



Preparing for Homeownership

Four Steps to Get You Started

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Stacy Abbott, M.S., HUD Certified Housing Counselor, Extension Program Coordinator

McKenzie Walsh, HUD Certified Housing Counselor, Extension FCS Assistant Housing Educator

WORKSHEETS

Step 1. Complete an inventory of your housing needs, assess your lifestyle, and consider how home ownership will enhance your life.

Housing Needs Inventory:

Evaluate your housing needs according to your preferences and the needs of your household.

Features	Must have	Would be nice	Can live without	Do not want
Nearby park, swimming pool or recreation facilities.				
Good schools.				
Yard with established landscaping.				
Close to my employer.				
Nearby public transportation.				
Community events and opportunities to be involved in.				
Garage or carport.				
More than 2 bedrooms.				
More than 1 bathroom.				
Central air.				
Fenced yard.				
New construction.				
Energy Star construction or updates for energy efficiency.				
Storage space.				
Main level laundry.				
Recent updates or remodeling. (new flooring, paint, cabinets, lighting, etc)				
Plenty of space to entertain friends or family.				
Low maintenance yard.				

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Assess Your Lifestyle

Where do I spend most of my time? How does that affect the type of housing that I need?

How long do I plan to stay in this home? What changes do I expect to happen while I am living here?

How will home ownership enhance my life? What is appealing to me about home ownership?

If a property that meets all my needs and desires isn't available or affordable, what am I willing to let go? Can my housing needs be met in another way?

Step 2. Choose a strong team.

Mortgage lender: Use this table to keep a record of referrals and the information you receive.

Questions to ask a potential lender:

- What type of loan do you recommend in my situation?
- What is the down payment and closing cost requirement on this loan?
- What is the annual percentage rate (APR)?
- When will you lock in the interest rate?

Mortgage lender	Contact information	Date contacted	Conversation notes

Real estate agent: Use this table to keep a record of referrals and the information you receive.

Questions to ask a potential real estate agent:

- How long have you been an agent?
- How many buying clients do you currently have?
- How do you help buyers compete in this market?
- How do you stand out in the quality of service that you provide to your clients?

Real estate agent	Contact information	Date contacted	Conversation notes

Homebuyer education and assistance programs: Use this table to keep a record of referrals and the information you receive. Find more information at:

- Utah State University Extension: extension.usu.edu/finance/housing
- HUD: hud.gov (Search for local housing counseling agencies or buying a home.)
- Utah 211 via United Ways of Utah at 211utah.org

Organization	Contact information	Date contacted	Conversation notes

Step 3. Calculate the costs and create a savings goal. Remember to season those funds.

Down payment: typically ranges from 3.5% to 20% of the purchase price, depending on the loan type.

Example:		
\$395,000	3.5% ($3.5/100 = 0.035$)	\$,13,825
<i>Expected purchase price</i>	<i>Percentage required</i>	<i>Down Payment amount</i>
Calculate your down payment.		
<i>Expected purchase price</i>	<i>Percentage required</i>	Down Payment amount

Earnest money: typically 1-3% of the purchase price.

Example:		
\$395,000	1% ($1/100 = 0.01$)	\$3,950
<i>Expected purchase price</i>	<i>Percentage required</i>	<i>Earnest money amount</i>
Calculate your earnest money recommendation.		
<i>Expected purchase price</i>	<i>Percentage required</i>	Earnest money amount

Closing Costs: typically 3% t-6% of the purchase price, depending on the loan type.

Example:		
\$381,175	4% ($4/100 = 0.04$)	\$15,247
<i>Expected loan amount</i>	<i>Percentage required</i>	<i>Closing costs amount</i>
Calculate your down payment.		
<i>Expected loan amount</i>	<i>Percentage required</i>	Closing costs amount

Add the three amounts (down payment, earnest money, and closing costs) to get an amount needed to purchase a home.

Example: \$13,825 (down payment) + \$3,950 (earnest money) + \$15,247 (closing costs)
I need \$33,022 to purchase a home.

Down payment amount	Earnest money amount	Closing costs amount	Total needed to purchase a home

How can I generate these funds? How much have I already saved?

























Are there any home buyer assistance programs in my area to help cover the cost of home ownership?

Step 4. Play house — Practice making the payment and save the difference in a savings account. Season the funds.

Example:		Goal: I will save \$500 a month in a savings account for 12 months to prepare for my home purchase. This will give me \$6,000 to use for purchasing a home.
Potential mortgage payment	\$1,500	
Current rent payment	\$1,000	
Difference	\$500	

		Goal: I will save \$_____ a month in a savings account for _____ months to prepare for my home purchase. This will give me \$_____ to use for purchasing a home.
Potential mortgage payment	\$	
Current rent payment	\$	
Difference	\$	

Play house: Track your savings progress. Cross off a house and write the amount saved each month. Keep a grand total of what has been saved. Place this money in a savings account so the funds will be seasoned by the time you purchase.

 \$ ___ Saved \$ ___ Total	 \$ ___ Saved \$ ___ Total	 \$ ___ Saved \$ ___ Total	 \$ ___ Saved \$ ___ Total
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