

Consider a homebuyer's education program.

These programs are **free** of charge and give you a more complete understanding of the mortgage options available.

These classes are excellent even if you already own a home and assist with:

- Budgeting and money management
- Possible down payment assistance programs
- Home maintenance and repair
- Understanding real estate taxes and insurance
- Avoiding foreclosure and other problems after you buy

These programs are available through:

- Columbus Housing Partnership, 614-221-8889, www.chpcolumbus.org.
- Columbus Urban League, 614-257-6300 X 300 www.cul.org
- Homes on the Hill CDC, 614-275-4663, www.hoth-cdc.org.
- Mid-Ohio Regional Planning Commission, 614-233-4181, www.morpc.org
- Consumer Credit Counseling of Central Ohio, 614-552-2222 www.cccservices.com

Avoid financing pitfalls in order to avoid foreclosure in the future.

Many factors contribute to foreclosure.

Homebuyers and owners don't ever think that they will face foreclosure but sadly many do due to creative financing that balloons their monthly payments and stretches their budgets.

What is Foreclosure? It is the legal means by which a lender can take a property due to default on the mortgage payments.

Real estate tax collectors can also foreclose on a property for nonpayment of taxes.

For more information please contact the Franklin County Treasurer's Office at: (614) 467-3438



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**HOW TO BUY
AND KEEP YOUR HOME**

**AVOID HOMEBUYER AND
REFINANCING PITFALLS**

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PITFALLS TO AVOID WHILE BUYING AND REFINANCING

- Statistics report that Ohio leads the nation in mortgage foreclosure filings with Franklin County ranking among the highest in Ohio.
- Ohio tops the nation in the growth of bankruptcies filed.

In today's competitive housing market, builders and lenders are often enticing potential home buyers and homeowners with low monthly payments through creative financing.

Creative financing stretches family budgets to the breaking point and may lead homeowners down the path to foreclosure, causing them to buy more house than they can truly afford.

Things to consider when refinancing a house:

- ☀ Check with your mortgage company to make sure that your property taxes will be included in your mortgage payment. Current practice is that mortgage companies are not required to (and often don't) include property taxes when refinancing.
- ☀ Avoid being lured into creative financing by low mortgage payments which will quickly balloon into larger payments in the future.

Things to consider when buying a house:

- ☀ Get a pre-qualification letter to help determine how much house you really can afford.
- ☀ Consider attending a home buyer's education class to further educate you on your home purchase.
- ☀ In addition to being able to afford the monthly mortgage payment, one must be able to afford the property taxes, insurance, utilities and maintenance costs.
- ☀ Buyers should be especially careful to understand and budget for real estate taxes as taxes will jump considerably once a brand new home is fully constructed.
- ☀ Don't be convinced by builders and realtors to buy more home than you are sure you will be able to afford.



Types of Risky Creative Financing

- ✗ **Adjustable Rate Mortgage**
The homeowner may find that the mortgage payment quickly becomes unaffordable when interest rates begin to rise.
- ✗ **Interest-only Loans**
The homeowner can pay for years and never get any closer to "owning" the home.
- ✗ **3-1 or 2-1 Buydown**
The developer of a new home includes the first few years of mortgage interest into the purchase price of the home which inflates the purchase price and commissions. It also holds down the monthly payments at artificially low levels until they "balloon" beyond what the owner can afford.
- ✗ **The 2/28, 3/27, or 5/25 product**
features interest-only terms for two, three or five years, followed by 28, 27, or 25 years of full payments (principal and interest). When the increase kicks in, family budgets may be stretched to the breaking point.