



West Virginia Housing  
Development Fund

# PREPARING FOR HOMEOWNERSHIP

800-933-8511

[www.wvhdf.com](http://www.wvhdf.com)



# ARE YOU READY FOR HOMEOWNERSHIP?

Homeownership requires a heavy investment of both time and money. Before taking the plunge, you need to be sure you are ready for the commitment. Start by asking yourself these basic questions:

- Do I have the ability to make a regular monthly mortgage payment?
- Am I able to maintain a home, including regular maintenance and unexpected repairs?
- What are my or my family's needs? How might those needs change in the future?
- Will homeownership make me happy?

These are questions only you can answer, and how you respond may tell you if you are indeed ready to call the West Virginia Housing Development Fund.



Visit [www.wvhdf.com/video](http://www.wvhdf.com/video) to watch our short informational video “Are You Ready for Homeownership?” This 3-minute video will guide you through some of the questions you should ask yourself as you consider whether you should buy a home.



# ASSESSING YOUR FINANCES

Now that you have decided you are ready to buy, it's time to take a deep dive into your finances, including your credit history, income, and expenses.

If you're not someone who normally tracks where your money is going, this step may sound scary. But don't be afraid! Knowledge is power, and knowing more about your finances helps both you and your lender determine how much house you ultimately can afford.

Information in this section will help you learn how to assess your finances and determine your eligibility for mortgage programs available through the West Virginia Housing Development Fund.



# HOW'S YOUR CREDIT?

**Credit reports** and **credit scores** offer lenders a snapshot of your overall credit worthiness. Generally, the higher your score, the better you look to lenders. Many free online services can give you an idea of what your credit score may be, but your lender will provide you with your precise score once you begin the home loan process.

If your score is 620 or greater, generally, you've met the Fund's minimum credit score to qualify for our programs. If not, it's time to consider credit counseling. Certified counselors can work with you to improve your credit score, but it won't happen overnight. You must try to pay back debt and limit taking on additional debt.



## HELPFUL TIPS

**You are entitled to a free copy of your credit report every year from each of the three credit bureaus. It is a good idea to review these reports often and report mistakes to the credit bureau.**



# CREDIT REPORTS & SCORES

So, what is your credit score and how is it determined? That's a great question.

The Consumer Financial Protection Bureau defines credit score as a prediction of your credit behavior, such as your ability to make consistent, on-time payments on your current loans. The three credit bureaus-- Equifax, Experian, and TransUnion-- look at factors such as the length of your credit history, history of on-time payments, the types of loans you have, and the amount of credit you have available. They then use a mathematical formula called a scoring model to create your credit score. You can see the information these bureaus are using by requesting a copy of your credit report.



Each bureau will likely report different credit scores. That's normal. Your lender will take the median score and use that to determine your program eligibility and interest rate.

Generally, higher scores can help you lock in lower interest rates on your home loan, meaning you'll pay less in interest over the life of the loan.

# INCOME VS. EXPENSES

Now that you understand your credit a little better, let's turn our attention to your income and expenses.

Income is all of the money you earn in a given month from your employer but can also include irregular income. Take a look at your paystubs or your employer-provided tax documents to get an idea of your income.



Now, your expenses. This includes both fixed, monthly payments such as rent, student loans, car payments, and other debts, as well as necessities such as food, gas for your car, clothes, and medical expenses.

Understanding how your income compares to your expenses is important. You want to avoid becoming "house poor"--spending too much of your income on your monthly mortgage. As a homeowner, you also need to have cash leftover each month in case of emergencies, plus it's always nice to have some fun money!

HELPFUL  
TIPS

Use a free budgeting app to help you track income and expenses!

# HOMEOWNERSHIP THROUGH WVHDF



Geared toward traditional first-time buyers, those buying for the first time in West Virginia, or those purchasing in targeted counties, generally offering our lowest interest rates.



Geared toward moderate-income buyers who have outgrown their current home or simply want a change of scenery.



Offered in conjunction with the Homeownership Program to reduce the amount borrowers pay out of pocket.

**Call 800-933-8511 to learn more!**