



# FIRST HOME CLUB<sup>sm</sup>

## HOMEOWNERSHIP COUNSELING GUIDELINES

The counseling program should, at minimum, address and include the following topics to ensure that FIRST HOME CLUB<sup>sm</sup> (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 CLUB<sup>sm</sup>**  
Review FIRST HOME CLUB<sup>sm</sup> 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.