ARE YOU READY FOR HOMEOWNERSHIP?

Purchasing a home is one of the biggest financial decisions you will make in your lifetime, so it's critical to prepare yourself in advance. The following tips are suggestions to help you get started.

Step 1: **Educate yourself on the home buying process**
Take a home buyer education class: free classes are offered throughout the state. To find a class near you check-out www.wshfc.org. The classes are normally 5 hours in length and cover:

I. How to qualify for loan
II. What is the role of a lender and real estate agent
III. Importance of Home Inspections
IV. Understanding and repairing credit
V. Pros & cons of buying v. renting
VI. Down payment assistance
VII. Budgeting & Savings
VIII. Home Maintenance Responsibilities

Yakama Nation Credit Enterprise also hosts classes, so check with Mary Lou Owen for upcoming dates.

Step 2: **Self Assessment**
Income: Do you have adequate and stable income? The lender will review your employment history for the past 2 years. If you are self-employed, you must have documented income. If you receive income from fishing or tribal distributions it can only be counted as income if you can show that you've

received it consistently over a 2 year period.

Credit: Order a free copy of your credit report online at: www.annualcreditreport.com.

When you review your credit report review for:

- Accuracy: Are the debts listed yours?

Outstanding Debts: Does your report show any late payments, liens, collections, or judgments?
Note: these must be paid off prior to submitting your mortgage application.

- If you've paid off debts are they still showing up on your credit report as unpaid?

If so, you'll need to provide proof of payment and an explanation to the lender.

Remember, the more debt you have the less funds remaining for a mortgage payment. Consider whether you need to spend time paying off your debts before committing yourself to a mortgage.

Down Payment: Do you have funds for the down payment and closing costs? You can expect to pay at least 5% of the mortgage amount out of your own funds.

Where will these funds come from?

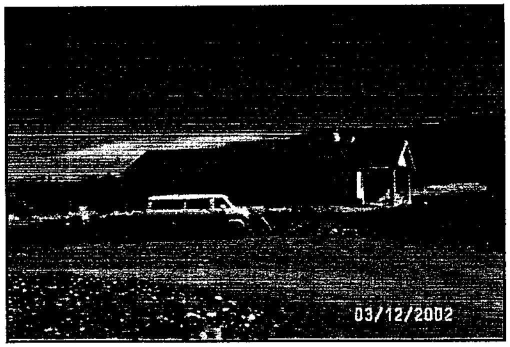
- Savings
- Down payment assistance
- Gift
- Seller might (not always) pay closing costs
- Sale of an asset (auto, boat, etc.)

Land: Do you own your own land? Are you the only owners of record? Does the property have infrastructure?
Allotted: Order a title status report
Fee: Order a title report

Infrastructure: How will you cover the cost of water, sewer, and utility hook-ups?

These and other questions will need to be addressed as you identify whether or not you are ready to move forward with the home buying process.

Remember, this is one of the largest financial commitments you will make, so arm yourself with the knowledge and information to help make a sound financial decision.



THE LOAN PROCESS

If you've gone through the self assessment and you feel you are in a good position to begin discussions with a lender we've included a checklist to get you started with the application process.

MORTGAGE APPLICATION CHECKLIST:

A lender will request the following documentation be submitted with your application:

1. Pay Stubs (self/co-borrower)
2. W-2 for most recent tax year (each wage earner)
3. Award letter from SSN, VA, or retirement (if applicable)
4. Verification of any additional income (i.e. tribal income, child support, or self-employment).
5. Bank Statements (Most Recent)
6. Mortgage/Rental Verification
7. List of all outstanding debts including, credit cards, auto loans, child support, student loans, and personal loans.
8. Copy of Tribal Identification

It's critical that you provide the required documentation in order to move the loan process forward in a quick and efficient manner.

The lender will pull a copy of your tri-merged credit report and review to make sure that your payments have been made on time and that you don't have an excessive amount of debt.

Your lender will also verify you and your co-borrower's income and outstanding debts. Upon review of these factors they will pre-qualify you for a mortgage.

Remember, just because you qualify for a large amount doesn't mean you can afford that amount. Normally, you want to limit your mortgage payment to 28% of your gross income. When you include debt your mortgage payment, plus debts should not exceed 36% of your income.

Make sure you sit down with your family and compile your anticipated monthly budget to ensure that you can cover any additional costs related to homeownership.

Now that you are approved:

- Do not make any major purchases
- Make sure you make all of your payments on time!

For more information,

please contact:

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Consumer Counseling of Yakama

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