the first 2 years
<b>Balloon Payment</b>	<b>NO</b>	

Projected Payments			
Payment Calculation	Years 1-7		Years 8-30
Principal & Interest	\$761.78		\$761.78
Mortgage Insurance	+	82.35	+ —
Estimated Escrow <small>Amount can increase over time</small>	+	206.13	+ 206.13
<b>Estimated Total Monthly Payment</b>	<b>\$1,050.26</b>		<b>\$967.91</b>

<b>Estimated Taxes, Insurance &amp; Assessments</b> <small>Amount can increase over time See page 4 for details</small>	\$356.13 a month	<b>This estimate includes</b> <input checked="" type="checkbox"/> Property Taxes <input checked="" type="checkbox"/> Homeowner's Insurance <input checked="" type="checkbox"/> Other: Homeowner's Association Dues <small>See Escrow Account on page 4 for details. You must pay for other property costs separately.</small>	<b>In escrow?</b> YES YES NO
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Costs at Closing	
<b>Closing Costs</b>	\$9,712.10 Includes \$4,694.05 in Loan Costs + \$5,018.05 in Other Costs – \$0 in Lender Credits. See page 2 for details.
<b>Cash to Close</b>	\$14,147.26 Includes Closing Costs. See Calculating Cash to Close on page 3 for details.

CLOSING DISCLOSURE PAGE 1 OF 5 - LOAN ID # 123456789

Closing Disclosure, page 1. The most important facts about your loan are on the first page.

### ON PAGE 2 OF 5

#### Total Loan Costs

Origination charges are fees your lender charges to make your loan. Some closing costs are fees paid to the providers selected by your lender. Some are fees you pay to providers you chose on your own.

#### Prepays

Homeowner's insurance is often paid in advance for the first full year. Also, some taxes and other fees need to be paid in advance.

## Closing Cost Details

Loan Costs	Borrower-Paid		Seller-Paid		Paid by Others
	At Closing	Before Closing	At Closing	Before Closing	
<b>A. Origination Charges</b>	<b>\$1,802.00</b>				
01 0.25 % of Loan Amount (Points)	\$405.00				
02 Application Fee	\$300.00				
03 Underwriting Fee	\$1,097.00				
04					
05					
06					
07					
08					
<b>B. Services Borrower Did Not Shop For</b>	<b>\$236.55</b>				
01 Appraisal Fee to John Smith Appraisers Inc.					\$405.00
02 Credit Report Fee to Information Inc.		\$29.80			
03 Flood Determination Fee to Info Co.	\$20.00				
04 Flood Monitoring Fee to Info Co.	\$31.75				
05 Tax Monitoring Fee to Info Co.	\$75.00				
06 Tax Status Research Fee to Info Co.	\$80.00				
07					
08					
09					
10					
<b>C. Services Borrower Did Shop For</b>	<b>\$2,655.50</b>				
01 Pest Inspection Fee to Pests Co.	\$120.50				
02 Survey Fee to Surveys Co.	\$85.00				
03 Title – Insurance Binder to Epsilon Title Co.	\$650.00				
04 Title – Lender's Title Insurance to Epsilon Title Co.	\$500.00				
05 Title – Settlement Agent Fee to Epsilon Title Co.	\$500.00				
06 Title – Title Search to Epsilon Title Co.	\$800.00				
07					
08					
<b>D. TOTAL LOAN COSTS (Borrower-Paid)</b>	<b>\$4,694.05</b>				
Loan Costs Subtotals (A + B + C)	\$4,664.25	\$29.80			
<b>Other Costs</b>					
<b>E. Taxes and Other Government Fees</b>	<b>\$85.00</b>				
01 Recording Fees Deed: \$40.00 Mortgage: \$45.00	\$85.00				
02 Transfer Tax to Any State			\$950.00		
<b>F. Prepays</b>	<b>\$2,120.80</b>				
01 Homeowner's Insurance Premium ( 12 mo.) to Insurance Co.	\$1,209.96				
02 Mortgage Insurance Premium ( mo.)					
03 Prepaid Interest ( \$17.44 per day from 4/15/13 to 5/1/13 )	\$279.04				
04 Property Taxes ( 6 mo.) to Any County USA	\$631.80				
05					
<b>G. Initial Escrow Payment at Closing</b>	<b>\$412.25</b>				
01 Homeowner's Insurance \$100.83 per month for 2 mo.	\$201.66				
02 Mortgage Insurance per month for mo.					
03 Property Taxes \$105.30 per month for 2 mo.	\$210.60				
04					
05					
06					
07					
08 Aggregate Adjustment	- 0.01				
<b>H. Other</b>	<b>\$2,400.00</b>				
01 HOA Capital Contribution to HOA Acre Inc.	\$500.00				
02 HOA Processing Fee to HOA Acre Inc.	\$150.00				
03 Home Inspection Fee to Engineers Inc.	\$750.00			\$750.00	
04 Home Warranty Fee to XYZ Warranty Inc.			\$450.00		
05 Real Estate Commission to Alpha Real Estate Broker			\$5,700.00		
06 Real Estate Commission to Omega Real Estate Broker			\$5,700.00		
07 Title – Owner's Title Insurance (optional) to Epsilon Title Co.	\$1,000.00				
08					
<b>I. TOTAL OTHER COSTS (Borrower-Paid)</b>	<b>\$5,018.05</b>				
Other Costs Subtotals (E + F + G + H)	\$5,018.05				
<b>J. TOTAL CLOSING COSTS (Borrower-Paid)</b>	<b>\$9,712.10</b>				
Closing Costs Subtotals (D + I)	\$9,682.30	\$29.80	\$12,800.00	\$750.00	\$405.00
Lender Credits					

CLOSING DISCLOSURE

PAGE 2 OF 5 • LOAN ID # 123456789

## Escrow

An escrow or impound account is a special account where monthly insurance and tax payments are held until they are paid out each year. You get a statement showing how much money your lender or mortgage servicer plans to require for your escrow or impound account.

You also get an annual analysis showing what happened to the money in your account. Your lender must follow federal rules to make sure they do not end up with a large surplus or shortage in your escrow or impound account.

Details of your closing costs appear on page 2 of the Closing Disclosure.

 **USE YOUR CLOSING DISCLOSURE TO CONFIRM THE DETAILS OF YOUR LOAN**  
Circle one. If you answer no, turn to the page indicated for more information:

The interest rate is what I was expecting based on my Loan Estimate. **YES / NO** (see page 10)

I know whether I have a prepayment penalty or balloon payment. **YES / NO** (see page 7)

I know whether or not my payment changes in future years. **YES / NO** (see page 7)

I see whether I am paying points or receiving points at closing. **YES / NO** (see page 9)

I know whether I have an escrow account. **YES / NO** (see above)

### Calculating Cash to Close

Closing costs are only a part of the total cash you need to bring to closing.

### Summaries of Transactions

The section at the bottom of the page sums up how the money flows among you, the lender, and the seller.

**Calculating Cash to Close** Use this table to see what has changed from your Loan Estimate.

	Loan Estimate	Final	Did this change?
Total Closing Costs (J)	\$8,054.00	\$9,712.10	YES - See Total Loan Costs (D) and Total Other Costs (I)
Closing Costs Paid Before Closing	\$0	-\$29.80	YES - You paid these Closing Costs before closing
Closing Costs Financed (Paid from your Loan Amount)	\$0	\$0	NO
Down Payment/Funds from Borrower	\$18,000.00	\$18,000.00	NO
Deposit	-\$10,000.00	-\$10,000.00	NO
Funds for Borrower	\$0	\$0	NO
Seller Credits	\$0	-\$2,500.00	YES - See Seller Credits in Section L
Adjustments and Other Credits	\$0	-\$1,035.04	YES - See details in Sections K and L
<b>Cash to Close</b>	<b>\$16,054.00</b>	<b>\$14,147.26</b>	

**Summaries of Transactions** Use this table to see a summary of your transaction.

BORROWER'S TRANSACTION			SELLER'S TRANSACTION		
<b>K. Due from Borrower at Closing</b>	<b>\$189,762.30</b>		<b>M. Due to Seller at Closing</b>	<b>\$180,080.00</b>	
01 Sale Price of Property	\$180,000.00		01 Sale Price of Property	\$180,000.00	
02 Sale Price of Any Personal Property Included in Sale			02 Sale Price of Any Personal Property Included in Sale		
03 Closing Costs Paid at Closing (J)	\$9,682.30		03		
04			04		
<b>Adjustments</b>			05		
05			06		
06			07		
07			08		
<b>Adjustments for Items Paid by Seller in Advance</b>			<b>Adjustments for Items Paid by Seller in Advance</b>		
08 City/Town Taxes to			09 City/Town Taxes to		
09 County Taxes to			10 County Taxes to		
10 Assessments to			11 Assessments to		
11 HOA Dues 4/15/13 to 4/30/13	\$80.00		12 HOA Dues 4/15/13 to 4/30/13	\$80.00	
12			13		
13			14		
14			15		
15			16		
<b>L. Paid Already by or on Behalf of Borrower at Closing</b>	<b>\$175,615.04</b>		<b>N. Due from Seller at Closing</b>	<b>\$115,665.04</b>	
01 Deposit	\$10,000.00		01 Excess Deposit		
02 Loan Amount	\$162,000.00		02 Closing Costs Paid at Closing (J)	\$12,800.00	
03 Existing Loan(s) Assumed or Taken Subject to			03 Existing Loan(s) Assumed or Taken Subject to		
04			04 Payoff of First Mortgage Loan	\$100,000.00	
05 Seller Credit	\$2,500.00		05 Payoff of Second Mortgage Loan		

### Loan Disclosures

Page 4 breaks down what is and is not included in your escrow or impound account. Make sure you understand what is paid from your escrow account and what you are responsible for paying yourself.

#### Additional Information About This Loan

##### Loan Disclosures

**Assumption**  
If you sell or transfer this property to another person, your lender  will allow, under certain conditions, this person to assume this loan on the original terms.  will not allow assumption of this loan on the original terms.

**Demand Feature**  
Your loan  has a demand feature, which permits your lender to require early repayment of the loan. You should review your note for details.  does not have a demand feature.

**Late Payment**  
If your payment is more than 15 days late, your lender will charge a late fee of 5% of the monthly principal and interest payment.

**Negative Amortization** (Increase in Loan Amount)  
Under your loan terms, you  are scheduled to make monthly payments that do not pay all of the interest due that month. As a result, your loan amount will increase (negatively amortize), and your loan amount will likely become larger than your original loan amount. Increases in your loan amount lower the equity you have in this property.  may have monthly payments that do not pay all of the interest due that month. If you do, your loan amount will increase (negatively amortize), and, as a result, your loan amount may become larger than your original loan amount. Increases in your loan amount lower the equity you have in this property.  do not have a negative amortization feature.

**Partial Payments**  
Your lender  may accept payments that are less than the full amount due (partial payments) and apply them to your loan.  may hold them in a separate account until you pay the rest of the payment, and then apply the full payment to your loan.  does not accept any partial payments. If this loan is sold, your new lender may have a different policy.

**Security Interest**  
You are granting a security interest in 456 Somewhere Ave., Anytown, ST 12345

You may lose this property if you do not make your payments or satisfy other obligations for this loan.

**Escrow Account**  
**For now, your loan**  will have an escrow account (also called an "impound" or "trust" account) to pay the property costs listed below. Without an escrow account, you would pay them directly, possibly in one or two large payments a year. Your lender may be liable for penalties and interest for failing to make a payment.

Escrow		
Escrowed Property Costs over Year 1	\$2,473.56	Estimated total amount over year 1 for your escrowed property costs: Homeowner's Insurance Property Taxes
Non-Escrowed Property Costs over Year 1	\$1,800.00	Estimated total amount over year 1 for your non-escrowed property costs: Homeowner's Association Dues You may have other property costs.
Initial Escrow Payment	\$412.25	A cushion for the escrow account you pay at closing. See Section G on page 2.
Monthly Escrow Payment	\$206.13	The amount included in your total monthly payment.

will not have an escrow account because  you declined it  your lender does not offer one. You must directly pay your property costs, such as taxes and homeowner's insurance. Contact your lender to ask if your loan can have an escrow account.

No Escrow		
Estimated Property Costs over Year 1		Estimated total amount over year 1. You must pay these costs directly, possibly in one or two large payments a year.
Escrow Waiver Fee		

**In the future,**  
Your property costs may change and, as a result, your escrow payment may change. You may be able to cancel your escrow account, but if you do, you must pay your property costs directly. If you fail to pay your property taxes, your state or local government may (1) impose fines and penalties or (2) place a tax lien on this property. If you fail to pay any of your property costs, your lender may (1) add the amounts to your loan balance, (2) add an escrow account to your loan, or (3) require you to pay for property insurance that the lender buys on your behalf, which likely would cost more and provide fewer benefits than what you could buy on your own.

Top image: A summary of important financial information appears on page 3 of the Closing Disclosure.

Bottom image: More details of your loan appear on page 4 of your Closing Disclosure.



### Finance Charge

In addition to paying back the amount you are borrowing, you pay a lot of interest over the life of the loan. This is why it is worthwhile to shop carefully for the best loan for your situation.

### Annual Percentage Rate (APR)

Your **APR** is your total cost of credit stated as a rate. Your APR is generally higher than your interest rate, because the APR takes into consideration all the costs of your loan, over the full term of the loan.

If anything on the Closing Disclosure is not clear to you, ask your lender or settlement agent, "What does this mean?"

Loan Calculations		Other Disclosures			
<b>Total of Payments.</b> Total you will have paid after you make all payments of principal, interest, mortgage insurance, and loan costs, as scheduled.	\$285,803.36	<b>Appraisal</b> If the property was appraised for your loan, your lender is required to give you a copy at no additional cost at least 3 days before closing. If you have not yet received it, please contact your lender at the information listed below.			
<b>Finance Charge.</b> The dollar amount the loan will cost you.	\$118,830.27	<b>Contract Details</b> See your note and security instrument for information about <ul style="list-style-type: none"> <li>• what happens if you fail to make your payments,</li> <li>• what is a default on the loan,</li> <li>• situations in which your lender can require early repayment of the loan, and</li> <li>• the rules for making payments before they are due.</li> </ul>			
<b>Amount Financed.</b> The loan amount available after paying your upfront finance charge.	\$162,000.00	<b>Liability after Foreclosure</b> If your lender forecloses on this property and the foreclosure does not cover the amount of unpaid balance on this loan, <input checked="" type="checkbox"/> state law may protect you from liability for the unpaid balance. If you refinance or take on any additional debt on this property, you may lose this protection and have to pay any debt remaining even after foreclosure. You may want to consult a lawyer for more information. <input type="checkbox"/> state law does not protect you from liability for the unpaid balance.			
<b>Annual Percentage Rate (APR).</b> Your costs over the loan term expressed as a rate. This is not your interest rate.	4.174%	<b>Refinance</b> Refinancing this loan will depend on your future financial situation, the property value, and market conditions. You may not be able to refinance this loan.			
<b>Total Interest Percentage (TIP).</b> The total amount of interest that you will pay over the loan term as a percentage of your loan amount.	69.46%	<b>Tax Deductions</b> If you borrow more than this property is worth, the interest on the loan amount above this property's fair market value is not deductible from your federal income taxes. You should consult a tax advisor for more information.			

**Questions?** If you have questions about the loan terms or costs on this form, use the contact information below. To get more information or make a complaint, contact the Consumer Financial Protection Bureau at [www.consumerfinance.gov/mortgage-closing](http://www.consumerfinance.gov/mortgage-closing)

Contact Information					
	Lender	Mortgage Broker	Real Estate Broker (B)	Real Estate Broker (S)	Settlement Agent
<b>Name</b>	Ficus Bank		Omega Real Estate Broker Inc.	Alpha Real Estate Broker Co.	Epsilon Title Co.
<b>Address</b>	4321 Random Blvd. Somecity, ST 12340		789 Local Lane Sometown, ST 12345	987 Suburb Ct. Someplace, ST 12340	123 Commerce Pl. Somecity, ST 12344
<b>NMLS ID</b>					
<b>ST License ID</b>			Z765416	Z61456	Z61616
<b>Contact</b>	Joe Smith		Samuel Green	Joseph Cain	Sarah Arnold
<b>Contact NMLS ID</b>	12345				
<b>Contact ST License ID</b>			P16415	P51461	PT1234
<b>Email</b>	joesmith@ficusbank.com		sam@omegare.biz	joe@alphare.biz	sarah@epsilontitle.com
<b>Phone</b>	123-456-7890		123-555-1717	321-555-7171	987-555-4321

**Confirm Receipt**  
By signing, you are only confirming that you have received this form. You do not have to accept this loan because you have signed or received this form.

Applicant Signature \_\_\_\_\_ Date \_\_\_\_\_

Co-Applicant Signature \_\_\_\_\_ Date \_\_\_\_\_

CLOSING DISCLOSURE PAGE 5 OF 5 - LOAN ID # 123456789

Loan calculations, disclosures, and contact information for your files are on page 5 of the Closing Disclosure.

## NOW

- Now you've spent time understanding what you need to do and what you need to pay, as a new homeowner.
- Now is the time to step back and feel sure you want to proceed with the loan.

## IN THE FUTURE

- If you are not comfortable with your mortgage and your responsibility to make payments, you might not be able to keep your home.
- If you've made a careful decision about what you can afford and the mortgage you wanted, you will be able to balance owning your home and meeting your other financial goals.

# Owning your home



Now you've closed on your mortgage and the home is yours.

Owning a home is exciting. And your home is also a large investment. Here's how to protect that investment.

## 1. Act fast if you get behind on your payments

If you fall behind on your mortgage, the company that accepts payments on your mortgage contacts you. This company is your **mortgage servicer**. Your servicer is required to let you know what options are available to avoid foreclosure. Talk to your mortgage servicer if you get into trouble, and call a housing counselor (see [page 12](#) for contact information). HUD-approved counselors are professionals who can help you, often at little or no charge to you.

Homeowners struggling to pay a mortgage should beware of scammers promising to lower mortgage payments. Only your mortgage servicer can evaluate you for a loan modification. If you suspect a scam you can call (855) 411-2372 or visit [consumerfinance.gov/complaint](https://consumerfinance.gov/complaint).

## 2. Keep up with ongoing costs

Your mortgage payment is just one part of what it costs to live in your new home. Your escrow account holds your monthly taxes and homeowner's insurance payments—but if you have no escrow account, you need to keep up with these on your own. Your home needs maintenance and repairs, so budget and save for these too.

### IN THIS SECTION

1. Act fast if you get behind on your payments
2. Keep up with ongoing costs
3. Determine if you need flood insurance
4. Understand Home Equity Lines of Credit (HELOCs) and refinancing

### 3. Determine if you need flood insurance

Flooding causes more than \$8 billion in damages in the United States in an average year. You can protect your home and its contents from flood damage. Depending on your property location, your home is considered either at high-risk or at moderate-to-low risk for a flood. Your insurance premium varies accordingly. You can find out more about flood insurance at [FloodSmart.gov](https://www.floodsmart.gov). Private flood insurance could also be available.

Although you may not be required to maintain flood insurance on all structures, you may still wish to do so, and your mortgage lender may still require you to do so to protect the collateral securing the mortgage. If you choose to not maintain flood insurance on a structure, and it floods, you are responsible for all flood losses relating to that structure.

### 4. Understand Home Equity Lines of Credit (HELOCs) and refinancing

Homeowners sometimes decide they want to borrow against the value of their home to help remodel or pay for other large expenses. One way to do this is with a **Home Equity Line of Credit** (HELOC). You can learn more about HELOCs at [files.consumerfinance.gov/f/201401\\_cfpb\\_booklet\\_heloc.pdf](https://files.consumerfinance.gov/f/201401_cfpb_booklet_heloc.pdf).

Financial counselors caution homeowners against using a HELOC to wipe out credit card debt. If you use a HELOC as a quick fix to a serious spending problem, you could end up back in debt and lose your home.

If you decide to take out a HELOC or refinance your mortgage, the Truth in Lending Act (TILA) gives you the **right to rescind**, meaning you can change your mind and cancel the loan. But you can only rescind a refinance or HELOC within three days of receiving a proper notice of the right to rescind from your lender. You cannot rescind if you are using your HELOC to buy a home.

In the case of a refinance, consider how long it will take for the monthly savings to pay for the cost of the refinance. Review the closing costs you paid for your original loan to purchase the home. Refinancing costs can be about the same amount. A common rule of thumb is to proceed only if the new interest rate saves you that amount over about two years (in other words, if you break even in about two years).

### ★ Congratulations!

You have accomplished a lot. It is not easy—you should feel proud of the work you've done.



## Online tools

CFPB website

[consumerfinance.gov](http://consumerfinance.gov)

Answers to common questions

[consumerfinance.gov/askcfpb](http://consumerfinance.gov/askcfpb)

Tools and resources for home buyers

[consumerfinance.gov/owning-a-home](http://consumerfinance.gov/owning-a-home)

Talk to a housing counselor

[consumerfinance.gov/find-a-housing-counselor](http://consumerfinance.gov/find-a-housing-counselor)



## General inquiries

Consumer Financial Protection Bureau

1700 G Street NW

Washington DC 20552



## Submit a complaint

Online

[consumerfinance.gov/complaint](http://consumerfinance.gov/complaint)

By phone

855-411-CFPB (2372);

TTY/TDD 855-729-CFPB (2372);

8 a.m. to 8 p.m. Eastern Time, Monday-Friday

By fax

855-237-2392

By mail

Consumer Financial Protection Bureau

P.O. Box 4503

Iowa City, Iowa 52244



## Share your thoughts

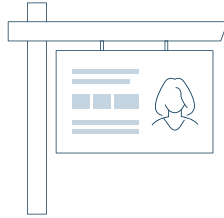
[Facebook.com/cfpb](https://www.facebook.com/cfpb)

[Twitter.com/cfpb](https://twitter.com/cfpb)

Section 5

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# Shopping for a Home



# Finding a Real Estate Agent

## Homebuyer checklist

Finding a real estate agent you can trust and feel comfortable working with is important in the homebuying process. Don't feel obligated to go with the first agent you talk to, and ask lots of questions. They have to sell themselves to you—not the other way around. Also, choosing the right real estate agent can be personal, so don't be afraid to go with your gut. If you're comfortable with an agent's approach, and you feel the right kind of connection, your intuition may help your decision. As you talk to agents, you can use this guide to help you in your search for the right one.

Name: \_\_\_\_\_

Company: \_\_\_\_\_

Office location: \_\_\_\_\_

Email: \_\_\_\_\_

Phone: \_\_\_\_\_ Years of experience: \_\_\_\_\_

### Questions to ask a real estate agent

1. Do you work primarily with buyers or sellers?

---

---

2. How well do you know the area I'm interested in? Have you ever lived there? Have you sold homes there recently?

---

---

3. Have you worked with many first-time homebuyers?

---

---

4. How long have you been in the real estate industry? Has it always been as a real estate agent?

---

---

5. Do I have to sign a contract and if so, can I cancel without penalty?

---

---

6. Can you explain how your commission works?

---

---

7. Would I be responsible for any costs?

---

---

8. How many clients are you currently working with?

---

---

9. What is your approach to helping buyers find their ideal homes?

---

---

10. How long does it typically take for buyers you've worked with to look for, find and close on a home?

---

---

11. Are you a full-time or part-time real estate agent?

---

---

12. When is the best time during the day to contact you?

---

---

13. When is the best time and day to look at houses?

---

---

14. Do you have references I could contact?

---

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Notes

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This checklist is for educational purposes only. Be sure to communicate with your real estate agent for specifics on home shopping and home inspections.





# Shopping for a Home

## Homebuyer checklist

If you're ready to start looking for a home, you can use this checklist to keep track of home features that are must-haves and ones that are nice-to-haves as well as to take notes for different houses you look at. Print out as many as you need, and don't forget to take pictures at your viewing.

Home address: \_\_\_\_\_

Date of viewing: \_\_\_\_\_

Notes: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

### Type of home

- Single-family detached
- Condo
- Townhome
- Duplex
- Manufactured home
- Mixed-use space
- Single story/Ranch
- Multilevel

### Inside features

- Family room
- Eat-in kitchen
- Formal dining room
- Formal living room
- Open floor plan
- Office space
- Finished basement
- Unfinished basement
- Walk-in closets
- Laundry closet/room

# of bedrooms \_\_\_\_\_

# of full bathrooms \_\_\_\_\_

# of half bathrooms \_\_\_\_\_

### Flooring type

- hardwood
- carpet
- tile
- linoleum
- \_\_\_\_\_

## Outside features

- Deck
- Patio
- Covered porch
- Screened porch
- Garage
- Driveway
- Yard
- Pool
- Ramp
- In-ground sprinkler system
- Fence

## Amenities

- Updated kitchen appliances
- Water heater
- Washer/dryer
- Central air
- Forced air
- Gas heat
- Electric heat
- Fireplace (Gas or wood burning)
- Kitchen pantry

## Location

Distance to schools \_\_\_\_\_

Distance to parks \_\_\_\_\_

Distance to work \_\_\_\_\_

Distance to stores \_\_\_\_\_

- Public transit availability
- Reliable cellphone coverage
- Internet/cable TV hookups

## Additional info

Age of home \_\_\_\_\_

Updates and renovations \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Length of time on the market \_\_\_\_\_

Reason house is for sale \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Average utility costs per month \_\_\_\_\_

Monthly HOA/condo/coop fees (if applicable)

\_\_\_\_\_

This checklist is for educational purposes only. Be sure to communicate with your real estate agent for specifics on home shopping and home inspections.



# Getting a Home Inspection

## Homebuyer checklist

A home inspection is a great—and valuable—way to discover the true health of the home you want to purchase. It can reveal safety issues, illegal installations and other maintenance and structural issues that you would want to know about before buying the home. Depending on the inspection findings, you could back out of your offer or it could give you room for more negotiations. Typically, your real estate agent will schedule the inspection for you.

### What a home inspector will look at

During the inspection, you should attend and tour the home with the inspector if possible. If there are certain parts of the house that concern you, make sure to point those out. You can also ask questions about general maintenance and care for various items. The inspector will usually look at:

- Electrical
- Gas
- Plumbing
- Roofing
- Insulation and ventilation
- Heating and cooling systems
- Major appliances like the refrigerator and washer and dryer
- Fireplaces and venting
- Foundation, crawlspaces, and the wall structure
- Exterior features like driveways, deck, and surface grading
- Interior features like stairways, garages, basements, and windows

### Parts of the house you want the inspector to pay extra attention to

---

---

## When to hire a specialist

A standard home inspection will not cover everything. If you suspect one or more of the following, or you want to confirm any of these are not present, you'll need to hire a specialist to inspect the property in addition to the home inspector.

- Pests
- Asbestos
- Lead
- Radon
- Mold

## Questions to ask an inspector

1. What needs to be repaired or replaced immediately?

---

---

2. What might be an issue in the near future and what are things I can expect to repair/replace in the long term?

---

---

3. Are there any signs of bigger issues that I should hire a specialist to look at? Can you recommend a specialist?

---

---

4. Is there anything else I should be concerned about?

---

---

This checklist is for educational purposes only. Be sure to communicate with your real estate agent for specifics on home shopping and home inspections.

Section 6

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# Closing Your Loan



# Closing on a Loan

## Homebuyer checklist

You're so close to officially becoming a homeowner. Now is the time to tie up loose ends and fill out any remaining paperwork for your mortgage. Use this checklist to help you get everything in order and be prepared for the closing.

### Costs to prepare for

- Down payment \_\_\_\_\_
- Fee for loan application/origination \_\_\_\_\_
- Closing costs
  - Title search and insurance \_\_\_\_\_
  - Taxes \_\_\_\_\_
  - Lender costs \_\_\_\_\_
  - Upfront expenses such as homeowner insurance, mortgage insurance, and an initial escrow account \_\_\_\_\_

### Before closing

- Finalize outstanding paperwork for your mortgage
- Get the amount you owe in closing costs in writing
- Make sure you have the appropriate funds for closing costs and your down payment (remember you'll need to bring a certified check or cashier's check for this amount to your loan closing)
- Finalize loan terms
- Purchase homeowners insurance
- Refrain from opening any new credit cards or taking out other loans
- Schedule final walk-through to take place before the closing date

## Documents to bring to the closing

- Any outstanding paperwork or documents that your lender requested you to bring to the closing
- A government-issued photo ID (make sure your name on your ID matches the name that will appear on the property's title and mortgage)
- Cashier's check/funds for closing costs

## Documents you'll sign at the closing

You will be signing a lot of documents at closing. Here are some of the common ones to expect.

- **Closing disclosure:** Covers all the details of your loan.
- **Loan application:** Contains key details about your finances and should be reviewed again for accuracy.
- **Mortgage note (or promissory note):** Represents your commitment to pay the money back.
- **Deed of trust:** Provides security for the loan—it uses the house you're buying as collateral, which means if you default on mortgage payments, the lender can foreclose on the house.
- **Title:** Records your right to the home—technically, you don't have full ownership until you pay 100% of the loan back.
- **Deed:** Shows the transfer of property ownership from the seller to you.
- **Affidavits:** Legally binding documents that you sign to indicate that all the information you're providing is accurate.
- **Initial escrow disclosure:** A document required by federal law (if you are creating an escrow account) that accounts for financial obligations that extend beyond the loan itself.
- **Transfer tax declaration (if applicable):** Applies to property transfer taxes that may be required in some cities, counties, or states.
- **Certificate of occupancy (if newly constructed home):** Indicates that the house is in compliance with building codes, and it is suitable for occupancy.

This checklist is for educational purposes only. Be sure to communicate with your lender for specifics on the mortgage loan process.

# Your mortgage closing checklist

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Closing is the final and likely most important stage of your homebuying journey. This checklist will help you prepare and learn what to expect so you can close with confidence.

## Be a savvy homebuyer

- **Prepare in advance.** Your closing is when you legally commit to your mortgage loan. Know what to plan for so everything goes smoothly.
- **Don't rush.** Make sure you're getting what you expected.
- **When in doubt, ask!** Ask questions until you feel comfortable with every detail.
- **[Beware of mortgage closing scams.](#)** Protect your life savings by knowing what to look for and how to avoid it happening to you.
- **Trust your gut.** If something feels wrong, speak up and know that walking away may be better than signing a bad deal.



CFPB's Buying a House tool

[www.consumerfinance.gov/buying-a-house](http://www.consumerfinance.gov/buying-a-house)



# Before closing

Taking a few key actions can make your home closing go more smoothly. Use this worksheet to prepare in advance.

## 1. Determine who will conduct your closing, where it will be, and when.

Although the type of company conducting your closing can vary based on where you live, you can shop for the company of your choice.

? Who will be conducting my closing? What is their title?

Name: \_\_\_\_\_ Phone: \_\_\_\_\_

- Title agent                       Escrow agent  
 Closing attorney               Other \_\_\_\_\_

? When is my closing? Where is my closing?

Date: \_\_\_\_\_ Time: \_\_\_\_\_

Address: \_\_\_\_\_

## 2. Ask the person who will conduct your closing what to expect.

The closing process can vary by region and area. Learn the details of your closing in advance.

? What do I need to bring to my closing?

- Review the list on page 4 and make any necessary changes.

? About how much will I need to pay at closing? How do I pay?

- \$ \_\_\_\_\_       Cashier's check       Wire transfer

? If I decide to [walk away at closing](#), will I still owe the seller money?

## 3. Request your closing documents three days in advance of closing.

By law, you must receive your Closing Disclosure three business days before closing.

These are some of the most [important documents](#) you'll see at closing:

- Closing Disclosure  
 Promissory Note  
 Mortgage / Security Instrument / Deed of Trust  
 Deed, document that transfers property ownership (purchase only)  
 Right to Cancel (refinance only)

#### 4. Protect yourself from a mortgage closing scam.

Closing funds are [tempting targets for scammers](#). Beware of emails with last-minute changes to your payment or wire instructions. It may be a scam.

Record the names and phone numbers for two trusted individuals (i.e. real estate or settlement agents) who can securely confirm payment instructions in case of a scam attempt.

Name: \_\_\_\_\_ Phone: \_\_\_\_\_

I have this person's number saved.

Name: \_\_\_\_\_ Phone: \_\_\_\_\_

I have this person's number saved.

#### 5. Schedule time in advance of your closing to review documents.

Set aside enough time to carefully review the documents for errors and to make sure you have a clear understanding of the loan terms.

Date: \_\_\_\_\_ Time: \_\_\_\_\_

#### 6. Compare your Closing Disclosure to your most recent Loan Estimate.

Look at the table on the top of page three of your [Closing Disclosure](#). By law, only certain costs can change.

Search for answers to these questions, and if you can't find the answers, ask your loan officer:

? Are the loan type, interest rate, monthly payment, and other key terms the same as I expected?

? Are there any fees that I don't understand or that have changed significantly?

? Do I have an escrow account? Do I understand how that works?

? Is my personal information correct on all of the documents?

? What happens if I don't pay my loan?

? Do the key numbers (loan amount, monthly payment, interest rate) match exactly across all of my documents?

? How can I exercise my Right to Cancel (refinance only)?

? If you're unable to get the rest of your closing documents in advance, take the list of questions above with you to closing.

#### 7. Read the rest of your closing documents.

Use our [document summaries](#) to learn more about why your closing documents are important.

I have my cashier's check or wire transfer ready.

#### 8. Arrange your payment for the amount due at closing.

! If you receive an email with last-minute changes to the wire instructions or to verify your personal information, it may be a scam. Contact the trusted parties you identified on Step 4 to confirm the payment details, using only the primary phone numbers that you saved.

# At closing

Your closing day has finally arrived! Bring this worksheet to your closing and use it as a guide.

## 1. Bring these things or people with you to closing.

- A cashier's check or proof of wire transfer for the exact amount of money you need to close.
- The list of people to call that you prepared earlier.
- Your Closing Disclosure. You'll want to compare it to the final documents one more time.
- A trusted friend, advisor, or lawyer, if you want an advocate at the table.
- Your co-borrower or the person who is co-signing your loan.
- Your check book, in case there are any last minute changes.
- Your driver's license or ID.

## 2. Get answers to these questions at your closing.

- ❓ How will I pay my property taxes and homeowner's insurance?
  - Included in my monthly payment.
  - I have to pay them on my own.
- ❓ Where will I send my monthly payments?

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❓ If I have Homeowners' Association dues, how do I pay?

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❓ Who should I call if I have questions after closing?

Name: \_\_\_\_\_ Phone: \_\_\_\_\_

## 3. Don't forget these closing tips.

- Take all the time you need. You have a right to read and understand your closing documents, no matter how long it takes.
- Trust your gut. Don't go forward until you feel comfortable.

# After closing

Congratulations! Now that the paperwork is over, set yourself up for success as a homeowner with these final steps.

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## 1. Save your closing packet.

You should save the entire set of documents, exactly as you received it.

Double check that your packet includes these important documents:

- Closing Disclosure
- Promissory Note
- Mortgage / Security Instrument / Deed of Trust
- Deed, document that transfers property ownership (purchase only)
- Right to Cancel (refinance only)

## 2. Change your address.

- Bank accounts, investment accounts, and credit card companies
- Department of Motor Vehicles and car insurance
- Cell phone company, health/life insurance, and other bills
- US Postal Service

## 3. Revise your budget and plan for future expenses.

- Include Homeowners' Association (HOA) fees, and if you don't have an escrow account, property taxes and homeowner's insurance.
- Settle in to your new budget for a few months before making major unplanned or non-essential home repairs or renovations.
- Set aside money each month in an emergency fund to cover essential repairs or loss of income.

## 4. Review your homeowner's insurance.

Contact your insurance company with questions or changes.

- ❓ Does it cover floods? Earthquakes? Other disasters?
- ❓ Could you get a discount for having smoke alarms or if you get your car insurance with the same company?
- ❓ Could you save money by increasing your deductible?

## 5. Pay attention to:

- ❗ Changes in your monthly payment. Even if you have a fixed-rate loan, your total monthly payment can change if your taxes, mortgage insurance, or homeowner's insurance go up or down.
- ❗ Servicing changes. The "servicer" is where you send your mortgage payments, and your servicer might change. If your servicer changes, you'll get a [change-of-servicer notice](#) in advance.

## 6. Watch out for:

Marketers often target new homeowners. Give yourself a chance to adjust to your new budget before applying for new credit or making large purchases.

- ❗ Offers for new credit cards or home equity lines of credit. If you want to opt-out of the offers, you can do so [online](#) or by calling (888) 567-8688.
- ❗ Offers from home improvement contractors. Not only should you wait before making major investments, but scams are common. Research a contractor's reputation and always get three quotes before choosing a contractor.
- ❗ Offers for "mortgage protection (life) insurance," often sent in official-looking envelopes. Most homeowners are better off with standard life insurance, which is more flexible and usually cheaper.
- ❗ Bi-weekly payment plans offered for a fee. A bi-weekly payment plan can be smart for people who get paid bi-weekly—you'll pay off your loan quicker and save money—but you don't have to pay for this service. You can often set it up yourself.
- ❗ Refinance offers that don't save you money. Don't refinance too often or fees can really add up. When considering a refinance, make sure you're saving money with a lower interest rate.

## 7. Act fast to avoid foreclosure if you are struggling to make your payments.

If you're struggling to make your payments, talk to your mortgage servicer and call a housing counselor. Your mortgage servicer is required to explain what options are available to avoid foreclosure. [HUD-approved counselors](#) are trained professionals who will help you at little or no charge.

The CFPB is here to help you.

Have questions or need a definition? [Get answers from Ask CFPB.](#)

Have a complaint? [Submit a complaint through the CFPB.](#)