

Common misconceptions

- Need 20% down
- Pay all other debts first
- First-time home buyer loan always best
- Lowest interest rate always best
- Non-U.S. citizen can't buy house
- Frequent job changes ... can't buy house

TELL AUDIENCE:

- The economic downturn in recent years has tightened credit restrictions for many consumers, but don't let common myths and misconceptions prevent you from applying for a mortgage if your finances are on track.
- A down payment of 20% of the purchase price means you won't have to pay private mortgage insurance, but many people can't save that much. There are loans for people with lower savings. **NOTE:** We'll talk about how to avoid predatory lenders a little later in the program.
- Paring down debt may help you get a lower interest rate, but you don't have to pay off **all** debt to get approved for a home loan.
- If you don't plan to stay in your home for the entire loan period, have your lender run the numbers for adjustable rate loans, but be sure to discuss the impact of market conditions on adjustable rate loans. **NOTE:** It may be better—and safer—to stick with a fixed rate given the recent mortgage crisis.
- You may be able to buy a house with less-than-perfect credit. Get and read your credit report and correct any errors. Insert a 100-word statement explaining the circumstances if you've experienced medical debt, unemployment, and so on. Take steps to improve your credit over time.
- There are many different mortgage products on the market. Ask your credit union representative for information.
- If you're a legal resident, you can purchase a house in the U.S.

- Changing jobs is less important than showing you've had a stable income.