



## Know your rights

Homebuyers are protected by laws, including the Equal Credit Opportunity Act, the Fair Housing Act, the Fair Credit Reporting Act, the Home Ownership and Equity Protection Act, and the Real Estate Settlement Procedures Act. These laws prohibit discrimination and require that consumers receive certain disclosures about their loan and settlement services.

If you believe your lender has violated the law or is engaging in unfair or deceptive practices, contact the Pennsylvania Department of Banking, Office of Attorney General, or the Federal Trade Commission.

**Pennsylvania Department of Banking  
Consumer Services Division**  
1.800.PA.BANKS  
(800.722.2657)  
[www.banking.state.pa.us](http://www.banking.state.pa.us)

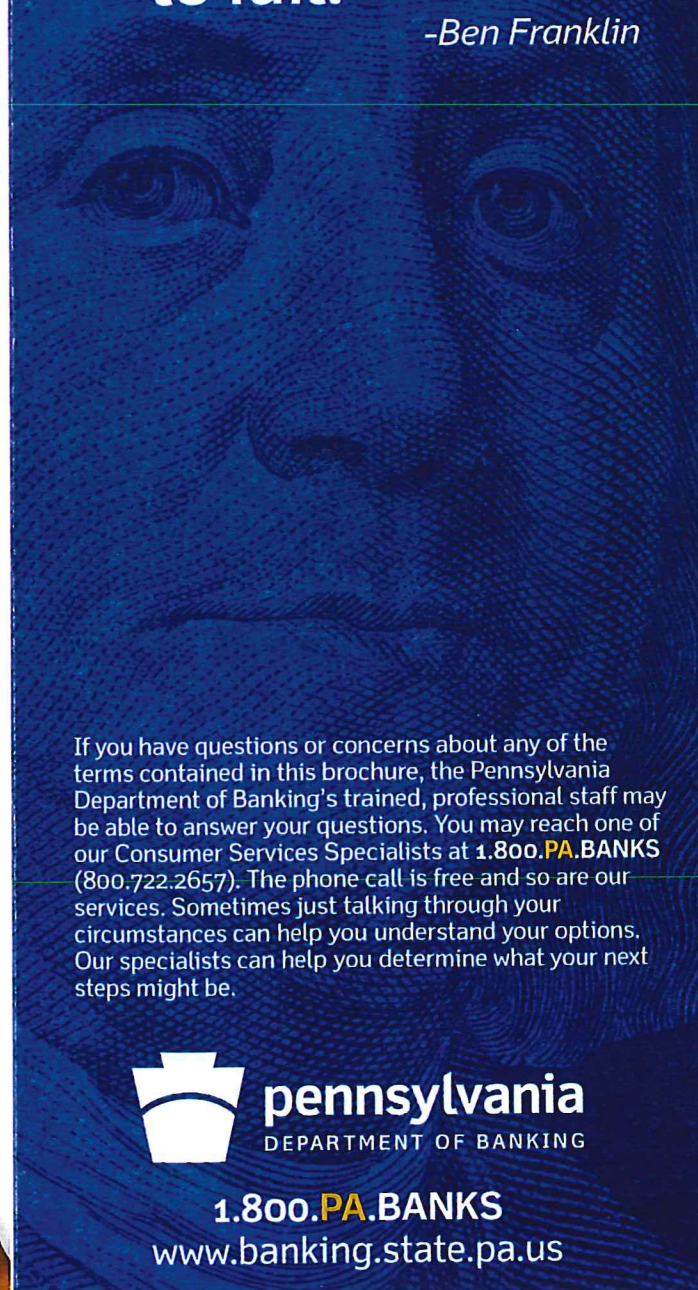
**Office of Attorney General  
Bureau of Consumer Protection**  
1.800.441.2555  
[www.attorneygeneral.gov](http://www.attorneygeneral.gov)

**Consumer Financial Protection Bureau**  
1.855.411.CFPB  
(1.855.411.2372)  
[www.consumerfinance.gov](http://www.consumerfinance.gov)



# “By failing to prepare, you are preparing to fail.”

-Ben Franklin



If you have questions or concerns about any of the terms contained in this brochure, the Pennsylvania Department of Banking's trained, professional staff may be able to answer your questions. You may reach one of our Consumer Services Specialists at 1.800.PA.BANKS (800.722.2657). The phone call is free and so are our services. Sometimes just talking through your circumstances can help you understand your options. Our specialists can help you determine what your next steps might be.



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DEPARTMENT OF BANKING

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[www.banking.state.pa.us](http://www.banking.state.pa.us)

# Buying a Home



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> protect > regulate > inform





Whether it is brand new or a fixer-upper, you will never forget your first home. First-time homebuyers face many choices - choices that will affect your personal and financial well-being for years to come.



### Check your credit

Lenders use a number of factors to evaluate you as a borrower, including your income, employment and credit history.

Before you apply for a loan, take the time to review your credit report and correct any mistakes. Credit reports are available from three different companies (Equifax, Experian and TransUnion) for free at [www.annualcreditreport.com](http://www.annualcreditreport.com) or 1-877-322-8228.

Your credit report is used to calculate your credit score – a number that measures your creditworthiness. The higher your score, the better your chances of getting a loan with a competitive rate and terms.



### Consider pre-approval

Having a loan pre-approval can help you in several ways. It will give you an idea of how much money may be available to you, which will determine which houses you can afford. A pre-approval also lets sellers and real estate agents know that your offer is valid.

Compare offers from a variety of lenders, such as banks, credit unions and mortgage companies, to make sure you are getting a competitive deal. Beware of lenders who make big promises or who will not put things in writing.

A pre-approval does not guarantee you will get the loan. It is simply an estimate of the amount of the loan if you apply. There is a chance you could be turned down or receive a different amount.



### Do your homework

Many community organizations offer classes and advice for first-time buyers. The Pennsylvania Housing Finance Agency, the U.S. Department of Housing and Urban Development and "Your Money's Best Friend" online, maintain lists of approved housing counselors.

#### Get information here on approved housing counselors in your area:

Pennsylvania Housing Finance Agency  
1.800.822.1174  
[www.phfa.org](http://www.phfa.org)

Housing & Urban Development  
1.800.569.4287  
[www.hud.gov](http://www.hud.gov)

Your Money's Best Friend  
[www.moneysbestfriend.com](http://www.moneysbestfriend.com)



### Tax and Insurance Costs

Consider not only the amount of a mortgage but also consider the tax and insurance costs. Borrowers should find out if these costs are included in mortgage loan payments.



### Save for a downpayment

Many lenders require a downpayment when buying a home. The amount can vary, but typically it is about 20% of the home's purchase price. If you cannot afford a large downpayment, a lender will likely want you to get private mortgage insurance (PMI), which protects the lender in case you default.



### Working with agents

Many homebuyers assume that seller's real estate agents are working for them. However, in most cases, the seller's real estate agent is working to get the best price for the seller and not the lowest price for you.

One way to make sure your interests are being protected is to hire your own real estate agent, known as a buyer's agent. Ideally, a buyer's agent is independent and does not work for the same company as the seller's agent.



### Inspect before you buy

You would not buy a car without a test drive, right? The same goes for buying a home. A home inspector checks the physical structure and systems of a home for problems and defects. If repairs are needed, they should be made before you purchase the home, or you could ask to have the repair costs deducted from the house price.

It is important that you – not the seller or the seller's real estate agent – hire the home inspector. You should also choose a repair contractor if needed and inspect the finished work.



### Prepare for closing

Closing, also known as settlement, is the transfer of ownership from the seller to the buyer. Ask the lender and real estate agent ahead of time for copies of the documents you will need to sign. Read them carefully to make sure you are getting the rate and terms you were promised. You should also have a professional such as an attorney, housing counselor or financial advisor read over your documents.