



**ROOTED**HOMES  
BUILDING SUSTAINABLE COMMUNITIES

# Your Guide To Becoming A Central Oregon Homeowner

FINANCIAL FOUNDATIONS



# WELCOME

This workbook's purpose is to help you become mortgage-ready. Throughout the workbook, you'll explore the factors banks consider to determine financial readiness.

Additionally, you'll learn how to connect your emotions with personal finances to be even more prepared for this next exciting step in your financial journey.

## The RootedHomes Homeownership Program Team

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### Tess Spellacy

#### HOMEOWNERSHIP PROGRAM MANAGER

Tess helps homebuyers understand the community land trust model and provides support throughout the homebuying process.



### Catalina Frank

#### HOMEOWNERSHIP PROGRAM COUNSELOUR

Catalina is specifically focused on assisting Spanish-speaking homebuyers navigate the homebuyer process.







# OUR MISSION AND VISION

RootedHomes provides environmentally sustainable and permanently affordable homeownership opportunities for those who contribute to the fabric of the Central Oregon economy and community.

RootedHomes envisions sustainable, equitable communities where everyone can afford to live where they work and play.



## DISCLAIMER

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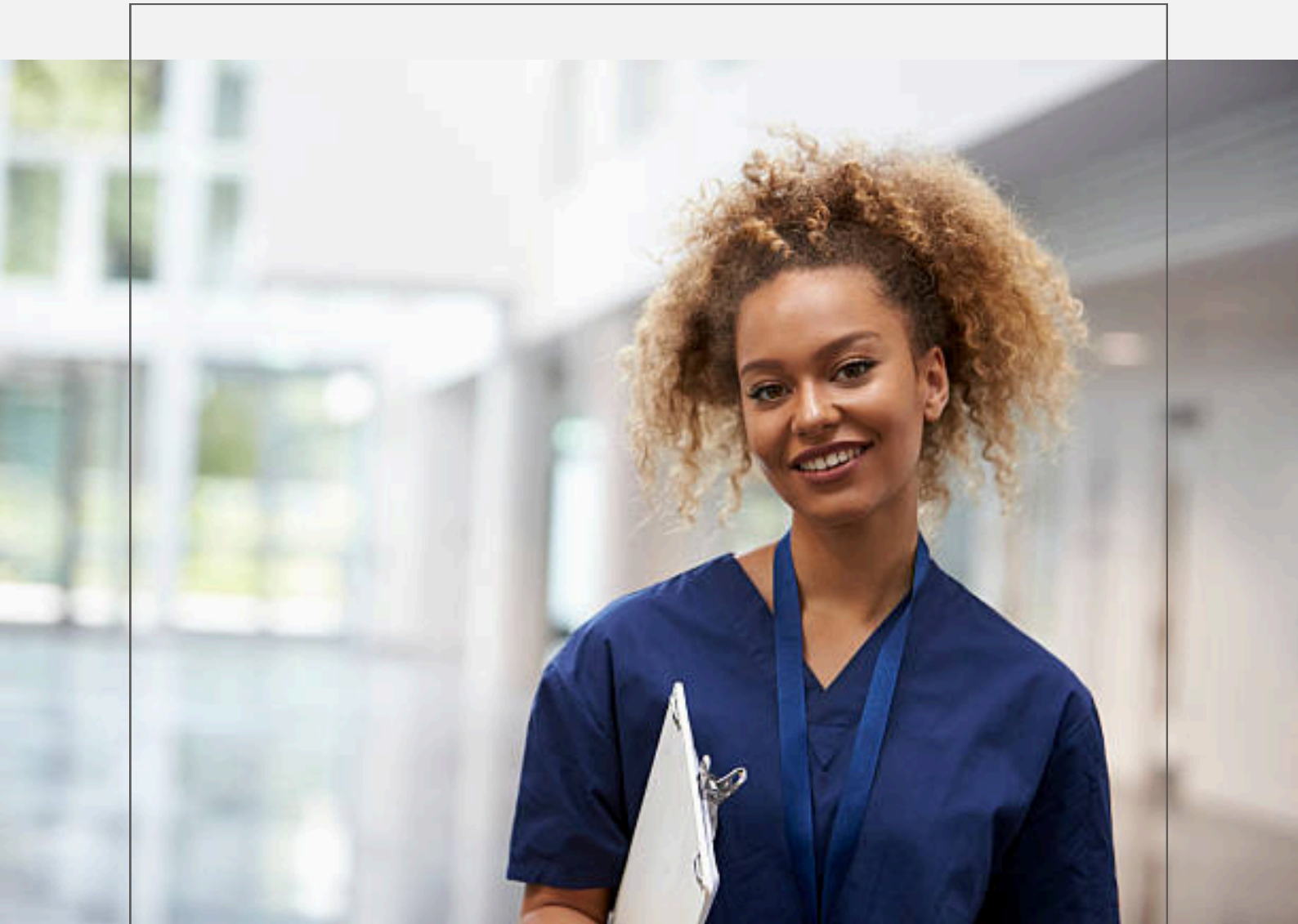
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## SECTION ONE

# **BUILDING WEALTH THROUGH HOMEOWNERSHIP**





IN THIS SECTION

# You will learn:

1

Key terms and people to know.

2

How homeownership helps you build wealth.

3

A brief overview of historic barriers to wealth and economic mobility.



# KEY TERMS

Before we dive into the homebuying process, below are key terms you'll need to know to get the most out of this workbook:

## MORTGAGE

### WHAT IS A MORTGAGE?

A mortgage is a loan used to buy or maintain a house, land, or other real estate. The property serves as collateral for the loan, and the borrower pays the lender interest.

## MORTGAGE READINESS

### WHAT IS MORTGAGE READINESS?

Mortgage readiness refers to how financially and emotionally prepared an individual is to take on a mortgage to purchase a home.

## FINANCIAL WELLNESS

### WHY DO EMOTIONS MATTER?

Studies have shown that we make 90% of financial decisions based on emotion and only 10% on logic. By recognizing the influence of emotions on individuals can make more balanced choices.



## HOW DO YOU BUILD WEALTH?

Homeownership has traditionally been considered one of the best paths to building intergenerational wealth in the United States.

### HOMEOWNERSHIP AND WEALTH

A home provides safety, a valuable source of income, and value that can be passed on to future generations.

According to the National Association of Realtors, a typical homeowner's net worth is 40 times higher than a renter's.

Homeowners build wealth through two pathways. The first is homeowners accrue equity because the value of their home increases over time. This is money that the homeowner can access if they want to start a small business or pay for higher education, all while still having a place to call home.

The second way homeowners build wealth is by paying down the principal on their loan through a bank. The more principal you pay, the more of the home you own. As long as the market continues to grow then you will earn more money back when you decide to sell your home. Paying a mortgage is similar to putting money into a savings account that you can access later in life or pass down to your heirs.



## WHAT IS ECONOMIC MOBILITY?

Economic mobility is when individuals and families can elevate their socioeconomic standing over time.

## HOMEOWNERSHIP AND WEALTH

Building intergenerational wealth through homeownership creates a path for economic mobility. An improved economic status allows for enhanced well-being, better educational opportunities, improved health outcomes, and a higher quality of life.

A variety of factors can undermine economic mobility. These factors include racial segregation, income disparities, educational inequities, and family dynamics. When an individual and/or family is impacted by one or more factors, their financial and emotional well-being is harmed. It can lead to financial distress as well as feelings of despair, hopelessness, powerlessness, and debilitating anger.

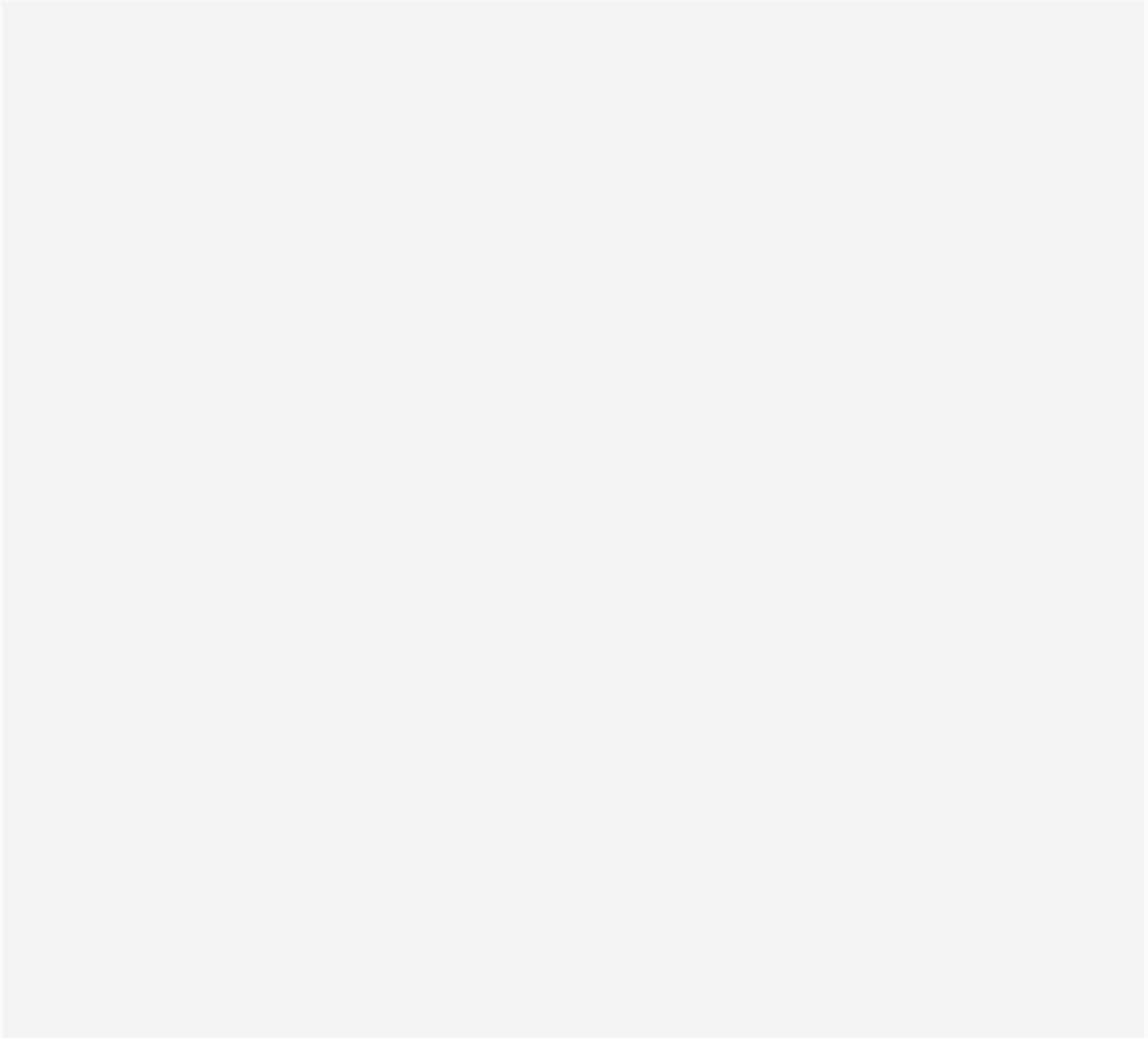
Studies have shown that economic mobility has decreased in the United States over the last 50 years. Some research indicates that only 50% of children born after 1980 will reach the same income level by age 30 as the level their parents reached by the same age.



# FREE-WRITE

Understanding your personal motivations and emotional reasons for buying a home will help you become mortgage-ready.

Take a few minutes to jot down why you personally want to become a Central Oregon homeowner.





## Historic barriers to homeownership

Unfortunately, historical barriers and policies have entrenched housing segregation and perpetuated racial bias in lending and appraisal practices.

### A LEGACY OF INEQUITY

The impacts of these policies are still present today. Consequently, white households own homes at nearly double the rate of households of color, exacerbating the racial wealth gap.

Housing segregation, racial bias, appraisal discrimination, affordability challenges, limited access to financing, and wealth disparities have obstructed equal access to homeownership for diverse demographic groups. Addressing these barriers is vital for fostering greater equity in homeownership and building an inclusive economy.

RootedHomes addresses these barriers by prioritizing families historically excluded from homeownership due to the systems listed above. RootedHomes prioritizes first-generation homebuyers and, when available, gives extra down payment assistance to families who are first-generation homebuyers to reduce monthly mortgage payments and pay less interest over the life of the loan.



# THE ROOTEDHOMES LEGACY

RootedHomes provides opportunities for low to moderate-income households to improve their socioeconomic status and build generational wealth through homeownership.

Our team has seen first-hand how homeownership inspires economic mobility by allowing people to go back to school, afford electric transportation options, increase their time spent with family, connect with their community, and overall lead a healthier lifestyle.







## SECTION TWO

# THE HOMEBUYING PROCESS





IN THIS SECTION

## You will learn:

1

All of the steps in the homebuying process.

2

The people you'll meet during the homebuying process.

3

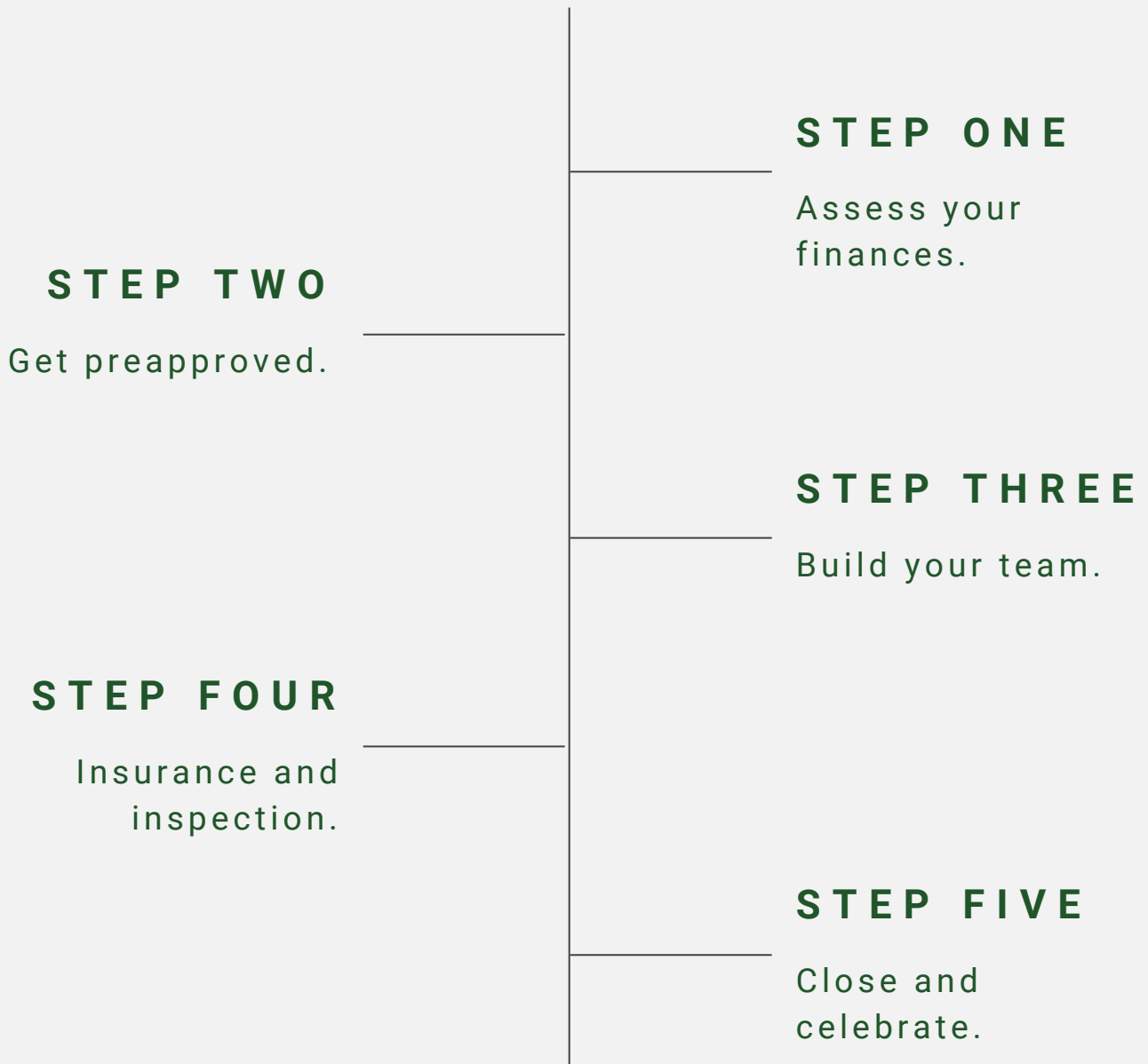
A checklist of financial items you need to prepare to become a homeowner.



## TIMELINE

# STEP BY STEP

## The Homebuying Process







## STEP ONE: ASSESS YOUR FINANCES

Assess your financial and emotional readiness to buy a home. This Financial Foundations workbook is designed to help you become mortgage-ready.

If you need additional support, RootedHomes is more than happy to offer you one-on-one sessions!





## STEP TWO: PRE-APPROVAL

To get pre-approved for a mortgage, you will need to apply with a lender to determine how much home you can afford.

If you're interested in an affordable homeownership program like RootedHomes, attend an information session to learn more about the program.

For the RootedHomes application, you will need your preapproval letter and estimates of your income, assets, and debts.

RootedHomes is building one community yearly so homebuyers can choose where to live.





## STEP THREE: BUILD YOUR TEAM

If you're buying a house on the market, work to find the right real estate agent. Your agent will help you navigate the process and find a suitable home.

In the RootedHomes process, you will work with a realtor mentor to review the Purchase and Sales Agreement before purchasing a RootedHomes house.

You will also need to hire a professional inspector to assess the property's condition and an appraiser to determine the property's value.



# PEOPLE TO KNOW

Several people are involved in the home-buying process. Below is a description of four individuals to know and how they will help you navigate the complexities of purchasing a home.

## **MORTGAGE LENDER:**

Provides financing for the purchase of a home. They are experts in mortgage products, underwriting guidelines, and financial analysis.

## **ESCROW OFFICER:**

Manages funds between all parties, ensures title to the property is clean and prepares mortgage documents to close.

## **HOME INSPECTOR:**

Assesses the condition of the property to identify any issues. They are experts in building codes, construction techniques, and home systems.

## **APPRAISER:**

Determines the market value of the property by evaluating its condition, location, and comparable sales in the area.





## STEP FOUR: INSURANCE AND INSPECTION

The next step is to purchase home insurance to cover your new home.

You will also need to do a final walkthrough and inspect the property before closing to ensure everything is agreed upon.





## **STEP FIVE: CLOSE AND CELEBRATE**

The final step is to close on your new home.

You'll sign the final paperwork, transfer funds, and receive the keys to your new home.



# CHECKLIST

Use this checklist to become financially prepared for the homebuying process.

## 1/ CHECK FINANCES

Review your credit report, reduce debt, build your savings, and create a budget. You'll learn more about this step in the next section.



## 2/ GET PREAPPROVED

Gather documents such as payroll stubs, tax returns, and employment history for the pre-approval process.



## 3/ CALCULATE COSTS

Estimate the closing costs and other out of pocket costs associated with buying a home.



## 4/ PLAN FUTURE COSTS

Anticipate additional costs such as move-in and maintenance expenses.

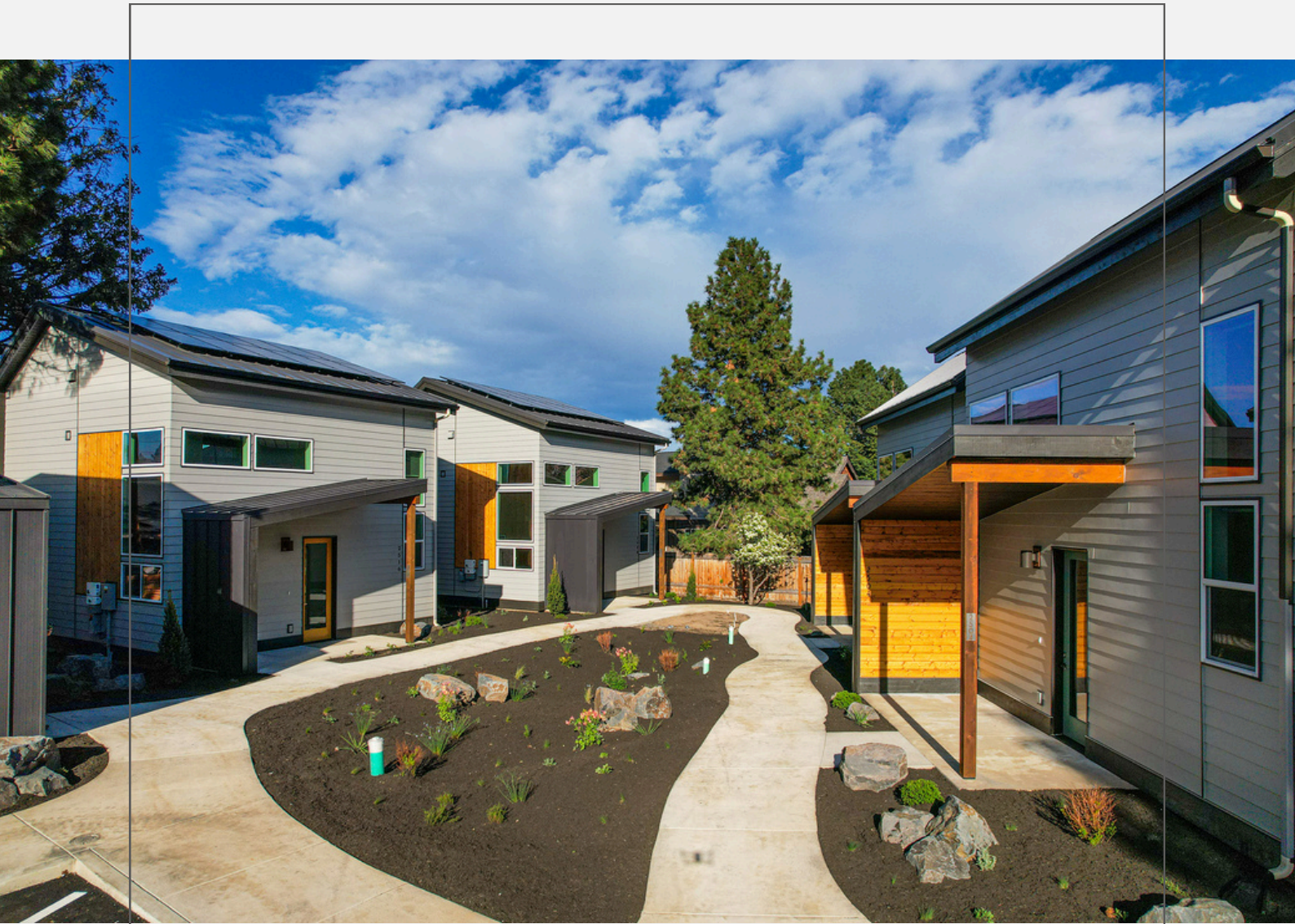


## 5/ ROOTEDHOMES

Sign up for group or 1:1 sessions to gain a better understanding of the home-buying process.







SECTION THREE

# YOUR ACTION PLAN





IN THIS SECTION

## You will learn:

1

How to assess your current finances.

2

How to create a financial plan to become mortgage ready.

3

A checklist of action items to reach your financial goal.





## MONEY CLARITY EXERCISE

The Money Clarity exercise helps you assess your current finances and create a plan to achieve homeownership. The Money Clarity exercise begins on page 53.

At the end of the exercise, you will know your savings total, your monthly expenses total, your spending habits, and whether you need to improve your debt-to-income ratio.

Use the following pages to create specific goals for your budget, credit score, debt, and savings. Refer to the Resources section for tools to help you achieve your goals. If you have questions, don't hesitate to reach out to the RootedHomes team for support.



# BUDGETING

We recommend using the **50/20/30** rule: **50%** of your income goes to fixed expenses (like rent, food and other non-negotiables), **20%** to savings/investing, and **30%** to living life. You can always adjust these percentages based on your needs in life.



What do you want to accomplish with your budget in 30 days?



What do you want to accomplish with your budget in 60 days?



What do you want to accomplish with your budget in 90 days?



Do you anticipate any challenges? If so, what can you do to prepare for them?



# CREDIT SCORE

Generally, lenders will want to see a credit score of 620 or higher. Work with the RootedHomes team for tips on how to boost or maintain your credit score.



What do you want to accomplish with your credit score in 30 days?



What do you want to accomplish with your credit score in 60 days?



What do you want to accomplish with your credit score in 90 days?



Do you anticipate any challenges? If so, what can you do to prepare for them?



# DEBT

Your debt-to-income ratio (DTI) is all your monthly debt payments divided by your gross monthly income. Lenders don't want households to be spending more than 45% of their household income on debt. Since a mortgage is a type of debt, the debt you have before you buy a house impacts this ratio.



What do you want to accomplish with your debt in 30 days?



What do you want to accomplish with your Debt in 60 days?



What do you want to accomplish with your Debt in 90 days?



Do you anticipate any challenges? If so, what can you do to prepare for them?



# SAVINGS

A healthy savings account is a powerful tool in financial stability. If unexpected expenses arise an emergency savings account can help you prepare for these unexpected expenses. Additionally, you need savings to be able to purchase a home.



What do you want to accomplish with your savings in 30 days?



What do you want to accomplish with your savings in 60 days?



What do you want to accomplish with your savings in 90 days?



Do you anticipate any challenges? If so, what can you do to prepare for them?



# ACTION STEPS

Use this page to create your 30-60-90 day action steps.



**BUDGETING:** Reflect on your current monthly spending. Are there adjustments that need to be made? If you feel strong in this area, how would your budget change as a homeowner?



**CREDIT:** Review your current credit score. Ideally, it's above 620. Do you need to boost your score? If you feel strong in this area, can you share a tip that may help someone else?



**DEBT:** Calculate your current debt to income (DTI) ratio. Ideally it's less than 10%. Do you need to reduce your debt? If you feel strong in this area, how would your DTI change as a homeowner?



**SAVINGS:** Review your current savings. How much savings do you need to become a homeowner? Do you need to boost your savings? If you feel strong in this area, how would your savings change as a homeowner?





## SECTION FIVE

# FINANCIAL CONFIDENCE





IN THIS SECTION

# You will learn:

1

What is financial wellness, and why it matters?

2

Ways to advocate for yourself during the homebuying process.

3

Tools to boost your financial confidence and reduce stress.





WHAT IS

# FINANCIAL WELLNESS?

Financial wellness practices are habits you can use to boost and maintain your financial health and confidence.

These practices will help you advocate for your needs during the homebuying process.



# FINANCIAL WELLNESS

Below are examples financial wellness practices:

## BUDGETING

Creating and sticking to a budget is fundamental to financial wellness. It involves tracking income and expenses, identifying areas for saving, and allocating funds towards various financial goals.

## EDUCATION

Learning about personal finance topics, such as budgeting, saving, investing, and retirement planning, is important for improving financial literacy and making informed financial decisions.

## SETTING GOALS

Setting clear financial goals, both short-term and long-term, provides direction and motivation for achieving financial wellness. Schedule a one-on-one session with the RootedHomes team to help you set and reach your homeownership goal!



# FINANCIAL WELLNESS

Below are examples financial wellness practices:

## INVESTING

Investing wisely can help you grow wealth and achieve long-term financial goals, such as retirement. Seek out educational resources to learn more about the best investment options for your situation.

## MONEY DATE

A money date is a simple five-step practice in which you review your finances, assess your goals, and reflect on how you feel about your finances. The U.S. Consumer Financial Protection Bureau's research backs the importance of developing a consistent practice of reviewing your finances.

## SETTING GOALS

Incorporating these financial wellness practices into your life can improve your financial health, reduce financial stress, and achieve your financial goals and aspirations.





## WHAT IS EMOTIONAL PREPAREDNESS

Mortgage readiness encompasses both the financial and emotional aspects of homebuying process.

Studies have shown that we make financial decisions based 90% on emotion and only 10% on logic.

Recognizing the emotional impact is particularly vital during the homebuying process, a journey known to evoke a spectrum of feelings, from the joy of viewing the RootedHomes' floorplans to the frustration of navigating complex paperwork. Embracing this emotional journey and staying attuned to your feelings can be pivotal in making informed decisions.



# SELF-ADVOCATE

By following these steps, you can confidently advocate for yourself during the homebuying process, ensure that your interests are represented, and make well-informed decisions that align with your financial goals.

## MONEY CLARITY

Review your income, expenses, credit score, and overall financial health. Being aware of your financial standing empowers you to make informed decisions and advocate for yourself confidently during negotiations with lenders, sellers, and other parties involved in the homebuying process.

## ASK FOR HELP

Seeking guidance from a financial advisor or RootedHomes can provide valuable insights into your financial situation, mortgage options, and overall readiness to buy a home. These individuals can help you understand complex financial matters, improve your finances, and advocate for favorable terms during the homebuying process.

## EDUCATION

Knowledge is key to effectively advocating for yourself and making informed decisions throughout the homebuying journey. Take the time to educate yourself about the homebuying process, mortgage options, interest rates, closing costs, and other relevant aspects.



# FINANCIAL CONFIDENCE

---

Financial confidence can be defined as the belief in your ability to make healthy money decisions.

Healthy money decisions include understanding how to use money to achieve your personal goals, accurately assessing your current financial situation, and knowing how to bridge any gaps between them.

This confidence is derived from being well-informed about financial matters, clearly understanding your financial situation and goals, and being prepared to navigate financial challenges easily.

## FOUR WAYS TO BUILD FINANCIAL CONFIDENCE:

- 1/ Gain clarity on your financial situation. Use the Money Clarity exercise for this step.
- 2/ Ask for guidance with your financial plan from the RootedHomes team.
- 3/ Educate yourself on the homebuying process. Refer to Section Two for this step.
- 4/ Celebrate your small and big wins during the journey.



# FINANCIAL RESILIENCE

Financial resilience is your ability to withstand economic challenges as a future homeowner. It involves developing the ability to withstand and adapt to financial challenges while pursuing homeownership.

Below are four tips to build financial resilience:

## SAVINGS:

Establishing an emergency fund can provide a financial safety net in case of unexpected expenses.

This fund should ideally cover three to six months worth of your living expenses.

TIP ONE

## REDUCE DEBT:

Paying down existing debts, such as credit card debt or student loans, can increase your financial flexibility and reduce financial strain when managing homeownership expenses.

TIP TWO

## BUDGETING:

Creating and following a budget will help you save a portion of income. These funds can be used for homeownership-related expenses, such as a down payment and closing costs.

TIP THREE

## INSURANCE:

Securing adequate insurance coverage, such as homeowners insurance and life insurance, can protect against unforeseen events that may impact finances.

TIP FOUR



# identify your financial feelings.

As you learned in the Emotional Preparedness overview on page 46, mortgage readiness extends beyond financial preparedness; it encompasses both the financial and emotional aspects of homebuying process.

Remaining mindful of your emotions can empower you to make well-informed financial choices as you become mortgage-ready. Additionally, staying attuned to your feelings will support your mental health during the homebuying process.

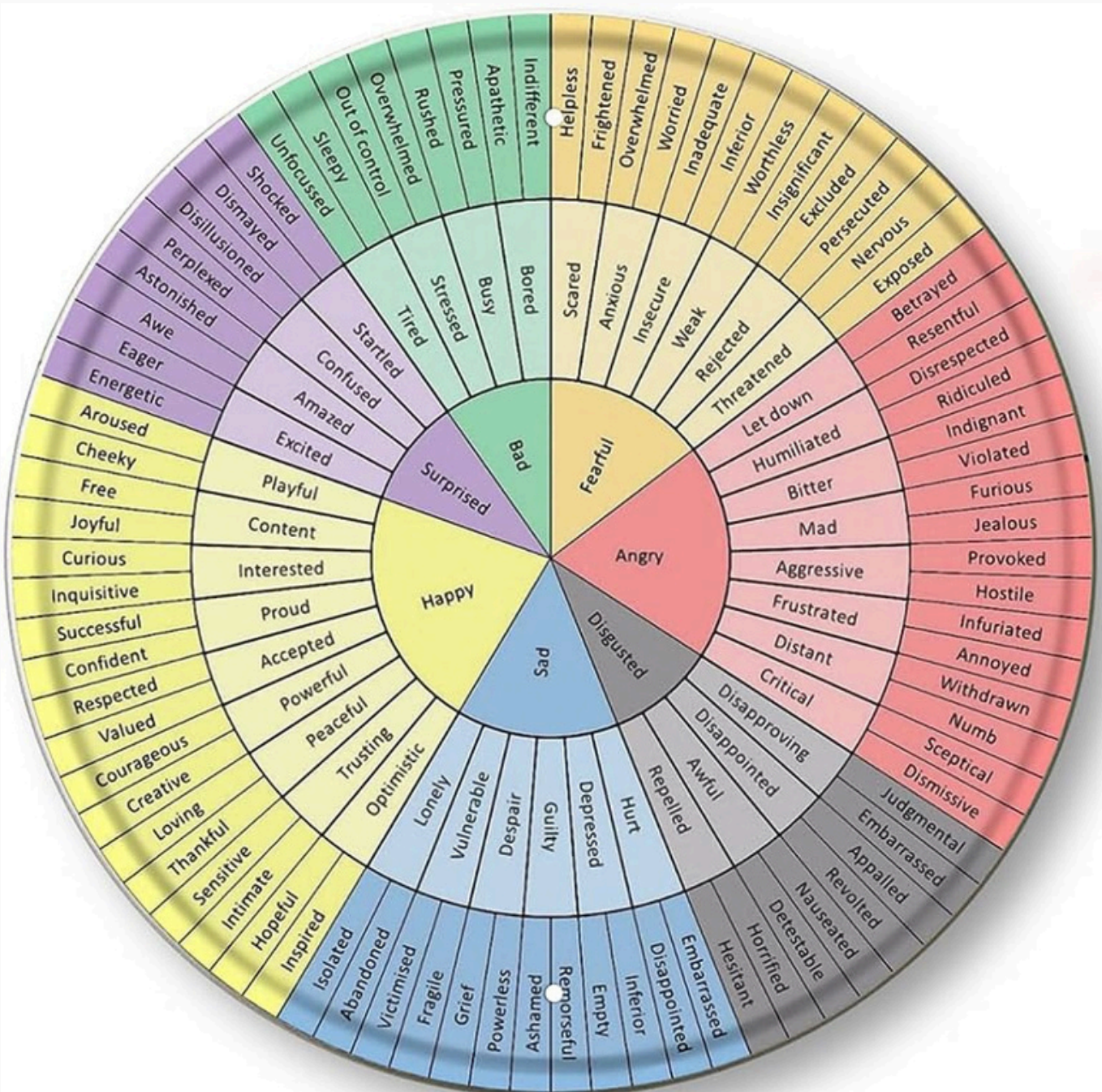


On the next page are examples of some of the common emotions that may arise during some of the steps of the process. We've also included tools to process the emotions. /40



# feelings wheel

Use the wheel below to name any emotions that arise during the homebuying process.







# SCENARIO ONE

You're deciding whether you're mortgage-ready:

During this step, you are assessing your savings, credit score, and debt-to-income ratio. If your finances are in a solid state, you will likely feel optimistic. However, you may feel overwhelmed if your finances are not quite where you want them to be.

Check out the financial wellness tools on the next page to navigate these emotions.



## FINANCIAL WELLNESS

# TOOLS



### TOOL #1

If are feeling optimistic after assessing your finances , great!

Carve out time to celebrate the work you've done to become mortgage-ready.

### TOOL #2

If you are feeling overwhelmed about the process, that's ok.

Attend a RootedHomes session or set up a one-on-one meeting with Tess or Catalina.

### TOOL #3

Most importantly, be sure to tend to your mental health after assessing your finances.

Go on a walk, taking deep belly breaths, or whatever practice helps you feel grounded.





# SCENARIO TWO

Getting preapproved for a mortgage:

During this step you are submitting your financial paperwork to a lender for review. Depending on your situation you may be feeling nervous or insecure.

Check out the financial wellness tools on the next page to navigate these emotions.



## FINANCIAL WELLNESS

# TOOLS



### TOOL #1

It is normal to feel nervous or intimidated when speaking with a lender.

Take deep belly breaths and review the financial confidence section before each meeting.

### TOOL #2

If you need a boost of self-esteem, remind yourself of your accomplishments.

It could be a getting the kids to school or the steps you've already taken to become mortgage-ready.

### TOOL #3

While most lenders are on your side, there can be discrimination.

If you are being discriminated against don't hesitate to inform RootedHomes or Fair Housing Council of Oregon.



An aerial photograph of a suburban neighborhood. In the foreground, there's a parking lot with several empty spaces. Behind it, a row of houses is visible, some with solar panels on their roofs. The houses are surrounded by lush green trees and lawns. In the background, more houses and a larger building, possibly a school or community center, are visible under a blue sky with scattered white clouds.

# SCENARIO THREE

In many cases, the lender or RootedHomes is going to ask for additional paperwork and you may run into hiccups along the way. Although this is normal, it can make the process feel stressful.

Check out the financial wellness tools on the next page to navigate these emotions.



## FINANCIAL WELLNESS

# TOOLS



### TOOL #1

If you are experiencing feelings of overwhelm, irritation, or anxiety take a short break from the process to reconnect with your breath.

### TOOL #2

Inhale deeply for four counts and exhale for at least six counts.

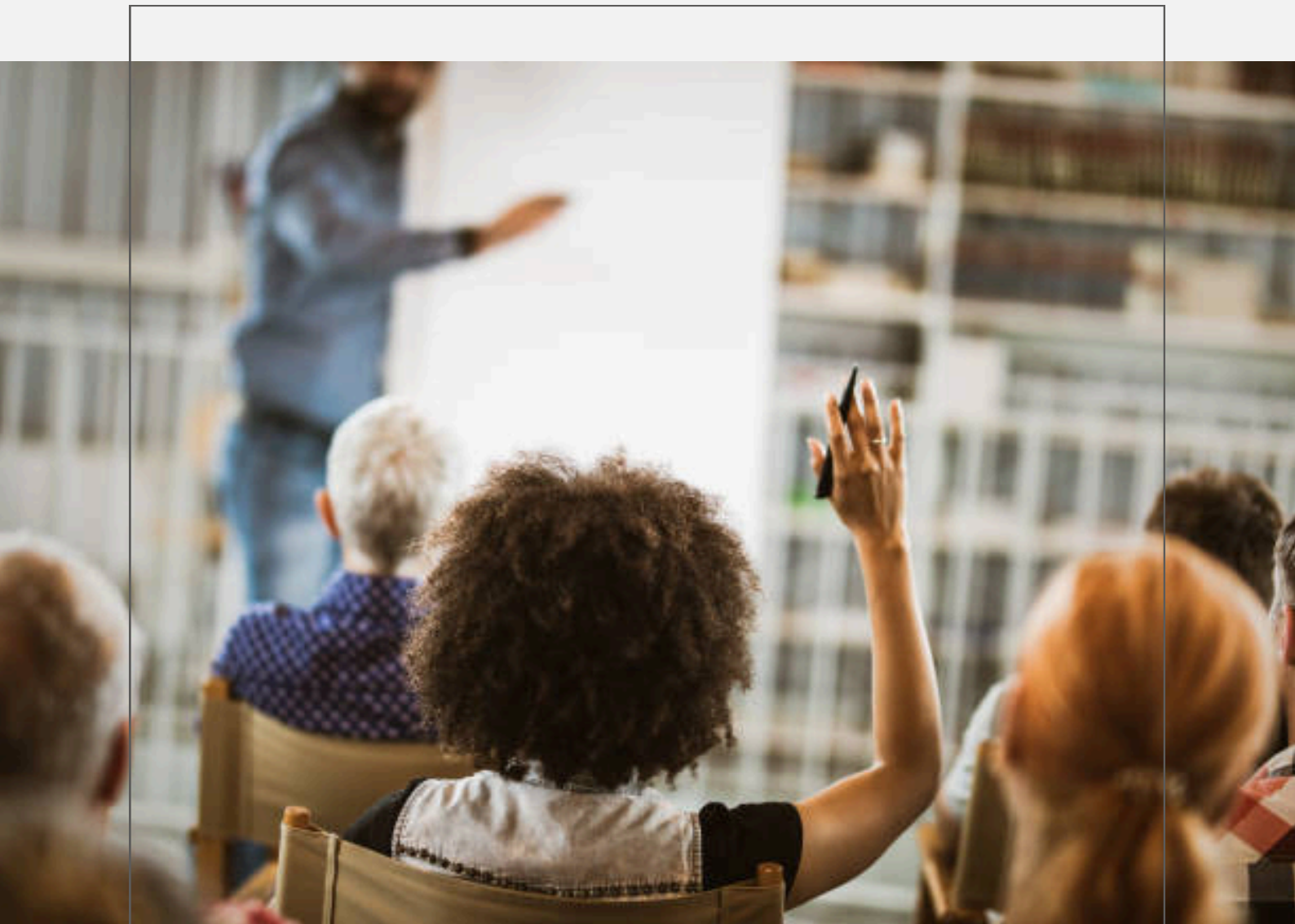
Repeat as many times as you need to before diving back in the paperwork.

### TOOL #3

The RootedHomes team is always here to help. Tess and Catalina are your advocates and biggest supporters during this process.

Reach out to them when you have questions or feel overwhelmed by the process.





## SECTION SIX

# RESOURCES AND GLOSSARY



# RESOURCES

TOOLS FOR SAVINGS, DEBT,  
CREDIT, AND BUDGETING



## WILLAMETTE VALLEY BANK

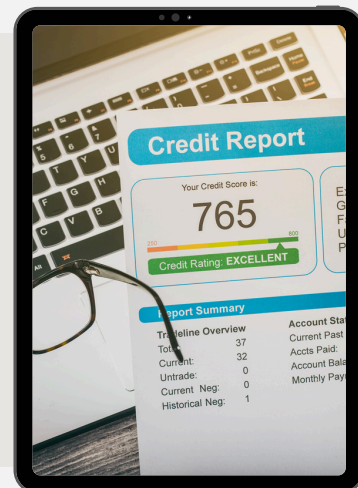
First-time homebuyer's savings account: Savers can deduct up to \$5,000 of contributions from their taxes every year for 10 years.

[Click here for more info](#)

## ANNUAL CREDIT REPORT

Review your credit score, check your history and create a plan to improve it.

[Click here for more info](#)



## BOOSTING CREDIT

Use this one-pager to learn how your credit score is determined to help boost your credit.

[Click here for more info](#)



# RESOURCES

TOOLS FOR SAVINGS, DEBT,  
CREDIT, AND BUDGETING



## NEIGHBORIMPACT

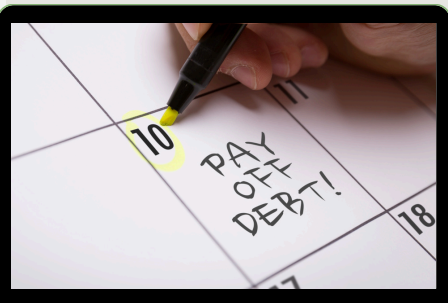
Take a homeownership class and apply for the Individual Development Account (IDA) lottery to boost your savings.

[Click here for more info](#)

## YNAB TOOL

“You Need a Budget” is a helpful budgeting tool and planner.

[Click here for more info](#)



## PAYING DOWN DEBT

PowerPay is a comprehensive tool for creating a plan to pay down debt.

[Click here for more info](#)



# RESOURCES

TOOLS FOR SAVINGS, DEBT,  
CREDIT, AND BUDGETING



## MONEY & MIMOSAS

### MONEY & MIMOSAS

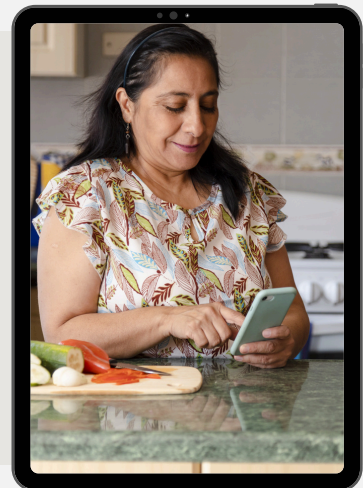
Money & Mimosas is a financial education company. Sign up for our weekly newsletter for guidance on reaching your goals.

[Click here for more info](#)

### MONEY DATE

A money date is a weekly practice to stay on top of your financial goals.

Handout is on page 52



### MONEY CLARITY

the Money Clarity exercise helps you determine the steps you need to take to reach your goals.

Handout is on page 53



# YOUR WEEKLY MONEY DATE

Your money date is a weekly ritual to stay on top of your financial goals.  
Follow the checklist below to guide your money date.

## YOUR MONEY DATE

## FOR THE WEEK OF:

☐

### Review spending.

Reflect on each expenditure and journal, "How did this purchase make me feel?"

### Review income.

Reflect and journal "How do I feel about my income?"  
Take note of any feelings of shame, guilt, or joy.

☐☐

### Review savings.

Move a percentage of your income to a savings or investment account. How does this make you feel?

### Review goals.

Review your financial goals, Are you on track? Do you need to make any adjustments?

☐☐

### Celebrate yourself.

Take a moment to celebrate any accomplishment from this week. Journal about it below.

## JOURNAL PROMPT:

What is one step I can take this week to improve my chances of becoming a homeowner? Journal below.



# Money Clarity *Exercise*

## NET WORTH OVERVIEW

Use this sheet to calculate your total debt and assets. Rename the categories to fit your situation.

ASSETS	TOTAL
Total Assets	

DEBT	TOTAL
Total Liabilities	

*total net worth:* \_\_\_\_\_



# Money Clarity *Exercise*

## MONTHLY PERSONAL EXPENSES

This sheet will be used to determine your minimum salary. Rename the categories to fit your situation.

### fixed expenses

EXPENSE TYPE	AMOUNT
Total	

### other expenses

EXPENSE TYPE	AMOUNT
Total	

### variable expenses

EXPENSE TYPE	AMOUNT
Total	

*total monthly  
personal expenses:* \_\_\_\_\_



# Money Clarity *Exercise*

## MONTHLY INCOME

This sheet will be used to determine your minimum salary. Rename the categories to fit your situation.

### W-2 income

INCOME SOURCE	AMOUNT
Total	

### other income

INCOME SOURCE	AMOUNT
Total	

### Self-employment income

INCOME SOURCE	AMOUNT
Total	

*total monthlyincome:* \_\_\_\_\_



# Money Clarity *Exercise*

## BUSINESS MONTHLY EXPENSES

If you have a business, this sheet will be used to calculate your business expenses in order to determine your salary and operating costs. Rename the categories to fit your situation.

### fixed expenses

EXPENSE TYPE	AMOUNT
Total	

### variable expenses

EXPENSE TYPE	AMOUNT
Total	

### annual fees

EXPENSE TYPE	AMOUNT
Total	

*total monthly business expenses:* \_\_\_\_\_





# Glossary

1

**Mortgage:** A loan used to purchase a home, where the property itself serves as collateral for the loan.

2

**Down Payment:** The initial payment made by the homebuyer, typically a percentage of the home's purchase price, paid upfront to secure the mortgage. Note: a down payment is not needed for the RootedHomes homebuying process.

3

**Interest Rate:** The percentage of the loan amount charged by the lender for borrowing the money, which determines the mortgage cost.





# Glossary

4

**Closing Costs:** Fees and expenses associated with finalizing the home purchase, including appraisal fees, title insurance, attorney fees, and other miscellaneous charges.

5

**Pre-approval:** A process where a lender evaluates a borrower's financial information to determine the maximum loan amount they qualify for, typically based on credit score, income, and debt-to-income ratio.

6

**Home Inspection:** A thorough examination of a property's condition by a professional inspector to identify potential issues or defects before finalizing the purchase.





# Glossary

7

**Appraisal:** An assessment of a property's value conducted by a licensed appraiser to ensure the home's worth matches the proposed purchase price.

8

**Escrow:** A neutral third party, typically a title company or attorney, that holds funds and documents during the homebuying process until all conditions of the sale are met.

9

**Title Insurance:** Insurance that protects the homebuyer and lender against any defects in the title or ownership of the property.





# Glossary

10

**Homeowners Insurance:** Insurance coverage that protects the homeowner from financial loss due to damage to the property or liability for accidents that occur on the premises.

11

**HOA (Homeowners Association):** An organization within a community or neighborhood that sets and enforces rules and regulations and manages common areas and amenities. It often requires homeowners to pay membership fees.

12

**Amortization:** The process of paying off a loan through regular installments, with each payment consisting of both principal and interest, gradually reducing the loan balance over time.





# Glossary

13

**Closing Disclosure:** A document provided to the homebuyer by the lender before closing, detailing all final terms and costs associated with the mortgage loan.

14

**Contingency:** A condition that must be met before the sale of a home can be finalized, such as obtaining financing, satisfactory home inspection, or appraisal results.

15

**Deed:** A legal document that transfers property ownership from one party to another, typically recorded in public records.





# Glossary

16

**Earnest Money:** A deposit made by the homebuyer to demonstrate their serious intention to purchase the property. It is held in escrow until the sale is finalized.

17

**PMI (Private Mortgage Insurance):** Lenders require this insurance for borrowers who make a down payment of less than 20% of the home's purchase price. It protects the lender against loss if the borrower defaults on the loan. *Note: PMI is not applied to RootedHomes properties.*

18

**Fixed-rate Mortgage:** A mortgage with an interest rate that remains constant throughout the loan term, providing predictable monthly payments.





# Glossary

19

**Adjustable-rate Mortgage (ARM):** A mortgage with an interest rate that fluctuates over time, typically starting with a lower rate for a set period before adjusting periodically based on market conditions.

20

**Closing:** The final step in the homebuying process where all legal documents are signed, funds are transferred, and property ownership is officially transferred to the buyer.

3



## THANK YOU

RootedHomes creates mixed-income communities with homes that are permanently affordable through the Community Land Trust model.

We are committed to providing access to healthy homes to homebuyers who have been excluded from the opportunity to build wealth through homeownership.

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