

## Sufficient Down Payment and Closing Costs (continued)

- Down Payment/Closing Cost Sources
  - C-CAP (contact your lender) or 1-800-590-1745 (for list of lenders)
  - Dane County Housing Authority Down Payment Assistance Program (participating Dane County Municipalities—excludes City of Madison) 608-224-3636
  - Downpayment Plus® Affordable Housing Program-WI Partnership for Housing Development 608-258-5560, Ext. 24
  - HOME-BUY (for Dane County only) – City of Madison 608-266-4223
  - South Central Wisconsin Housing Foundation 608-240-2800
  - WHEDA Easy Close Option 1-800-334-6873

### Other Special Programs

- Ebtide 608-232-9390 (for people with disabilities)
- Habitat for Humanity 608-255-1549 (for low-income families)
- Movin' Out 251-4446 (for people with disabilities)

## Find an Affordable Home

- Look for homes in your price range as determined by the loan application meeting with your lender.
- You may use a real estate agent, or you may conduct your own home search.

## Be an informed consumer.

Step **5**

Conduct a home search.



Step **6**

Your prospective home will need to be appraised and inspected.



Step **7**

You have become a homeowner!

## Property Appraisal & Inspection

An appraisal determines the market value of the home. It is used by the lender as a basis for the mortgage. Your lender orders the appraisal.

A home inspection is recommended and some loan programs require it. The inspection determines the condition of the property.

To select a home inspector:

- Get recommendations from friends, family, lender, or real estate agent.
- See Yellow Pages of telephone directory “Building Inspection Services,” or “Home Inspection Service.”

If the appraisal or inspection shows there is repair work or energy-efficiency improvements needed, you may be eligible for rehabilitation funds:

- City of Madison–Rehab loans 608-266-6505 OR 608-266-6557
- Rural Development 608-935-2791, Ext 4
- VA Federal: 1-800-827-1000 State: 1-800-947-8387
- WHEDA Major Rehab 1-800-334-6873
- Wisconsin Energy Conservation Corp. 608-249-0122

## Receive Loan Approval

Upon review of your credit, assets, liabilities, income and appraisal, a final loan commitment is issued. The lender orders a title search. A title search shows or indicates disposition of ownership and the status of any liens on the property. The borrower must pay for a one-year premium for homeowner’s hazard insurance prior to closing.

## Closing

At closing you will legally purchase the home. You, the seller, real estate agent, lenders, and a lawyer (if desired) will attend the closing.



Internet address to print additional copies of this brochure:  
<http://www.co.dane.wi.us/extension/flp/firsttimehomebuyer.pdf>

# First-Time Home Buyer Checklist

Dane County, Wisconsin



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## Training

Participating in a home study or home buying training is a valuable first step in home ownership. The training explains the home buying process and terms. Most training offers a Certificate of Completion which is required for some mortgages.

### Home Buying Counseling

- Dane County Housing Authority  
2001 West Broadway, Suite #1  
Monona, WI 53716  
608-224-3636
- Lenders

### Begin Loan Application Process

Meet with your lender for a free, no-obligation consultation to determine how much home you can afford (Loan Prequalification) and to discuss various home-purchase programs. A Prequalification is not a loan approval or commitment by the lender. It is only an estimate of how much home you can afford.

- Make an appointment with a lender where you have a checking or savings account.
- Ask family, friends or co-workers to recommend a lender.
- Compare lenders' programs, closing costs and interest rates.

*Note: It is suggested that once you are ready to start looking for a home, that you go to your lender for a Loan Preapproval. A Preapproval involves the actual verification of your assets, liabilities and running a credit report. It is a credit risk analysis.*

## Credit History

During the loan approval process, your credit history is reviewed. If there is a credit problem, the lender may suggest credit remedies such as:

- Establish a good credit history:
  - Open and use a checking or savings account.
  - Open and use a limited credit card account.
- Stay current on all bills and rent payments for 12 to 18 months and reapply for a loan.
- Reduce your debt by paying off some bills.
- If not ordered by your lender, order your credit report from Trans Union Consumer Relations:  
P.O. Box 1000  
Chester, PA 19022  
1-800-888-4213

Explain any past credit problems in writing and have them placed in your credit file.

- Credit counseling, debt reduction, budget counseling and money management workshops:
  - Consumer Credit Counseling Service  
608-252-1334
  - Credit Counseling Centers of America  
608-277-0222
  - UW Extension Dane County Family Financial Management Volunteer Counseling  
608-224-3720

*Note: It is recommended, 30-60 days prior to applying for a loan, you order your credit report from Trans Union, 1-800-888-4213.*

## Debt Versus Income

The amount of home you can afford is based on a review of your debts in comparison to income. There are a variety of loan programs that address income-to-debt levels. Your lender may administer many of these loan programs.

- C-Cap (contact your lender)
- Common Wealth Development  
608-256-3527, Ext. 11
- FHA (contact your lender)
- Lender's Affordable Mortgage Programs (contact your lender)
- Madison Area Community Land Trust  
608-280-0131
- Operation Fresh Start  
608-244-4721
- Rural Development  
608-935-2791, Ext. 4
- WHEDA  
1-800-334-6873
- Veterans Administration  
Federal: 1-800-827-1000  
State of Wisconsin: 1-800-947-8387

## Sufficient Down Payment and Closing Costs

A down payment is required on the majority of home loans. The down payment is based on a percentage of the purchase price. If you don't have a sufficient down payment, you may qualify for programs that assist with or require less down payment. *Note: Often potential home buyers believe they need a 20% down payment; however, you may be able to purchase a home with as little as 3% to 5% down payment, or even in some cases, no down payment.\**

In addition to down payment, funds are also needed to cover closing costs. Closing costs include: credit report, appraisal, property inspection, closing fee, title insurance, hazard insurance, attorney fee (optional), interest, property taxes, private mortgage insurance, etc.

You may be able to use one or more of these options. Check with your lender.

- Gift from relative
- Borrow against a secured asset (i.e., auto)
- Lease purchase programs
  - Common Wealth Development  
608-256-3527, Ext. 11
  - Urban League of Greater Madison  
608-251-8550
- Reduced Down Payment Loans
  - Lending Institutions Affordable Mortgage Programs
  - Rural Development\*  
608-935-2791, Ext. 4
  - Veterans Administration  
Federal: 1-800-827-1000\*  
State: 1-800-947-8387
  - WHEDA  
1-800-334-6873

### Steps in Home Buying: Step 1

So you want to become a homeowner? Meet with your lender early in the home buying process.



### Step 2

Check your credit.



### Step 3

Compare debt versus income.



### Step 4

You need a down payment.

