

Help for first-time homeowners

By ANNA CHANG-YEN | Green Shoot Media

Buying your first home can be both exciting and intimidating.

Homeownership offers many people a kind of personal freedom they've never had before, but it also comes with major financial responsibilities. Government programs make it easier to take the plunge of homeownership.

WHO IS A FIRST-TIME BUYER?

The definition of first-time buyer varies by program. It is important to note that the term can be used very broadly and does not only apply to buyers who have never owned a home before. For the purposes of some tax and government programs, a first-time buyer is anyone who hasn't owned a home in the last three years. Read carefully the guidelines for any program before applying for assistance.

EDUCATION

The federal government helps first-time homeowners by providing money to state-run programs. Buyers who receive assistance through these programs must attend a housing counseling class approved by the U. S. Department of Housing and Urban Development.

Housing counseling is a great way to understand the financial commitment you make when you sign your name to the mortgage papers — before you sign on the line. To find a housing counselor near you, visit <http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm>.

DOWN PAYMENT ASSISTANCE

Because a massive down payment



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Government-funded programs help families become home buyers for the first time with benefits such as down payment assistance and education about homeownership.

can be an obstacle to homeownership, many programs for first-time buyers focus on helping them with the down payment.

Most financial assistance programs for first-time buyers are run through individual states. To find a list of state-run down payment assistance programs and other financial assistance for first-time buyers, visit http://portal.hud.gov/hudportal/HUD?src=/topics/rental_assistance/local.

For example, in Illinois, the HOME Investment Partnerships Program provides up to \$10,000 in down payment

assistance and \$2,000 in closing cost assistance to low-income first-time buyers in the form of a deferred, forgivable, interest-free loan.

At the federal level, Fannie Mae's HomePath Ready Buyer program, announced in April 2015, provides a closing credit of 3% to first-time buyers of a HomePath home.

LOAN PROGRAMS

The FHA loan program may be ideal for first-time buyers with little cash to close the deal. FHA allows down pay-

REAL ESTATE 101

Q&A

The U.S. Department of Housing and Urban Development answers frequently asked questions from first-time homebuyers on its website. Visit http://portal.hud.gov/hudportal/HUD?src=/topics/common_questions to read answers to question such as, "Should I use a real estate broker?" and "When I find the home I want, how much should I offer?"

ments as low as 3.5 percent of the purchase price, which has helped many people become homeowners for the first time.

TAX BENEFITS

First-time homebuyers will find that tax deductions can help make their new home more affordable. Mortgage interest, private mortgage insurance and property taxes may all be deductible, lessening a homeowner's financial tax burden. In general, home ownership expenses that are not deductible include homeowner's insurance premiums, homeowner's association dues, closing costs and maintenance and repair costs. Consult a tax advisor for more information about how homeownership can change your tax situation for the better.



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HOMESWISE GLOSSARY

Community Development Block Grant Program (CDBG): Created under the Housing and Community Development Act of 1974, this program provides grant funds to local and state governments to develop viable urban communities by providing decent housing with a suitable living environment and expanding economic opportunities to assist low- and moderate-income residents.

Housing Opportunities For Persons With AIDS (HOPWA): program that provides housing assistance and supportive services to low-income people with HIV/AIDS and their families.

SOURCE: U.S. Department of Housing and Urban Development

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