

# 12 Tips to Help You be a Smarter Housing Consumer

1. Before you buy a home, attend a home ownership education course offered by the United States Department of Housing and Urban Development (HUD)-approved, non-profit counseling agencies.
2. Interview several real estate professionals (agents), and ask for and check references before you select one to help you buy or sell a home.
3. Get information about the prices of other homes in the neighborhood. Do not be fooled into paying too much.
4. Hire a properly qualified and licensed home inspector to carefully inspect the property before you are obligated to buy. Determine whether you or the seller is going to be responsible for paying for the repairs. If you have to pay for the repairs, determine whether or not you can afford to make them.
5. Shop for a lender and compare costs. Be suspicious if anyone tries to steer you to just one lender.
6. Read everything carefully and ask questions. Do not sign anything that you don't understand. Before signing, have your contract and loan agreement reviewed by an attorney skilled in real estate law, consult with a trusted real estate professional or ask for help from a housing counselor with a HUD-approved agency. If you cannot afford an attorney, take your documents to the HUD-approved housing counseling agency near you to find out if they will review the documents or can refer you to an attorney who will help you for free or at low cost.
7. Be suspicious when the cost of a home improvement goes up if you do not accept the contractor's financing.
8. Do NOT let anyone persuade you to make a false statement on your loan application, such as overstating your income, the source of your down payment, failing to disclose the nature and amount of your debts, or even how long you have been employed. When you apply for a mortgage loan, every piece of information that you submit must be accurate and complete. Lying on a mortgage application is fraud and may result in criminal penalties.

9. Do NOT let anyone convince you to borrow more money than you know you can afford to repay. If you get behind on your payments, you risk losing your house and all of the money you put into your property.
10. Never sign a blank document or a document containing blanks. If information is inserted into the loan document by someone else after you have signed, you may still be bound to the terms of the contract. Insert "N/A"(i.e., not applicable) or cross through any blanks.
11. Be honest about your intention to occupy the house. Stating that you plan to live there when, in fact, you are not (because you intend to rent the house to someone else or fix it up and resell it) violates federal law and is a crime.
12. Make sure that your mortgage payment is no more than 30% of your net income. Make sure you include all of your expenses in determining the 30%.

Last updated on December 12, 2011.

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