

# NEXT STEP HOMEBUYER GUIDE

The Modern Way to Own



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## **PICTURE IT.** MODERN AFFORDABLE HOUSING YOU CAN TRUST.

Welcome to modern living. An affordable home with modern appliances, outdoor space and safety features. With Next Step, you can own your forever home and invest in your family's future.



With Next Step factory-built homes, comfort is always top-priority.



# BENEFITS OF HOMEOWNERSHIP

Owning a home is part of the American blueprint for savings, stability and prosperity. Here are some advantages of this long-term investment:

**1**

## STABLE HOUSING COSTS

The market may go up and down, but your monthly mortgage payments will stay the same. When you own, you will never have to worry about rising rent payments again.

**2**

## EQUITY

Good things take time. While you settle in a new home with consistent mortgage payments, you will build equity and save more money over time.

**3**

## TAX BENEFITS

Did you know that you can deduct paid mortgage interest and property taxes from your income taxes? (Some limitations apply).



4

## STABILITY

When you own a brand-new, factory-built home, you come home to privacy and enough room where the whole family can breathe more easily. You will also have peace of mind knowing that you're investing in your family's future.

5

## SENSE OF COMMUNITY

Our factory-built homes are placed in safe, secure areas. You will have access to amenities, and in turn more opportunities to achieve a strong sense of belonging for you, your family and neighbors.

*Are you ready  
to buy your  
forever home?*



# BENEFITS OF A NEW, FACTORY-BUILT HOME

Older homes require heavy maintenance and renovation to increase their efficiency and value. That of course comes with a price. Here's why you should cut out that stress and buy a new, factory-built home:

## ENERGY-EFFICIENCY AND LOWER UTILITY COSTS

Factory-built homes can **save you up to 30 percent** on your monthly utility bills. Our homes are ENERGY STAR<sup>®</sup>-certified.

## AFFORDABILITY

The cost of building a factory-built home is significantly less than a site-built home. In 2020, customers saved more than 40% in building costs per square foot. You can, too. Plus! You'll **save time AND money — no weather delays!**







## SAFETY AND DURABILITY

Next Step homes must meet tough federal quality and durability standards, and each home is inspected to make sure it protects you from storms, snow and other hazards. You can rest easily knowing you will be in a quality home.

## MOVE-IN READY

Not only do Next Step homes take less time to build than site-built homes, but they also come with bells and whistles. With curb appeal, storage space and amenities in a safe neighborhood, this home is no fixer-upper. You can move right into it — and be the proud first owner of **a brand-new home.**

## YOU CAN MAKE IT YOUR OWN

You have options! You can select the size and layout of the home that fit your needs.

# THE HOMEBUYING JOURNEY

## THE FOUR STAGES OF BUYING A HOME



### **Preparation**

Am I ready for homeownership?



### **Price and Selection**

What can I afford?



### **Purchase**

What happens during the purchase process?



### **Protection of your investment**

How do I protect or increase my home's value?



# PREPARATION

Buying a home is one of the most significant, exciting purchases of your life. Next Step will help you prepare for success.



## TIMING

Owning your home is more cost-effective than renting, but selling a house can put you into more financial hardship if you decide you're not ready to own. There are three main factors that can help you decide if you're ready: financial situation, stable income and family size.



## BUDGET

It's time to look at your cash flow. Use our budget worksheet on page (18) and keep track of your saving and spending patterns. Make sure you have enough savings for a down payment and enough income for monthly mortgage, tax and insurance payments. You never want to miss a month!



## CREDIT

Your credit is one of the first items a lender will check before providing a mortgage. Access your credit report regularly at [annualcreditreport.com](http://annualcreditreport.com) from each credit bureau to check for errors and avoid surprises.



## EDUCATION

Complete a homebuyer education course offered by an independent housing counseling agency approved by the US Department of Housing and Development. You will learn how to save money and qualify for down payment assistance.



## PRICE AND SELECTION

Next Step empowers you to gain control of your financial situation, so you can learn the costs and benefits of homeownership. **YOU** decide what you can afford to pay for a home and what the bank will lend you.

### STEP 1

Determine **how much you want to spend** each month on your home. The housing industry says that your monthly payment should not exceed 30% of your monthly household income.

### STEP 2

See **how much money a bank will lend** you. Sometimes the bank will approve more or less than you are expecting to spend on housing.

### STEP 3

**Shop** for trusted lenders and work with a HUD housing counselor to crunch the numbers — your income, debt, savings, credit and work history. When comparing loan products, be sure to pay attention to both the interest rate and the Annual Percentage Rate (APR), which considers any loan fees.

## STEP 4

See **how much you have saved** for a down payment. This will impact what type of loan you may qualify for. There are many options for borrowers to pay as little as 3.5% down, but your interest rate may be higher.

## STEP 5

See if you qualify for **down payment and closing cost assistance** from the bank or from the government. Go to the [Next Step Us website](#) to **search** for grants and loans in your area.

## STEP 6

Gather paperwork for a **loan application**. (See checklist on the right).

## STEP 7

**Get pre-qualified or pre-approved** for a loan. Pre-approval is more reliable than pre-qualification. It's important to note that a pre-qualification or pre-approval is NOT the same as applying for a loan.

## STEP 8

If you are denied a loan, **find out why** from your lender or your HUD Housing Counselor. You will get your answers, so you can adjust and try again.

## Must-haves for future home

### NEW HOME CHECKLIST

- Range in sizes 1,200-2,800 sq ft.
- 2-5 bedrooms
- Lots of space / open concept
- Spacious kitchen with ample counter space and storage
- Outdoor areas
- Office
- Safe area and good schools
- Central heat and air
- Entertaining space
- Privacy and space from neighbors

### LOAN DOCUMENT CHECKLIST

#### Homebuyer Supporting Documents Checklist

- Last 30 days of paystubs for all household income
- Proof of other income (child support, social security income, alimony)
- Last two years of W2's
- Profit/loss statement if self-employed
- Last two months of bank statements
- Divorce decrees and property settlements
- Documentation of inheritance or gifts

*Remember that these documents are time-sensitive.*

# PURCHASE

## BEFORE YOU BUY

What are your must-haves for your new home?

### Location, Location, Location

Consider how easily you can access your everyday needs,\* including:



Work



School



Health  
providers



Shopping



Recreation

Factory-built homes can make your everyday necessities more **affordable**.

### Affordable Necessities

We always say, “We pay x amount a month,” but sometimes we forget about additional costs. Factory-built homes help you save on utilities, taxes, insurance, maintenance and repairs.

You can also live green with our Energy Star® approved appliances. Live in comfort while minimizing your carbon footprint.

## AFTER YOU BUY: CLOSING

Remember these top 4 must-dos.

1

Ask for a final walkthrough and use a checklist.

2

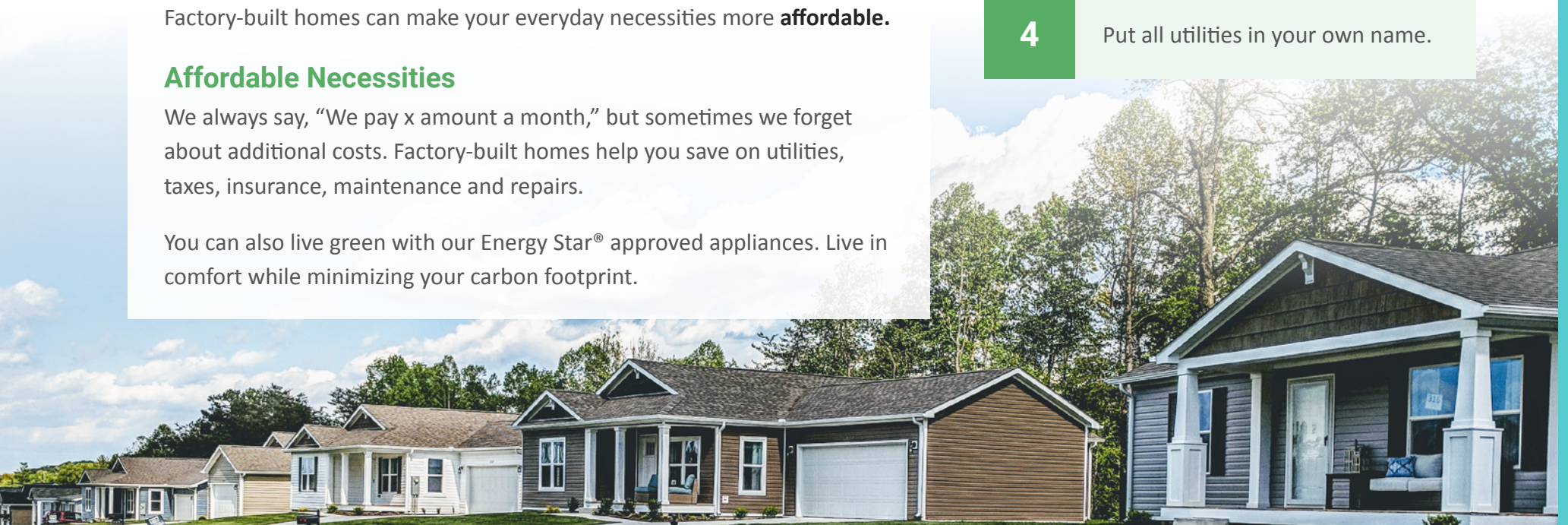
Check that all appliances and systems are in working order.

3

Complete any manufacturer’s warranty documents.

4

Put all utilities in your own name.



\*Don't be tempted to buy a home outside of your budget.

# PROTECT YOUR INVESTMENT

Protecting your investment means staying organized, taking care of your home and preparing for an emergency. Here are some must-dos for those “just in case” days.

## KEEP A FILING CABINET

You never know when you’ll need to pull out important household documents. Keep them all safe in ONE place.

- Deed
- Mortgage papers
- Insurance policy
- Home manual
- Appliance manuals
- Any warranties

## DON'T STOP BUDGETING

Always have an emergency fund. The rule of thumb is to have 3 months of mortgage payments saved at all times.

Always plan for remodeling and repairs, as well. **Prevention. Prevention. Prevention.**

## STAY IN TOUCH WITH YOUR ADVISORS

You may be entitled to a deduction of mortgage interest and property tax. Meet with your financial advisor to see what benefits you may qualify for. Also, stay in touch with your lender and your HUD housing counselor if unexpected financial problems occur.



# YOUR DREAM TEAM FOR A DREAM HOME

It takes a village to purchase the perfect home. The best part is — YOU choose your home-buying family! Here are the key players to help you navigate the process.



## HUD CERTIFIED HOUSING COUNSELOR

Your trusted advisor who guides you through all aspects of the buying process, from preparing a spending plan and addressing credit concerns to finding down payment resources and lender options. The ultimate checklist creator. And at little or no cost to you.



## REAL ESTATE AGENT

Your boots-on-the-ground helper who molds your dream living situation into a reality. Your real estate agent will give you all information on the neighborhood, schools, amenities and nearby properties for sale. The agent also helps with negotiations.



## LENDER

A bank, mortgage company or credit union that issues loans to purchase a home. All fees **MUST** be disclosed to you before you finalize the loan.



## HOME INSPECTOR

An external party who reviews the integrity of your home and ensures that it meets all federal housing codes, including structure, electric, heat, cooling systems and plumbing systems. You will pay a flat fee.



## APPRAISER

A certified professional who evaluates your property's market value. Cost for this service may be included in your loan.



## INSURANCE AGENT

Your resource if there is significant damage (more than everyday wear and tear) to your home. You choose the best policy for you and pay monthly as part of your payment to the lender.



# ABOUT NEXT STEP

At Next Step, we're working to reimagine the future of housing in America. Since 2011, our team has helped families across the country achieve their dream of homeownership.

## We want to help you, too.

By prioritizing the needs of homebuyers **just like you**, we're helping more individuals and families successfully prepare for homeownership with education and advocacy. As a mission-driven, nonprofit organization, our goal is to give **everyone** an equal opportunity to own a home and build wealth for their families. The innovations and technology of building a home in a factory help us do this.

Factory-built homes present a modern and attractive housing option for all different kinds of communities. We work with our builder partners to ensure that your home is energy efficient, safe, and of the highest possible quality. We are also reducing the environmental impact of the housing industry by advocating the use of more sustainable, more energy-efficient building and construction methods.

You are a critical part of our solution to bring high-performance, energy-efficient homes to the market that meet the needs of our families, our communities, and our planet.

## Let us help you see yourself in your new home.

For more information, contact us at [info@nextstepus.org](mailto:info@nextstepus.org).










# BUDGET WORKSHEET<sup>1</sup>

Use this budget tool to see how much you make and spend each month.

Month of \_\_\_\_\_










## 1. List your income

Type of Income      Amount gained

 Job	
 Government program	
 Disability benefits	
 Financial support	
 Other income*	
 Other income*	
 Other income*	
<b>Total income this month</b>	

## 2. List your expenses

Type of Spending      Amount spent

 Housing (rent or mortgage)	
 Utilities (gas, water, electricity, sewage)	
 Groceries + other supplies	
 Health expenses	
 Transportation	
 Education + childcare	
 Cell phone	
 Internet + cable	
 Service animals + Pets	
 Debt payments	
 Other expenses*	
<b>Total spent this month</b>	

## 3. Build your budget

Subtract your total spending from total income to build your budget

	Total income this month
—	Total spent this month
<hr/>	

If your income is more than your expenses, you have money left to save or spend.

If your expenses are more than your income, look at your budget to find expenses to cut.

\*Other income and other expenses. If your expenses are more than your income, work with your housing counselor to see where you can increase your income or reduce expenses.

<sup>1</sup> From [https://files.consumerfinance.gov/f/documents/cfpb\\_well-being\\_monthly-budget.pdf](https://files.consumerfinance.gov/f/documents/cfpb_well-being_monthly-budget.pdf)





*Disclaimer: This material is provided for educational and information purposes only. It is not a replacement for the guidance or advice of an accountant, certified financial advisor, or otherwise qualified professional.*

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