

Preparing for PAL Homeownership

1. Manage your expenses.

Pay bills on time and consistently. Keep on track using a budget to avoid overspending.

2. Determine who will be included in your PAL Home.

Decide/verify which individuals will be part of your PAL household. The size of your household and the income earned by those in your household are all factors in your eligibility for the program.

3. How is your credit? Run your free annual credit report.

You are entitled to one free copy of your credit report every 12 months from each of the three nationwide credit reporting companies. Order online from annualcreditreport.com, the only authorized website for free credit reports, or call 1-877-322-8228. You will need to provide your name, address, social security number, and date of birth to verify your identity. Source: <https://consumer.ftc.gov/articles/free-credit-reports#How%20To%20Get%20Your%20Free%20Credit%20Reports>

If you have any accounts in collections, they'll show up as separate records on your report. Pay down but don't close accounts until you are engaged with a mortgage professional at the beginning of your loan pre-approval process. Be prepared to provide a written explanation for why this item was in collections.

Information on how to contact creditors can be obtained through the credit bureaus:

Equifax: P.O. Box 740241, Atlanta, GA 30374 - (800) 685-1111

Experian: P.O. Box 2002, Allen, TX 75013 - (888) 397-3742

TransUnion: 2 Baldwin Place, P.O. Box 1000, Chester, PA 19022 - (800) 888-4213

4. You must have lines of credit.

You must have two traditional lines of credit. Traditional lines of credit include credit cards, loans, or rent (if your landlord is not related to you). If you do not have two traditional lines of credit, you may use a combination of three lines of credit consisting of both traditional plus non-traditional* lines of credit.

*Examples of non-traditional lines of credit: utility bills, after school program, babysitter/day care, car insurance, cell phone, furniture rental, gym membership, hula/dance/music lessons (if not non-profit), monthly entertainment – subscriptions (ex: Hulu/Netflix), landline phone, layaway plan, life insurance, medical monthly payments (braces, doctor, dentist, chiropractor, physical therapist), pest control bill.

*A note on non-traditional lines of credit: Consider any account that is in your name, that you have had at least one year, and that you pay on time every month. You will need to document the account with a statement showing one year's worth of payments or if you have proof of payments for one year (checking/debit card statements), that could work. (Note: some accounts paid quarterly or annually can work if you have had them for 2-5 years.)

5. Take a homebuyer education course.

Please note that you may need to retake this again at a later time if you end up applying for the program. Courses through Hawaiian Community Assets are good for a period of sixteen months and are free. Call (808) 784-3841 or email chanelj@hawaiiancommunity.net

6. Attend a financial management workshop.

Check with your bank or credit union for information on financial management workshops you can attend. Hawaiian Community Assets is another great resource which offers personalized counseling sessions. Call (808) 784-3841 or email chanelj@hawaiiancommunity.net

7. Organization is key!

Keep financial documents current and in consecutive order (paystubs, bank statements, tax returns, credit card statements, loan statements, 401k statements). Keep documents that have anything to do with receiving income, or outgoing of income.

8. Have questions? Give us a call!

PAL Office Phone: (808) 720-1011 or Email: aloha@pal-hawaii.org

Rev. 08/2023