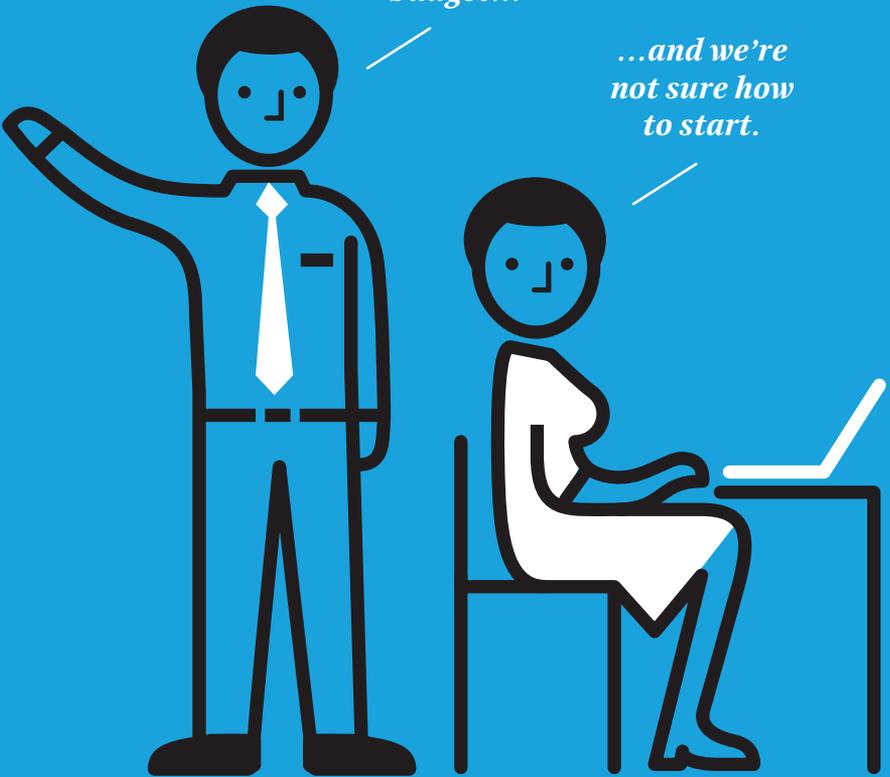


The New York
Mortgage Coalition

Homebuyer Handbook

*We'd like to buy
a home but we're
on a limited
budget...*

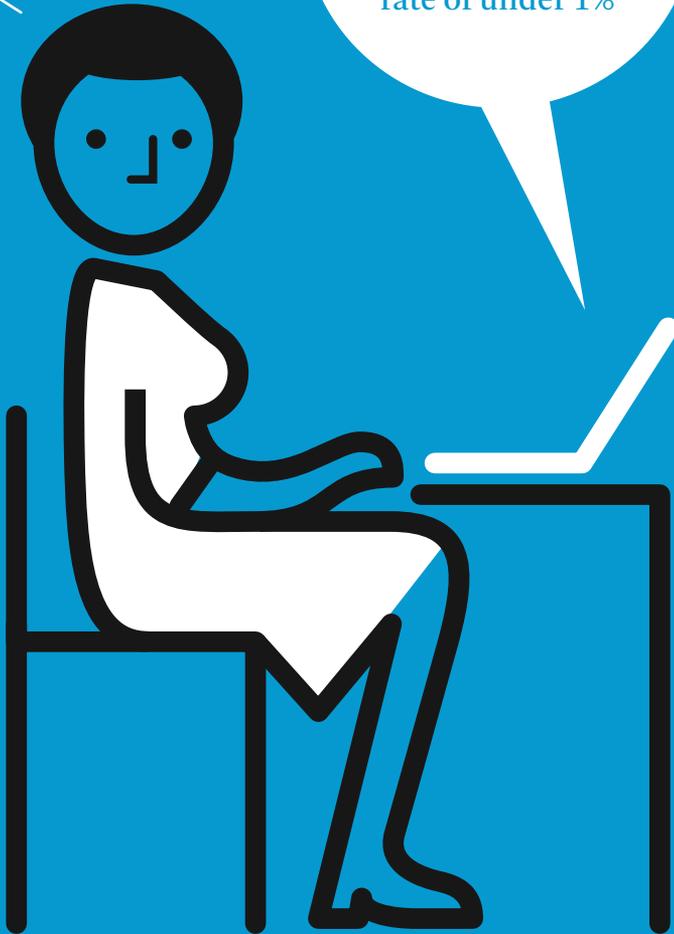
*...and we're
not sure how
to start.*



Fact 1:
Two out of three
people counseled
by NYMC are ready
to get a mortgage
within
12 months.

Fact 2:
Homebuyers
completing NYMC's
pre-purchase program
have a foreclosure
rate of under 1%

*let's
check it out.
nymc.org*



Buying a home may seem like a challenge, but...

**New York
Mortgage
Coalition
counselors can
help you figure
out if owning a
home makes
sense for you.**

**And this help
is free!**

The Homebuying Process

1

Contact A Home- Ownership Counselor

Together we will:

Check your credit

Discuss your financial reality by looking at your credit, history, income and assets

Make your homebuying plan

Create a budget and determine how much you can afford

Develop a plan to fix your credit and/or maintain a strong credit score

2

Start Saving

You'll need to save for your:

Downpayment

Closing costs

Emergency reserves

The more you save the better!

3

Pre-Qualify

Work with a NYMC counselor to:

Choose a lender

Apply for mortgage approval

4

Assemble Your Homebuying Team

Your New York Mortgage Coalition Homeownership Counselor

Lender

Real estate agent

Attorney

Home inspector

5

Choose and Finance Your Home

Find the right neighborhood

Which home type? single family, co-op, condo, 2 to 4 Family?

Find an affordable home

Find an affordable mortgage

Make an offer

6

Inspection

Contact a licensed home inspector

Have your potential home inspected

Renegotiate the price if necessary

7

Contract

Your attorney reviews the contract

Sign the contract and pay the down payment

8

Mortgage

Turn your pre-approval into an actual mortgage application,

commitment letter and a good faith estimate.

Your counselor can help you with this.

9

Closing

Close on your loan

Congratulations, you own a home!

10

Life As A Homeowner

Live within your budget

Maintain your home and make your mortgage payments your highest priority.

New York Mortgage Coalition's Homeownership Counseling can help you:

**Address your
credit issues
and prepare
your finances for
homeownership**

**Guide you
through the
mortgage and
homebuying
process**

**Determine how
much home you
can afford**

**Access grants
and loans for
downpayment
and closing
cost assistance**

Preparing

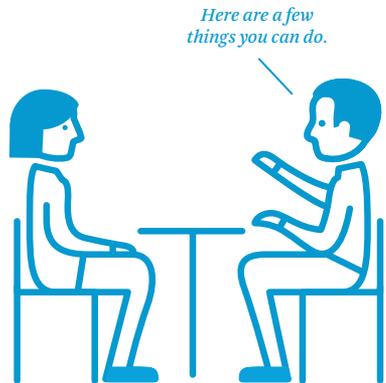
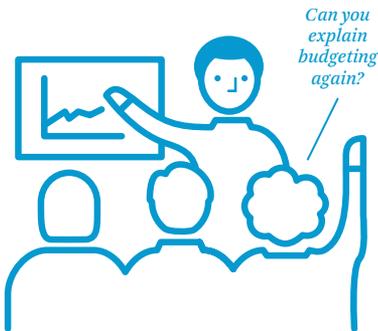
Financial education workshops

in our comprehensive pre-purchase workshops you will learn about important topics like credit repair, savings, and budgeting – and you will gain a clear understanding of how much home you can truly afford.

One-on-one home-ownership counseling

NYMC's experienced HUD-certified counselors help participants by:

- Analyzing personal credit and financial situations
- Counseling for debt management and savings plans
- Establishing or improving credit history
- Determining eligibility for grants or savings programs
- Assisting with mortgage application

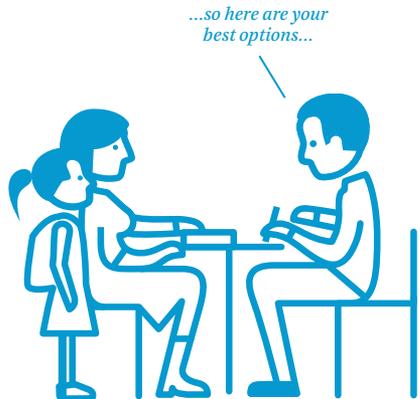
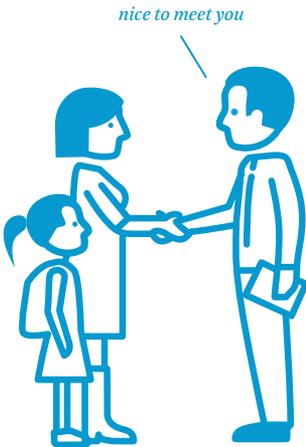


Applying

NYMC Loan and Application assistance

NYMC's nine participating lenders all offer different mortgage products for low to moderate income borrowers. Within our range of products here are some general guidelines:

- NYMC mortgages are fixed rate to avoid the potential risk associated with adjustable rates.
- Loans are typically 30 years, on occasion 40 years; shorter terms available based on eligibility.
- Minimum credit score is 620, though many programs require a minimum of 700.
- A pre-purchase homeownership counseling certificate, available through your homeownership counselor, is required to qualify for all affordable mortgages.
- Minimum down payment is 3%.
- Full documentation is required, including two years IRS taxes and recent pay stubs
- Your NYMC Counselor will help you navigate through this process.



Buying

Downpayment Subsidies and Closing cost grants

Grants are available from several sources to help with downpayment and closing costs (income restrictions apply).

Home First, a first-time homebuyers' program through the NYC housing agency HPD (Housing Preservation and Development), provides up to 6% of the purchase price to qualified buyers.

First Home Club, another first-time program, provides up to \$7,500 on a 4 to 1 match basis—\$4 in grant money for every \$1 of borrower savings. Borrowers must first establish a personal savings account with the participating lender for a minimum of 10 months.

SONYMA, the State of New York Mortgage Agency, offers \$3,000 or 3% of the mortgage (whichever is higher).



Help is available from the State of New York in the form of closing cost grants, downpayment assistance, and loans with below market rates

Making it work

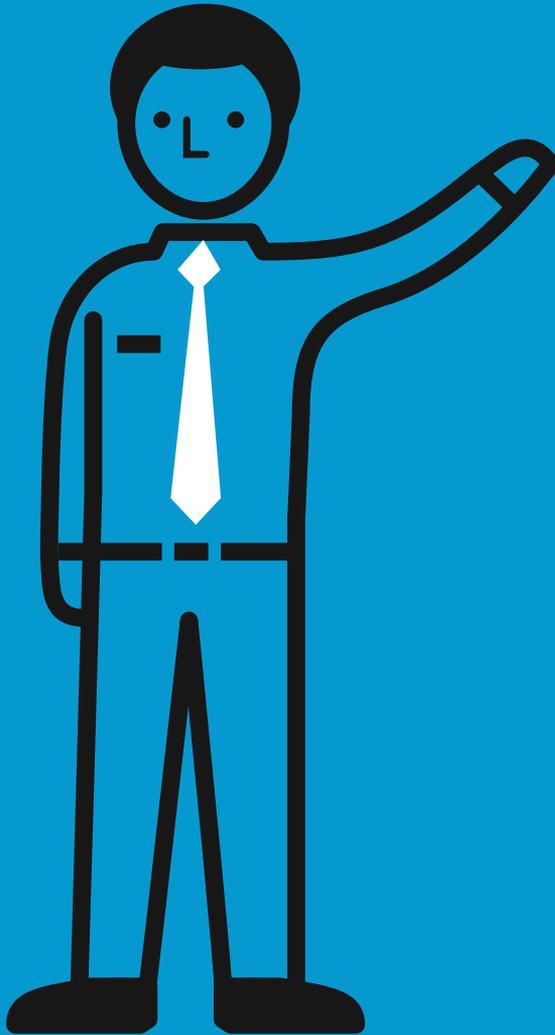
Along with the advantages of homeownership there are many responsibilities. Counseling sessions can prepare first-time homebuyers for the many facets of homeownership. The New York Mortgage Coalition also provides post-purchase counseling

Post-purchase guidance includes:

- Foreclosure prevention
- Outreach and education for those targeted by predatory lenders
- Refinancing services
- Home management
- Personal Money Management



Here's how we get started:



Step 1: Understand Credit Ratings and...

If you have ever used a credit card, or made a large purchase like a car using a loan, you probably have a credit rating. Your credit rating allows lenders to assess your payment habits....and/or credit.

Your credit rating is a history of:

- How much you've borrowed
- Who you borrowed from
- How well you paid back your debts
- How you are handling your ongoing debts

Debt to Income Ratio (DTI)

The DTI is the maximum monthly amount you can spend for a house payment (principal/interest/taxes/insurance) plus all other creditor debts. This percentage ranges from 36%–41% depending on loan type.

Your gross income \times DTI = how much you can spend on your house payment.

A high level of debt will reduce affordability and/or make you ineligible for loans. The more monthly debt payments you have, the smaller the amount you can spend on your home purchase. You may need to reduce debt before you apply for a mortgage loan.



Step 2: Check Your Credit

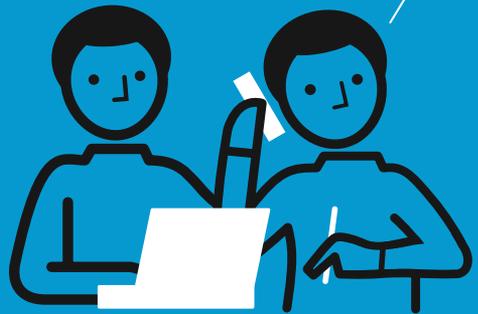
When you apply for credit—whether for a credit card, a car loan, or a mortgage—lenders want to know what risk they'd take by loaning money to you. A credit score measures the likelihood you'll repay what you owe; it is based on information in your credit report.

There are many varieties of credit scores available to lenders. But the most widely used for large loans are FICO scores, which are based on a scoring system developed by Fair, Isaac & Co. and which are provided to lenders by the three national credit bureaus Equifax, Experian and Trans Union.

You Need A Good Credit Score:

To get approval for credit for mortgages, car loans, installment loans, and credit cards; to obtain a preferable interest rate on a loan; to obtain lower cost home owner's and car insurance. Employers and landlords can reject applications based on credit worthiness. There is no quick fix for credit repair, but you can develop your own plan for improving your score. Here are some ways to improve your score:

Hi. I'd like to apply for a mortgage please.



Step 3: Improve Your Credit

Order a copy of your credit report then review it and correct it.

You are legally entitled to one free report a year. You can go to annualcreditreport.com and order your free credit report. When you get your report, review it and inform the credit bureau of any mistakes. Then be a bit patient. Changing a mistake on your report (like a mislabeled late payment) can take 30 days to 4 months or longer. Since corrections can make a big difference in your overall score it's important to remember that the sooner you correct your report, the faster your score will improve!

Pay your bills on time.

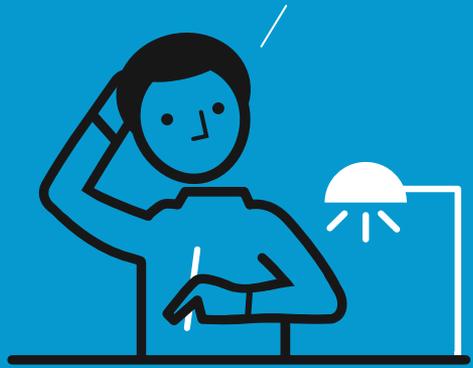
Your payment history counts for 35% of your overall credit score. Therefore paying on time is the most important thing you can do to create credit score improvements. Also a recent missed payment is more likely to lower your score than an isolated late payment from way back. SO if you are prone to forgetting to pay your bills use tools; set up autopay to pay the minimum balance on time. Scared of autopay? Then set a date every month that is credit day and really stick to paying your bills on that date.

*I'll get my free
credit report on
annualcreditreport.com*

*Oh my!...I've got a little
work to do.*



*Time to pay the bills!
Good Credit...
Here I come!*



Don't open a lot of new accounts over a short time.

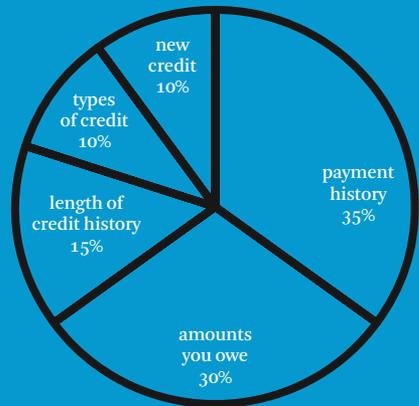
When you open new credit the banks think you're about to go on a spending binge and are therefore a higher credit risk. Avoid sending that signal. But...

If you have a questionable credit history, open a few new credit accounts, use them responsibly and pay them off on time.

This feels a bit scary given that you're also being told to not open new lines, BUT payment history is 35% of your score, so if you've hurt your credit, establishing a good payment history is key to getting your credit score back together. Also remember to keep your credit balance below 25% of your credit limit per-card (see page 16).

Use the credit cards you have responsibly and as frequently as is prudent.

If you don't use your cards the banks will sometimes close them or lower the limit. So it is important for them to stay active, but this is not a license to go wild. Use for small purchases and stay current on payments. Try to pay off the entire balance in full each month. Avoid carrying a balance from month-to-month.



Don't close old accounts.

Credit history (how long you've had the card) counts for 15% of your overall score, so closing cards sets you back. Also, you should aim to keep your debt below 25% of your credit limits. If you close accounts, you give up some of your credit—which makes your existing debt a bigger proportion of your remaining credit.

For example: You owe a total of \$2,000 on four credit cards, each with a \$2,000 limit. Your total limit is \$8,000, and your balance (\$2,000) is 25%. If you transfer all your balances to two cards and cancel the other two, your total credit limit is now \$4,000 and that same \$2,000 balance is now 50% of the limit. This would lower your score.

Pay down your credit card debt

30% of your credit score is based on outstanding debt, so paying down your balances will have a big and positive impact. Plus, lowering your overall debt greatly assists you on your path to homeownership and helps you qualify for better mortgage terms.

If you need extra help getting your debt under control, our homeownership counselors can also refer you to additional services.

If I'm going to buy a home I'm really going to have to sort out my credit



Hi. New York Mortgage Coalition? I'd like to sign up for your next seminar!



Case Studies

Name: Mary P.
Age: 48
Profession: Singer/Teacher
Status: single mother with two kids
Counseling agency: Harlem
Congregations for Community
Involvement (HCCI)

First contact with HCCI: 05/07
Loan closing: 09/09
Credit score at beginning: 680
Credit score at closing: 720

Lender: Bank of America
Price of home: \$235,000
Amount of loan: \$193,000
Down payment subsidy: 6% of
loan paid by HPD

Location of new home: Harlem
Total counseling hours with HCCI:
33 hrs including workshops and
one-on-one counseling.

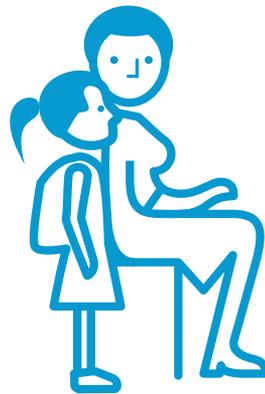


Name: Jane and Ralph T.
Ages: 42 and 48
Professions: Health Care
Status: married couple with
one child
Counseling agency: Pratt Area
Community Council (PACC)

First contact with PACC: 02/06
Loan closing: 04/09
Credit scores at beginning:
520 and 545
Credit scores at closing:
740 and 720

Lender: M&T Bank
Price of home: \$215,000
Amount of loan: \$160,000
Down payment subsidy: none

Location of new home: Bedford
Stuyvesant, Brooklyn
Total counseling hours with PACC:
25 hrs including workshops and
one-on-one counseling.



FAQs

Q: How long does the pre-purchase counseling process take?

A: Our groups typically provide four sessions (one per week over a period of four weeks) of homeownership education covering the many key aspects of buying a home. Following these workshops, we then offer private one-on-one counseling to address the specific financial profile of each client. The period between first workshop to loan closing could take anywhere between one month to one year – depending on individual circumstances.

Q: What does NYMC's service cost?

A: Some of our eight community groups may charge small fees to obtain your credit report (e.g. \$20) or to enroll in the introductory classes (e.g. \$50). However all groups provide one-on-one homeownership counseling free of charge. Also, clients who receive a mortgage through our program pay \$150 at loan closing, but with the affordable mortgages that we offer, the savings gained more than offsets this fee.

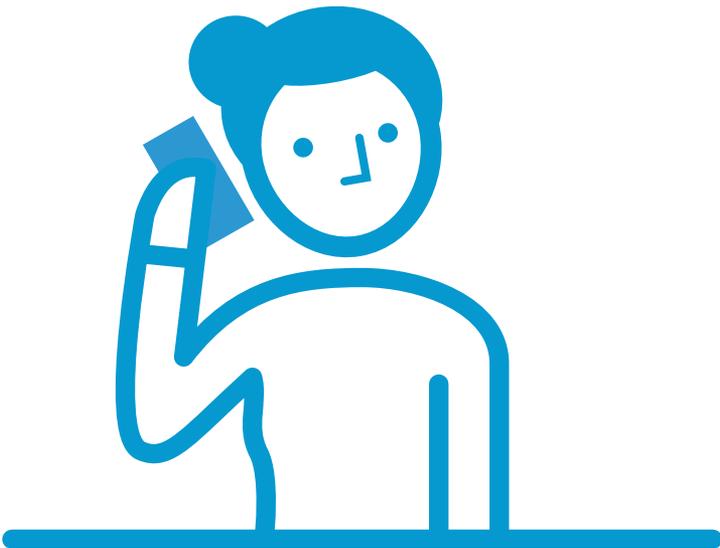
Q: How do I qualify for closing cost assistance or down payment subsidies?

A: Your NYMC counselor will help you maximize the amount of assistance you receive. In most cases your income cannot exceed 80% of area median income (AMI), as determined by HUD and based on household income. E.g. family of four AMI is currently \$63,350 for NYC, \$74,250 for Long Island, and \$75,600 for Westchester County.

Q: How many people have you helped?

A: Since NYMC's founding in 1993 we have provided homeownership counseling to over 35,000 low to moderate income individuals and families in the greater New York area and have guided nearly 6,000 clients through their first home purchase.

Contact NYMC if you are interested in owning a home.



Participating Lenders



Contact these New York Mortgage Coalition Counseling Agencies:

NY Metro Area

AAFE Community Development Fund
411 Division Street
(212) 964-2288
AAFECDF.org
Chinese Language Access

NYC/Manhattan

Housing Partnership Development Corporation
450 7th Avenue, Ste. 2401
(646) 217-3392
housingpartnership.com
Spanish and French Language Access

Harlem & The Bronx

Harlem Congregations for Community Improvement
2854 Frederick Douglass Blvd.
(212) 281-4887
hcci.org
Spanish Language Access

North Bronx, Orange, Putnam, Rockland, & Westchester

Housing Action Council
55 South Broadway, 2nd floor, Tarrytown
(914) 332 4144
housingactioncouncil.org
Spanish Language Access

Western Brooklyn/ Sunset Park

Neighbors Helping Neighbors
443 39th Street, Ste 202, Brooklyn
(718) 686-7946
nhnhome.org

AAFE Community Development Fund
4721 8th Ave, Brooklyn
(718) 686-8223
AAFECDF.org
Chinese Language Access

Brooklyn (South & Central)

Pratt Area Community Council
201 Dekalb Avenue Brooklyn
(718) 522-2613
prattarea.org

Brooklyn (North & East)

Cypress Hills Local Development Corporation
625 Jamaica Avenue or 3214 Fulton Street, Brooklyn
(718) 647-2800
cypresshills.org
Spanish Language Access

Queens

AAFE Community Development Fund
133-04 39th Avenue, Flushing
(718) 961-0888
AAFECDF.org
Bangla, Urdu and Chinese Language Access

Chhaya

37-43 77th Street, 2nd floor, Jackson Heights
(718) 478-3848
chhayacdc.org
Bangla, Urdu and Chinese Language Access

Nassau and Suffolk

Long Island Housing Partnership
180 Oser Avenue, Ste 800, Hauppauge
(631) 435-4710
lihp.org
Spanish Language Access

Staten Island

Northfield Community LDC
160 Heberton Avenue, Staten Island
(718) 442-7351
portrichmond.net/nldc



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