



BEFORE YOU BUY A HOME: MONEY SMARTS AND FAIR LENDING

THE MONEY BASICS

SAVE FOR A DOWNPAYMENT

If you need a loan to buy a home (*mortgage*), most lenders require a 20% down payment. There are loan options that require less than 20%.

UNDERSTAND YOUR BUDGET

- Plan for a home you can afford. Make sure to calculate property taxes, home insurance, and *private mortgage insurance* (monthly fee on mortgage payment until you pay your loan down to 20% of home's value).
- Plan for extra expenses, such as home inspection fees, attorney's fees*, closing costs, and moving fees.

**You are not required to have an attorney, but hiring an attorney early (i.e. before signing an offer or a purchase agreement) might improve the home buying experience.*

SHOP AROUND & ASK QUESTIONS

Compare loan options and *interest rates* (cost for borrowing money) from several lenders based on your personal finances and credit history. Ask about first-time homebuyer programs, *loan origination fees* (one-time fee lenders charge to prepare a loan), and closing costs.

FAIR LENDING BASICS

KNOW YOUR FAIR HOUSING RIGHTS

The law protects homebuyers and mortgage seekers from unlawful lending discrimination. Terms of your mortgage loan should depend on your credit score, down payment amount, and income. Lenders should never use characteristics such as your race, national origin, family status, or disability to offer you loan options. Fair housing testing through Prairie State Legal Services or other organizations can reveal evidence of lending discrimination.

WATCH OUT FOR

- *Predatory loan* – abusive loan that may have a high interest rate, unlawful terms, or be targeted to you because of any of your characteristics protected by law against discrimination.
- *Contract for deed* – a contract to buy a home over extended period of time. The seller keeps deed to property. The buyer pays property taxes and maintains home but is not lawful owner of the property until all payments are made. One late payment could allow seller to take home back from buyer. Many protections available to people who buy a home with a mortgage are not available to those who enter into a contract for deed.

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CONTACT US:



Prairie State Legal Services
Fair Housing Project
855-347-7757

PSLS offers:

- legal advice & representation
- training & outreach on fair housing/lending issues
- investigations of fair housing/lending complaints

HUD-CERTIFIED COUNSELING AGENCIES:

Lake County Housing Authority
847-223-1170 x 2060

LCHA offers personalized counseling in the areas of:

- Budgeting & banking
- Credit & debt
- Fair housing
- Homeless intervention
- Landlord – tenant mediation
- Mortgage default/foreclosure prevention
- Pre-purchase/Home buyer
- Referrals
- Rental counseling

Community Partners for Affordable Housing
847-263-7478 x 15

CPAH offers individualized courses and services in the areas of:

- Rental housing
- Home buying
- Down payment assistance
- Home repair & accessibility
- Foreclosure prevention
- Financial counseling