

How homebuyer education can prepare you for ownership | Transcript (English)

[Theme Music playing in the background]

[NeighborWorks America logo]

[Marietta Rodriguez, president and CEO of NeighborWorks America]

Hi, I'm Marietta Rodriguez, president and CEO of NeighborWorks America. We are pleased to work with Wells Fargo and our local network members on the NeighborhoodLIFT program, which has helped more than 24,000 people nationwide to achieve their dream of homeownership. I hope this video is helpful to you as you begin your journey toward becoming a homeowner.

[Theme Music]

[Video title: Steps in the Homebuying Process]

[NeighborWorks America logo, Wells Fargo logo, NeighborhoodLIFT logo]

Narrator: It's not as difficult as you may think to be approved for a mortgage. And local NeighborWorks nonprofits can help you every step of the way.

[Animation shows: NeighborWorks America logo]

Homeownership has many benefits, including financial stability, the ability to build wealth, control over your own living space, and the pride that comes with ownership.

To ensure that NeighborhoodLIFT homebuyers are prepared for the responsibilities of long-term homeownership, borrowers are required to take an eight-hour homebuyer education course.

Homebuyer education teaches prospective homeowners about budgeting, credit, shopping for a home, and protecting investments.

Many people believe that a 20% down payment and excellent credit are required to purchase a home. But actually, lower down payment amounts may be available, and down payment assistance can cover some of that. Credit score requirements may vary.

It's important to understand everything that's included in the true cost of homeownership — like upfront costs, down payment, closing costs, earnest money, moving expenses, appliances, and other costs, such as credit report fees and appraisal fees in some cases.

The primary cost is the monthly mortgage payment, which includes: Principal, interest, taxes, and insurance, or, PITI.

[Animation shows: Principal, Interest, Taxes, Insurance displayed in a stack – which animation shows being reduced to acronym: PITI]

You will also pay utilities, like electric, water, gas, trash, maintenance and repairs, and Homeowner Association dues.

Homebuyer education will teach you about the different types of loan products that are available, like conventional, FHA, VA, and Rural Development USDA.

[Animation shows: opened notebook listing types of Loans: conventional, FHA (Federal Housing Administration), VA (U.S. Department of Veterans Affairs), and Rural Development USDA]

Typically, lenders want to see that your mortgage payment is no more than 28-33% of your gross income.

[Animation shows: a pie chart titled Gross income with a wedge of 28-33% for mortgage payment, smaller ones for student loans, car payments. Animation shifts and now shows a heading DEBT INCOME to the left of pie chart and chart itself showing total debt 36-45%]

Lenders also consider all your other debt obligations in addition to housing costs.

This Debt-to-income ratio shows how much of your gross monthly income is needed to cover all your debt obligations including your house payment.

Typically, this can range from 36-45%. The homebuyer education course will go into more detail about the homebuying process so there are no surprises.

[Animation shows: a certificate of completion stating “This certificate is given to “Your Name” for completing the NeighborWorks Homebuyer Education and Counseling Course”]

Buyers who receive NeighborWorks homebuyer education and counseling are 30% less likely to get into trouble with their mortgage.

[Animation shows: wording “30% less likely to get into trouble with mortgage”]

The majority of NeighborhoodLIFT homeowners said homebuyer education helped reduce the stress they felt in preparing for homeownership, and the information they learned has helped them manage their finances and sustain homeownership for the long-term.

Your local NeighborWorks nonprofit can provide you with more information on homebuyer education and the NeighborhoodLIFT program.

[End card: NeighborWorks America logo, www.neighborworks.org]