



FIRST HOME CLUBsm

HOMEOWNERSHIP COUNSELING GUIDELINES

The counseling program should, at minimum, address and include the following topics to ensure that first-time home buyers are properly trained in buying and owning a home:

PERSONAL COUNSELING

Households will likely need confidential counseling and assistance to discuss personal finances, credit history and establish a savings plan. One-on-one counseling should be available for a minimum of one hour within the six-month period.

TRAINING SESSIONS

Counseling course work should be completed within six months. Counseling should be 1 to 1½ hours of training per session. A minimum of six hours course work is required. All prospective mortgagors of each household are required to attend.

- Review the **FIRST HOME CLUBsm** program and requirements for systematic savings, homeownership counseling and use of dedicated savings accounts.
- **Financial Planning for a Home**
Estimate what a buyer can afford and the costs of owning a home. Provide a guide to credit repair and enhancement. Assist each household in establishing a schedule of systematic savings.
- **Choosing an Affordable Home**
Discuss the procedures in searching, negotiating, and making the offer to purchase.
- **Contract of Sale**
Explain the signing of the contract and the professional home inspection.
- **Create a Monthly Budget**
Develop budgeting skills in order to manage money in all aspects of the household's life. Describe the payments (PITI -- principal and interest, taxes, and insurance) and costs of maintaining a home.
- **Mortgage Loan Application**
Assist and explain the application and approval process. Explain verification of income, grants, gift letters, and underwriting procedures.
- **Downpayment and Closing Costs**
Explain downpayment requirement and the fees paid at closing.

■ The Closing Documents

Explain the documents that are executed at closing and the obligations as a borrower.

■ The Closing

Advise on the final preparations and what to expect that day.

■ Mortgage Payment versus Rent

Payment due dates. Awareness of late payment penalties. Tax benefits of mortgage interest.

■ Life as a Homeowner

Advise on how to maintain and improve the home. Tax benefits of home improvements. Importance of keeping good documentation on all capital improvements.

■ Predatory Lending

Recognizing and avoiding predatory lending practices before and after purchasing a home.

■ Other Topics

Left up to the discretion of the member institution and counseling provider.