

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 steps are intended to help you get started.

1. Educate yourself on the homebuying process or take a free homebuyer education class. Check with your tribe to see if they provide classes and/or check with a HUD-approved Counseling Agency at: www.hud.gov/counseling
2. Do a self-assessment.
 - Income—do you have adequate and stable income? Do you have a two year employment history?
 - Credit—Have you reviewed your credit report recently? Is it accurate? You can order a free copy at: www.annualcreditreport.com
 - Debt—Student loans, car loans, credit cards, personal loans all are included in your monthly debt ratio. If needed work to pay off debts.
 - Down payment—You'll need 2.25% to cover the cost of your down payment. Check with your tribe or the state Housing Finance Agency to see what they provide. Ensure you have additional funds to cover closing costs.
3. Tribal Trust or Allotted Lands—Do you own your own land? Are you the only owners of record? Does the property have infrastructure? Allotted: Order a title status report to see owners listed; Trust: Check with your tribe about getting a lease.
4. If you've covered all of the above check-in with a Section 184 approved lender. You can find a list at: https://www.hud.gov/program_offices/public_indian_housing/ih/homeownership/184/lenders. The lender will explain the loan approval process to you and request numerous documents that are needed to complete your loan file. Follow up quickly to ensure the loan process is not delayed.

TIPS:

- Develop a budget that includes your anticipated loan payment, utility costs, and other monthly payments. Will you still have funds left over for savings and a maintenance fund?
- Do not take on any new debt if you are planning to purchase a home. It will add to your debt to income ratio and lower the amount of home loan you might qualify for.

