



# HOMEBUYER'S GUIDE

What you need to know to buy in New York City



Local Housing Partners:





## HUD AND HOMEOWNERSHIP

The Fair Housing Act prohibits discrimination in the sale and rental of housing on the basis of race, color, religion, sex, familial status, national origin, or disability.

Many new immigrants, minorities, families with children, and persons with disabilities are not familiar with their housing rights and are at the highest risk of housing discrimination. The U.S. Department of Housing and Urban Development (HUD) enforces strict measures to protect the rights of all communities, and to ensure that no one is denied the housing of their choice.

HUD's mission is to create strong, sustainable, inclusive communities and quality affordable homes for all. In order to protect communities, HUD has established housing counseling assistance programs. Through partnerships with community-based housing counseling agencies, the HUD counseling program provides support, including in-language services for first-time homebuyers, rental assistance, homeless prevention counseling, home maintenance counseling, foreclosure prevention counseling, and mortgage counseling for seniors.

This brochure is a guide and resource for people looking to purchase their first home in New York City.

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# 10 STEPS TO HOMEBUYING

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Purchasing a home is a very exciting time in one's life, but it can also be challenging. It is important to know your rights and responsibilities and to ensure that you are making informed decisions. Here are 10 steps to help you achieve your goal.

## Step 1: Work with a HUD-Approved Housing Counselor

A HUD-approved housing counselor is an experienced, trained professional who will work with you to create a homebuying plan and ensure that you are on the right track. A counselor will do an income, asset, and liability analysis and determine how much you can afford, check your credit, create a budget, and connect you to other resources to help with your home purchase.

For a listing of HUD-approved housing counseling agencies, call **212-264-8000** or visit **[www.hud.gov](http://www.hud.gov)**.

In New York City, you can also call **311**, New York City's 24-hour hotline, to connect with a housing counseling agency in your area.

## Step 2: Create a Spending and Savings Plan

Once you have established a goal to buy your first home, the next important step is to start saving. Creating a spending plan and keeping track of your income and expenses will allow you set aside funds in a savings plan.

Your savings goal should include money for:

- **Down payment:** Depending on the loan product, your down payment could vary from 3 to 5 percent of the purchase price.
- **Closing costs:** Typically, 4 to 5 percent of the mortgage amount.
- **Emergency funds:** A reserve of five to six months of mortgage payments.

## Step 3: Find Trustworthy Professionals

Many individuals and professionals will be involved in your homebuying process and securing a mortgage. It is important to understand the various roles and choose professionals, including a real estate agent, lender, home inspector, attorney, and others who make you feel comfortable and can provide the knowledge and services you need. The best way to find reliable

professionals is to get referrals from family and friends. You are encouraged to research and make sure that there are no complaints filed against the person you are going to hire.

#### **Step 4: Get a Mortgage Pre-qualification/Pre-approval**

Unless you have enough savings to pay for a home purchase price in full you will need a mortgage loan to help you with the financing of your home. The easiest way to determine how much mortgage you qualify for is to talk to a loan officer and apply for a mortgage approval, which is known as pre-qualification or pre-approval. A pre-qualification or pre-approval is not tied to a specific property; rather, it allows you to set margins for a price range in your search for the right home.

What you can afford depends on your income, credit rating, current monthly expenses, down payment, and the interest rate. Documenting all your income is crucial to ensure proper verification for a pre-qualification or pre-approval.

#### **Step 5: Shop for a Home**

The search for a home, although exciting, can be a daunting process. A checklist is a useful tool when comparing homes. It could include important factors such as neighborhoods, schools, and transportation.

New York City offers diverse housing options, ranging from apartments (co-ops and condos) to single-family and multifamily homes. You can search for homes on your own or with the help of a real estate agent. You can attend neighborhood events, go to open houses, talk with friends and co-workers, and look at neighborhood associations and municipal websites.

#### **Step 6: Make an Offer**

Once you find the home of your choice that you can afford you make an offer to buy the home. This is the negotiating phase of the homebuying process. Depending on the seller's situation and whether there are multiple offers on the property, your offer may or may not be accepted.

#### **Step 7: Get a Home Inspection**

You have the right to carefully examine your potential new home with a qualified and independent home inspector. The inspector gives you an impartial, physical evaluation of the overall condition of the home, including structural



components, exterior, roofing, plumbing, electrical, heating, insulation and ventilation, air conditioning, and interiors, and will inform you of items that need to be repaired or replaced.

Be sure that what you buy is satisfactory in every respect. You may arrange for a home inspection before signing your contract, or may do so after signing the contract as long as your contract states that the sale of the home depends on the inspection.

## **Step 8: Review Your Purchase Contract**

The contract is a legal agreement between the buyer (you) and the seller. The function of the contract is to identify the property being sold, name the buyer and seller, state the amount of money the buyer will pay, and set the date when title to the property will be changed from the seller to the buyer. It will also state your down payment amount. Your real estate attorney will review the contract, and it is important that you read and understand the contract before you accept and sign it.

## **Step 9: Apply for a Mortgage Loan**

With your contract in place, you are ready to submit a loan application for a mortgage. Most lenders will ask you for certain documents to process your application. Your housing counselor can work with you to put them together. You will need:

- Pay stubs for the last two to three months, or other proof of your income such as a profit and loss statement
- Bank account statements for the past two to three months
- W-2 forms and tax returns for the past two to three years
- Proof of other funds for down payment, if any
- Information about your other debts and assets

## **Step 10: Closing**

The closing is the final step in the homebuying process, when ownership of the home is officially transferred to you. Be sure to read everything before you sign. At closing you will settle any issues with the seller, make sure all the numbers in the transaction are correct, sign the mortgage documents, and get the keys to your new home.

## FINANCIAL ASSISTANCE FOR HOME PURCHASE

Many of New York's low- to moderate-income borrowers have been able to secure down payment and closing cost assistance and affordable low-interest loans by working with nonprofit organizations. Your housing counselor can help you access available resources. Each program has specific guidelines but common requirements are:

- Be a first time homebuyer (defined as not having owned property in the past three years)
- Home purchase must be for primary residence
- Income eligibility

### Home First Down Payment Assistance

The New York City Department of Housing Preservation and Development (HPD) provides qualified homebuyers with up to 6 percent of a home's purchase price toward the down payment or closing costs on a one- to four-family home, condominium, or co-operative in one of the five boroughs of New York City.

For more information, visit [www.nyc.gov/hpd](http://www.nyc.gov/hpd).

### First Home Club

This Federal Home Loan Bank of New York (FHLBNY) program is a matching grant program to help individuals and families save money for down payments and closing costs. For every \$1 you save, you earn \$4 (up to \$7,500) through a dedicated savings plan at a local participating bank. In New York City, it is presently offered through Astoria Federal, HSBC, and M&T Banks.

### State of New York Mortgage Agency (SONYMA)

SONYMA's Down Payment Assistance Loan (DPAL) allows SONYMA borrowers to secure down payment assistance through a second mortgage that can be used in combination with any currently available SONYMA program. DPALs have no interest rate and no monthly payments and will be forgiven after 10 years as long as the borrower stays in his or her home. Minimum loan is \$1,000 and maximum is \$3,000 or 3 percent of the home purchase.

For more information, visit [www.nyhomes.org/Home/Buyers/SONYMA](http://www.nyhomes.org/Home/Buyers/SONYMA).



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## **HUD's Good Neighbor Next Door Sales Program**

HUD offers a substantial discount incentive program for law enforcement officers, pre-kindergarten through 12th grade teachers, and firefighters/emergency medical technicians. Eligible single-family homes in revitalized areas are listed for sale at 50 percent of the market price through this program on the condition that you commit to live in the property as your sole residence for at least 36 months.

For more information, visit [www.hud.gov/offices/hsg](http://www.hud.gov/offices/hsg).

## **Lender-Specific Community and Affordable Loan Programs**

Various lenders offer affordable mortgage products with down payment and closing assistance programs for low- to moderate-income borrowers. Talk to a loan officer to get specifics about the product. You should consult with your housing counselor to explore the available resources.

In New York City, the New York Mortgage Coalition (NYMC) has partnered with multiple lenders and can provide resources to connect with participating lenders and housing counselors.

For more information, visit [www.nymc.org/homeownership](http://www.nymc.org/homeownership).

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# **HOUSING OPTIONS IN NEW YORK CITY**

New York City offers diverse housing options, ranging from apartments (co-ops and condos) to single-family and multifamily homes. You can search for homes on your own or with the help of a real estate agent. You can attend neighborhood events, go to open houses, talk with friends and co-workers, and look at neighborhood associations and municipal websites.

Each type of home has its advantages and disadvantages. The important question to ask yourself is what you are willing and able to commit to. Based on the home type you choose, prices vary and so will your monthly expenses. For example, apartments require less upkeep since you will pay a monthly maintenance fee for the upkeep of common areas, however single- and multifamily homes provide a level of privacy that apartments do not. Other things to consider are space, location, style, convenience, and other factors that are important to you. A checklist to compare the costs and

benefits of different home types will help you decide. It is very important to be realistic about what you can afford and buy within your income ability.

**Cooperatives**, commonly known as co-ops, are individual apartments in a building. You buy shares to the ownership and control of the apartment but do not own the property. Therefore, you will not pay property taxes directly to the city. In addition to your mortgage, you will pay a monthly maintenance fee to the co-op's management board for the upkeep of the property and common areas. Co-ops are relatively less expensive and a good option for first-time homebuyers.

**Condominiums**, commonly known as condos, are individual apartments in a building. Unlike co-ops, you actually own the apartment and will have to pay property taxes to the city, which should be calculated as a part of your mortgage payment. Condos, like co-ops, also charge a maintenance fee for the upkeep of common areas. Condos are relatively more expensive than co-ops but less expensive than most single-family or multifamily homes.

**Single-family homes** come in various styles and sit on their own land. When you buy the property you are also purchasing the land and are responsible for maintenance of the home and the property. You do not pay a monthly maintenance but do pay property taxes. Additionally, the homeowner's insurance is relatively higher than apartment units. Prices for this type of housing varies but is generally more expensive than co-ops and condos.

**Multifamily homes** are dwellings with two to four units and like single-family homes sit on their own land. You are buying both the home and the land and are responsible for all property taxes and maintenance. Overall cost is expensive, but you have the flexibility of legally renting out units to help with the mortgage. Becoming a landlord has its own set of challenges. As a first-time homebuyer, you should consider the risks and make an informed decision.

**Limited-equity housing cooperatives** are affordable homes offered through New York City's affordable housing program. The two popular and commonly known programs are offered by Mitchell-Lama development and Housing Development Fund Corporation (HDFC). You must meet income guidelines and there are strict restrictions when you sell. For more information, visit [www.nyc.gov/hpd](http://www.nyc.gov/hpd).



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## AFFORDABLE HOUSING RESOURCES

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There are several city and nonprofit groups that develop and/or manage affordable housing for low- to moderate-income families in New York City. All programs have their own specific selection process. Eligible applicants are selected primarily through an open lottery system.

### **Habitat for Humanity—New York City**

Habitat—NYC builds affordable homes, which are primarily two- to three-bedroom co-ops and condos. These units are only available to first-time homebuyers. Once you enter the program, you become Habitat Family Partners and are expected to put in 400 hours of work, known as “sweat equity” in return for the low down payment and low mortgage rates.

Applicants must meet income and credit guidelines, have at least \$2,500 saved for down payment, and enroll in a savings program of at least \$200 per month. For property listings and information, visit [www.habitatnyc.org](http://www.habitatnyc.org).

### **Housing Preservation and Development (HPD) Sponsored Projects**

HPD offers several programs that enable families to purchase newly constructed or newly renovated homes and/or apartments in New York City. HPD also offers grants and other City subsidies and financing tools to make these homes affordable to low-, moderate-, and middle-income families.

HPD itself does not sell these homes, but works with real estate professionals and community sponsors to market them. Units are made available through an open lottery system. Applicants who are eligible based on qualifying income, household size, and good credit should contact the respective building sponsors. You do not have to pay any money or fees at any time for applying to these HPD sponsored housing projects. For property listings and information, visit [www.nyc.gov/hpd](http://www.nyc.gov/hpd).

### **Restored Homes**

Restored Homes offers affordable homes and works with community-based organizations to qualify potential income-eligible homebuyers for mortgage loan approval and financial assistance. To be eligible, you must meet certain income and asset restrictions. Qualified applicants are selected through a lottery process administered by New York City’s Department of Housing Preservation and Development (HPD). If selected, you will be notified in writ-

ing and invited for an interview and submission of all supporting documents. For property listings and information, visit [www.neighborhoodrestore.com](http://www.neighborhoodrestore.com).

## **Urban Homesteading Assistance Board (UHAB)**

UHAB specializes in developing affordable housing co-ops in New York City. To apply for one or more of the UHAB-sponsored opportunities, you must attend a Cooperative Homeownership Workshop. You must be a first-time homebuyer, meet income guidelines, have a good credit score for a mortgage loan approval, and be able to afford the monthly mortgage and maintenance payments. For property listings and information, visit [www.uhab.org](http://www.uhab.org).

## **SHOPPING FOR A MORTGAGE PRODUCT**

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The mortgage for your home purchase is a product, so the price and terms vary and may be negotiable. Shopping and comparing all costs involved in the loan from several lenders will enable you to choose a product that best suits you. It is not enough to just compare interest rates. The cost of your loan is based on several other fees, such as loan origination or underwriting fees, broker fees, settlement, closing costs, and other associated fees. Every lender should be able to give you an estimate of its fees. Many of these fees are negotiable. Some fees are paid when you apply for a loan (such as application and appraisal fees), and others are paid at closing. The interest you pay on the loan combined with the fees you pay on the loan makes up the true cost of borrowing the loan, also known as the Annual Percentage Rate (APR). You are advised not just to compare interest rates but to compare APRs as well.

## **TYPES OF MORTGAGES**

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Mortgage products can be fixed or adjustable rate mortgages (ARM). Loan terms can vary from 15 years to 30 years and sometimes up to 40 years. Ask each lender and broker for a list of its current mortgage interest rates and whether the rates being quoted are the lowest for that day or week.

### **Fixed-Rate Mortgages**

As a first-time homebuyer your best option is a fixed-rate mortgage, which locks in your interest rate for the length of your loan. A fixed-rate loan allows



you to plan and budget more easily since your mortgage payments are predictable, as they are the same through the life of the loan.

## **Adjustable Rate Mortgage (ARM)**

Like the name suggests, the interest rates on ARMs change periodically. Interest rates may adjust higher or lower based on the conditions of the financial market. As a first-time homebuyer it can be challenging to plan and budget if your mortgage payments are not predictable. If you opt for an ARM, make sure you ask how your loan payment will vary. Other questions to ask your lender are whether there is a cap during an adjustment period and how frequently the rate is adjusted.

## **Conventional Loan**

Loans that follow the guidelines of Fannie Mae or Freddie Mac are called conventional loans. Most borrowers who have sufficient funds for larger down payments (typically 20 percent) and closing costs (4–5 percent) of purchase price, and have a minimum of 720–740 credit score are eligible for this type of loan. Loans are typically 30 years with shorter terms available on eligibility.

## **Federal Housing Administration (FHA) Loan**

FHA does not provide direct financing but insures the loan, so your lender can offer you a better deal. FHA-insured mortgage products were designed to assist borrowers that may not qualify for conventional loan. FHA-insured mortgages have a lower down payment (3.5 percent), have low closing costs, and easy credit qualifying criteria. Some common FHA programs are:

**203 (b) Loans:** FHA provides mortgage insurance for a person to purchase or refinance a single-family or multifamily (up to four units) primary residence. You, as the borrower, must meet standard FHA credit qualifications. You may qualify for a loan with only 3 percent down.

**Reverse Mortgage:** If you are 62 years or older and own your current home or have a low balance on the mortgage, then you may be eligible to convert a portion of your equity into cash every month through the FHA reverse mortgage product. You should consult with a housing counselor who has expertise in this area.

For more information on FHA mortgages, visit [www.hud.gov](http://www.hud.gov). To find an FHA-approved lender in your area, visit [www.hud.gov/ll/code/llslcrit.html](http://www.hud.gov/ll/code/llslcrit.html).

## **Department of Veterans' Affairs (VA) Loan**

This type of government loan is available to veterans who have served in the U.S. Armed Services and, in certain cases, to spouses of deceased veterans. The requirements vary depending on the year of service and whether the discharge was honorable or dishonorable. The main benefit of a VA loan is that the borrower does not need a down payment. The loan is funded by a conventional lender but guaranteed by the Department of Veteran Affairs.

## **YOUR CREDIT AND MORTGAGE**

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In the United States your credit determines many opportunities, including accessing better housing. Based on the information from your credit report, lenders will decide whether they believe you will be responsible with the money loaned to you. A good credit history and credit score increase your chance of obtaining competitive interest rates and fees on your mortgage loan. Therefore, it is extremely important that you know and understand what is in your credit report before applying for a mortgage loan.

### **What Is Credit?**

Credit can simply be described as “buy now, pay later” or “the ability to borrow tomorrow’s money to pay for something today.” Credit can be extended through several means, including credit cards, personal loans, student loans, car loans, and home mortgages.

### **Establishing a Credit History**

Your personal credit history begins the first time you apply for credit and continues to build each time you apply for a credit loan. Your credit history tells the story of how you have managed your finances and repaid your debts over time.

### **What Is a Credit Score?**

A credit score is a computer-generated number that summarizes your credit profile and is intended to measure how likely you are to repay a loan. Credit scores range from 300 (lowest) to 850 (highest). Your credit score is how lenders, landlords, and others who may run your credit report evaluate the risk of doing business with you. A high score indicates that you are a better credit risk.



## Improving Your Credit Score

There are many different credit scoring formulas, but the most common score is called the “FICO score,” developed by Fair Isaac and Company (FICO). FICO states that its credit scoring formula is based on the following:

- **Your payment history on credit accounts (35 percent of score)**  
Making your monthly payments on time has the maximum impact on your credit score. A simple recommendation is to set up an automatic payment online or mark a designated bill day on your calendar to make timely payments.
- **Amounts owed (30 percent of score)**  
Maintain your debt to no more than 25–30 percent of the credit limit. Creditors determine that a high balance means that you are living beyond your means and therefore has a negative impact on your scoring.
- **Length of your credit history (15 percent of score)**  
Your credit history gets established from the first credit card you open. Do not close your old accounts; keep them active by using them periodically and paying off the entire balance.
- **Types of credit used (10 percent of score)**  
A mix of credit type such as credit cards, student loans, other installment loans is considered favorable. Do not open too many cards in the same credit line.
- **Recent inquiries and accounts (10 percent of score)**  
Every time a creditor runs your credit report, your credit score drops by a few points. Avoid applying for too many trade lines in a short period of time.

## Ordering Your Credit Report

Under the Fair and Accurate Credit Transactions Act (FACTA), the three major credit bureaus—Experian, Equifax, and TransUnion—have to provide you with a free copy of your report, at your request, once every 12 months.

You can order your free annual credit report in three ways:

- **Online:** [www.annualcreditreport.com](http://www.annualcreditreport.com)
- **By phone:** 877-322-8228

- **By mail:** Fill out the “Annual Credit Report Request Form” (available at [www.ftc.gov/credit](http://www.ftc.gov/credit)) and mail it to Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281.

## **Correcting Errors in Your Credit Report**

Make sure that you review your credit report thoroughly for accuracy, and if there are errors, take steps to correct them immediately. Errors in credit reports are very common and may cost you higher rates when shopping for mortgage and other loan products. You can dispute errors on your credit report by contacting the creditor and requesting a correction of the mistake. If the creditors are not cooperative, you should send a dispute letter with supporting documents to all the credit reporting agencies. Make sure you monitor your credit report periodically to ensure that errors have been taken off and do not appear again.

## **BEWARE OF HOUSING DISCRIMINATION**

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For most working families, your home purchase may be the largest and most important transaction you make during your lifetime. You should be aware of your rights before you enter into any loan agreement.

The Fair Housing Act prohibits discrimination in housing because of race or color, national origin, religion, sex, familial status, or disability. Discrimination includes refusal to sell, or offering different terms, conditions, or privileges, based on one or more of the above “protected classes.” Based on these factors, no one may take any of the following actions against you:

- Refuse to make a mortgage loan
- Refuse to provide information regarding loans
- Impose different terms or conditions on a loan, such as different interest rates, points, or fees
- Discriminate in appraising property
- Refuse to purchase a loan or set different terms or conditions for purchasing a loan
- Refuse to provide homeowner's insurance coverage for a dwelling



## What to Do if You Face Housing Discrimination

If you believe your Fair Housing Rights have been violated, you can file a complaint or may have a complaint filed on your behalf by someone else, such as a parent, child, spouse, or guardian.

Contact HUD or a local fair housing agency within one year of the violation. You will need to give them the following information:

- Your name and address
- The name and address of the person your complaint is against
- The address or other identification of the housing involved
- A short description of the event that caused you to believe your rights were violated
- The date(s) of the violation

## How to File a Housing Complaint

You will have to submit a complaint form with the required information. The forms can be obtained/filed:

- **Online:** [www.hud.gov](http://www.hud.gov)
- **By phone** (toll free): **800-669-9777**
- **By mail:** Complete the form and mail to your local New York City HUD office at 26 Federal Plaza, Room 3532, New York, NY 10278 or HUD headquarters, Office of Fair Housing and Equal Opportunity, 451 7th Street SW, Room 5204, Washington DC 20410.

Other organizations that you can contact if you believe your rights under the Fair Housing Act have been violated are:

- **New York City Commission on Human Rights:** **212-306-5070** or **718-657-2465**, [www.nyc.gov/cchr](http://www.nyc.gov/cchr)
- **Fair Housing Justice Center:** **212-400-8201**, [www.fairhousingjustice.org](http://www.fairhousingjustice.org)
- **New York State Division of Human Rights:** **718-741-8400**, [www.dhr.state.ny.us](http://www.dhr.state.ny.us)

## What Happens When You File a Complaint

If your Fair Housing Discrimination complaint is accepted, HUD must notify you in writing within 10 days of the filing. HUD notifies the alleged violator and investigates your complaint. On investigation, if HUD determines that there is reasonable cause to believe that the respondent discriminated against (you), HUD will give you a chance for a legal hearing at no cost to you. If the respondent is determined to have violated Fair Housing Rights you may be awarded compensation for actual damages and other penalties.

**Example of Fair Housing Discrimination:** An owner agrees to sell a house to you but, after discovering that you are an immigrant, pulls the house off the market and then promptly lists it for sale again. In this case, you may file a discrimination complaint with HUD.

## BEWARE OF PREDATORY LOAN SCAMS

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The path to homebuying can be a complicated one. All of the different steps in the process—negotiating prices, shopping for a mortgage, completing necessary paperwork, dealing with various players—can be intimidating, especially for low-income families with limited English language capacity, newer immigrants, and seniors. Predatory lenders often use deceptive practices and high-pressure sales tactics to take advantage of the most vulnerable and give loans that are misleading, high cost, and harmful. As a consumer, you have the right to shop for the best loan and compare charges of different brokers and lenders. Make sure you exercise your rights.

Some common warning signs of predatory loans are:

- If someone tries to sell properties for much more than they are worth using false appraisals
- If you are asked to lie about your income, expenses, or cash available for down payments in order to get a loan
- If you are asked to take a loan that you cannot afford
- If you are steered into high-interest rates, based on your race or national origin and not on your credit history



- If you are charged fees for unnecessary or nonexistent products and services
- If lenders use high-pressure tactics to get you to refinance into higher-risk loans such as balloon loans, interest-only payments, and other exotic loans

## How to Find a HUD-Approved Housing Counseling Agency

To find a HUD-approved counselor near you, call **800-569-4287** or refer to HUD's housing counselors list at **[www.hud.gov](http://www.hud.gov)**. In New York City, you can also call **311**, New York City's 24-hour hotline, for information on housing counseling groups.

Many housing counseling groups provide services in-language for first-time homebuyer education and counseling services to help you better understand the homebuying process and be an informed buyer.

At the counseling session, your counselor will work with you to understand your individual situation and financial circumstances and come up with a plan that is tailored to meet your needs and goals. This includes developing a budget and a savings plan, conducting affordability and credit analyses, pre-qualification exercises, and assessing your readiness for taking on a mortgage. The goal is to help you achieve a homeownership that is sustainable.

## HOMEBUYING DOS AND DON'TS

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Like most investments, buying a home carries risks. It's never a good idea to jump into homeownership just because the market seems good. Careful planning and becoming a homeowner when you are ready is more sustainable and also lowers your financial risk. Here are some quick tips of dos and don'ts to consider in homebuying:

- **Review your credit report:** Review your credit report and know what it says about you. If there are errors make sure you correct them and build your credit before you apply for any type of loan. You can order one free credit report every 12 months by calling 877-322-8228 or visiting **[www.annualcreditreport.com](http://www.annualcreditreport.com)**.
- **Create a housing budget:** Your monthly mortgage payment, PITI (P-Principal, I-Interest, T-Property Taxes, and I-Homeowners Insurance), and A (A-Association or Maintenance Fee) if applicable, should be no

more than 30 percent of your monthly gross income. If you have no other debts you could increase this limit to 40 percent. For example, if your gross monthly income is \$4,000, you can afford a monthly PITI of \$1,200 (30 percent) or \$1,600 (40 percent) if you have no other debts.

- **Save for your down payment:** A higher down payment means your mortgage loan and your monthly mortgage payments will be lower. If you pay less than 20 percent of the purchase price for down payment, you may have to pay Private Mortgage Insurance (PMI) in addition to your PITI. New York City has several down payment and closing assistance programs available for first-time homebuyers. You should talk to your housing counselor to see if you qualify.
- **Save for closing costs and reserves:** You will also have to pay other fees and charges (typically about 3–5 percent of the purchase price), which you must have available at closing, known as “closing costs.” In addition, you must have at least three to five months of mortgage payments in reserve, which is your emergency savings fund.
- **Document all income and assets:** If you cannot verify your income and assets, lenders will not consider it in your loan application. You can take simple steps to document your income, such as depositing your earnings in your bank account, keeping a monthly profit-and-loss statement, (if you are self-employed), and accurately filing your income tax return.
- **Compare home prices:** Research the housing market and compare properties that were recently sold in the neighborhood before you make an offer to the seller. This will give you an idea of the current market price and help you negotiate with the seller.
- **Research and hire your own real estate professionals:** Before you hire real estate professionals, such as attorneys and home inspectors, find out if they and their businesses are registered and if any complaints have been filed against them. It is important to work with independent professionals who will work in your interest.
- **Compare different lenders:** Contact at least three different lenders to compare mortgage options, interest rates, and annual percentage rates (APR). If you only work with one lender you will not know what the other lenders might have offered you. If you are applying to more than one lender, make sure you do it within a short time (recommended 15–20 days). Otherwise, it will impact your credit score.



- **Understand your mortgage:** Beware of mortgages that claim to offer you a great deal but have terms that you don't understand. If it seems too good to be true, it probably is.
- **Review all documents before you sign:** You are entitled to receive a Good Faith Estimate (GFE) from the lenders within three days of applying for a mortgage and a HUD1 Settlement Statement a day before the closing. Have an attorney review the disclosures and make sure you understand all terms and costs associated with the loan, including closing costs, interest rates, and annual percentage rates (APR).

## IMPORTANT RESOURCES

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If you have questions or complaints related to your mortgage or mortgage servicer, you can contact the recently established **Consumer Financial Protection Bureau** (CFPB) at **855-411-2372** or **[www.consumerfinance.gov](http://www.consumerfinance.gov)**.

**NeighborWorks America** is a national nonprofit housing organization that works with community-based groups to create and maintain affordable housing. Many of the organizations affiliated offer classes on homebuyer education and counseling. For more information, visit **[www.nw.org/network/consumers/buying-first-home.asp](http://www.nw.org/network/consumers/buying-first-home.asp)**.

The **New York Mortgage Coalition** (NYMC), a nonprofit organization, is a collaboration of financial institutions and community housing agencies helping low- to moderate-income families become first-time homebuyers in the Greater New York area. Through financial workshops and one-on-one counseling, NYMC's 11 housing groups prepare qualified borrowers for responsible homeownership.

50 Broad Street, Suite 1125, New York, NY 10004

Phone: **212-742-0762**

**[www.nymc.org/homeownership](http://www.nymc.org/homeownership)**

The **Office of Financial Empowerment** (OFE) in New York City offers financial counseling and education to help New Yorkers with low incomes build assets and make the most of their financial resources.

42 Broadway, 8th Floor, New York, NY 10004

Phone: Dial **311**, New York City's 24-hour hotline

**[www.nyc.gov/ofe](http://www.nyc.gov/ofe)**

## **HOUSING ORGANIZATIONS:**

### **Department of Housing Preservation and Development (HPD)**

100 Gold Street, New York, NY 10038

Phone: Dial **311**, New York City's 24-hour hotline

**[www.nyc.gov/hpd](http://www.nyc.gov/hpd)**

### **Department of Housing and Urban Development (HUD)**

**[www.hud.gov](http://www.hud.gov)**

HUD Fair Housing Enforcement Center

26 Federal Plaza, Room 3532, New York, NY 10278

Phone: **212-542-7519**

HUD New York Regional Office

26 Federal Plaza, Suite 3541, New York, NY 10278-0068

Phone: **212-264-8000**

### **Habitat for Humanity–New York City**

Homeownership Department

111 John Street, 23rd Floor, New York, NY 10038

Phone: **212-991-4000**

**[www.habitatnyc.org](http://www.habitatnyc.org)**

### **Urban Homesteading Assistance Board (UHAB)**

120 Wall Street, 20th Floor, New York, NY 10005

Phone: **212-479-3300**

**[www.uhab.org](http://www.uhab.org)**

### **Fair Housing Justice Center**

5 Hanover Square, 17th Floor, New York, NY 10004

Phone: **212-400-8201**

**[www.fairhousingjustice.org](http://www.fairhousingjustice.org)**

### **New York State Division of Human Rights**

One Fordham Plaza, 4th Floor, Bronx, New York 10458

Phone: **718-741-8400**

**[www.dhr.state.ny.us](http://www.dhr.state.ny.us)**



## **New York City Commission on Human Rights**

[www.nyc.gov/cchr](http://www.nyc.gov/cchr)

### **Manhattan:**

40 Rector Street, 10th Floor, New York, NY 10006

Phone: **212-306-507**

### **Brooklyn:**

275 Livingston Street, 2nd Floor, Brooklyn, NY 11217

Phone: **718-722-3130**

### **Bronx:**

1932 Arthur Avenue, Room 203A, Bronx, NY 10457

Phone: **718-579-6900**

### **Queens:**

153-01 Jamaica Avenue, Room 203, Jamaica, NY 11432

Phone: **718-657-2465**

### **Staten Island:**

60 Bay Street, 7th Floor, Staten Island, NY 10301

Phone: **718-390-8506**

## **LOCAL COMMUNITY HOUSING GROUPS:**

### **Chhaya CDC**

Languages: English, Hindi, Urdu, Bangla, Nepali, Tibetan

37-43 77th Street, 2nd Floor, Jackson Heights, NY 11372

Phone: **718-478-3848**

[www.chhayacdc.org](http://www.chhayacdc.org)

### **MinKwon Center for Community Action**

Languages: English, Korean, Mandarin

136-19 41st Avenue, 3rd Floor, Flushing, NY 11355

Phone: **718-460-5600**

[www.minkwon.org](http://www.minkwon.org)

### **Neighborhood Housing Services of Jamaica, Inc.**

Language: English, Spanish

89-70 162nd Street, Jamaica, New York 11432

Phone: **718-291-7400**

[www.nhsj.org](http://www.nhsj.org)





Local Housing Partners:



**chhaya** CDC  
Sustaining Homes  
Strengthening Communities



**MINKWON CENTER**  
For Community Action

