



10 Most Frequently Asked Homebuyer Questions

Homeownership is strongly associated with financial stability and freedom, but many people are anxious about engaging in what is often the biggest investment they'll make in their lifetime.

Knowing the answers to these common homebuyer questions can help you make the dream of homeownership a reality.

1. How much do I need for a down payment?

- A conventional mortgage usually requires at least a 5% down payment, and sometimes saving the necessary amount isn't realistic. But that doesn't automatically rule you out.
- The Louisiana Housing Corporation can help you achieve your goal with payment assistance programs. Counselors help determine which programs are best for you.

2. Am I eligible for down payment and closing-cost assistance?

- LHC offers access to low-interest loans and assistance with a down payment and closing costs to qualifying Louisiana residents looking to purchase their first home.
- Homebuyers must have a credit score of at least 640 and meet income requirements based on their location. Assistance is available for home purchases of up to \$435,000.

3. What type of assistance is available?

- LHC offers several programs to assist homebuyers with a down payment.
- The Market Rate GNMA Program offers 30-year, fixed-rate government-backed mortgages at favorable interest rates with assistance of 2-3%.
- There are other programs for conventional loans or for buyers with lower incomes. Contact LHC to find the program that's right for you.

4. What are the income limits for these assistance programs?

- The limits vary depending on the type of loan and assistance program but are often higher than you might expect. For example, LHC's conventional home loan programs are available for qualified buyers with an annual income of up to \$99,000.

5. Can Louisiana homebuyers get any additional help purchasing a home?

- Yes. Through the Market Rate Conventional program, Freddie Mac offers additional assistance to homebuyers based on the income limit. For example, if the homebuyer is at 50% of the AMI, then the homebuyer

qualifies for an additional \$2,500 in assistance. At 80% AMI the homebuyer gets an additional \$1,500.

- You may qualify for a tax credit worth up to \$2,000 with LHC's Mortgage Credit Certificate. This financial savings is available every year for the life of the loan.

6. What steps should I take when selecting a Realtor?

- It's important to choose a Realtor you can trust. Look for someone focused on your best interests and with a willingness to walk you through the process. Seek recommendations from friends and family. Don't hesitate to ask the Realtor questions before committing. Make sure their expertise matches your needs.

7. Should I shop around for a loan?

- Absolutely. Always compare mortgage interest rates and loan estimates. Just like with a Realtor, try to get lender recommendations from friends and family. LHC also has great resources to help.

8. What's the first step in getting a home loan?

- A good starting point is to identify your credit score, which sets the parameters for a home purchase. It's crucial to know where you stand and what steps you can take to make your credit the best it can be.

9. What steps can I take to prepare for homeownership?

- First, prepare yourself. There are a few questions that are helpful to ask:
 - Do you have a household budget?
 - Are you saving for a down payment and other expenses?
 - What does your credit look like?
 - Are you a responsible renter?
- A qualified homebuyer counselor can help you assess your situation and plan the steps to make sure you're ready.

10. How can I learn more about the homebuying process?

- The first step to homeownership is to learn the process — and a great place to start is homebuyer counseling. LHC has partners throughout Louisiana that offer workshops for first-time and repeat homebuyers.. Homebuyer counseling provides a solid basis for a smooth home-purchasing process.
- LHC also offers informative reassurance that homebuying is possible through its classroom offerings.