



FIRST HOME CLUBsm

HOMEOWNERSHIP COUNSELING GUIDELINES

The counseling program should, at minimum, address and include the following topics to ensure that FIRST HOME CLUBsm (FHC) homebuyers are provided timely and professional counseling covering the purchase and ownership of their first home:

PERSONAL COUNSELING

Households will be provided opportunities for confidential counseling to discuss personal finances, household budgeting and credit history. One-on-one counseling for each responsible household member (any adult member of the household that is or may become responsible for payment of a mortgage) should be available for a minimum of one hour within the period of the FHC counseling course.

HOMEBUYER COUNSELING SESSIONS

Counseling course work must be completed within the agreed upon period of the FHC savings requirement and before the FHC assisted purchase of a home. Counseling should be 1 to 1½ hours per session. A minimum of six hours course work is required. All responsible household members are required to complete the program.

- **Understanding and completing the requirements of the FIRST HOME CLUBsm**
Review FIRST HOME CLUBsm program requirements including the systematic savings process, homeownership counseling and use of the FHC dedicated savings account.
- **Mortgage Payment versus Rent**
How to realistically assess the issues that should be considered in choosing between renting and owning a home.
- **Financial Planning for a Home**
How to estimate the mortgage a household can or should consider affordable. Provide a guide to credit enhancement and maintenance. 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.
- **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.
- **Contract of Sale**
Explain the signing of the contract and the professional home inspection.

■ **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 information provided in the various documents executed at closing and the obligations incurred as a borrower.

■ **The Closing**

Understanding closing day from scheduling and final preparations to who does what at the closing table.

■ **Life as a Homeowner**

Understanding homeownership issues such as the following: payment due dates; late payment penalties; tax benefits of home improvements; how to maintain and improve the home; refinancing choices; importance of keeping good documentation on capital improvements.

■ **Predatory Lending**

Recognizing and avoiding predatory lending practices before and after purchasing a home. Recognizing traps, scams and costly fees such as private transfer fees (sometimes known as “flip fees”).

■ **Other Topics**

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