



Home-Buying Process

***Before You Start
Looking for a
Home***

Home-Buying Process: Before You Start Looking for a Home

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Homeowners insurance is a necessary purchase before you can close on your house. The mortgage lender requires insurance on the house to protect the investment. Many people spend months looking for a house but spend very little time selecting insurance.

There are several options when shopping for homeowners insurance. Insurance companies sell insurance in different ways. They may sell through their own agents, through independent agents or brokers, directly by phone or over the Internet. Select the option with which you are most comfortable.

When choosing an insurance company, consider the stability of the company, the cost of the insurance policy and the provided service. To get the best prices on insurance:

- **Check your credit rating**

A good credit rating may help you save money on your homeowners insurance. Many insurance companies charge higher premiums to individuals with poor credit ratings. Get a copy of one or all of your credit reports. Make sure they are accurate and report any mistakes immediately. The credit report helps you see how your credit standing compares to others. If your credit is not as good as it should be, begin now to improve it.

- **Check your home insurance claims-filing history**

Get a copy of your history of filing insurance

claims. This is a record of home insurance claims you have filed. If you have not filed any insurance claims in the past five years, you will not have a loss history report. The better your claim record, the less you may pay for insurance. This also can be important if you are selling the home in which you currently live. A past claim does not have to be a problem. Repairs or improvements, if done properly, can make a property more attractive to buyers and insurers.

Your claim filing history could be a Comprehensive Loss Underwriting Exchange (C.L.U.E.) report. Insurance agents can access these reports when underwriting or rating an insurance policy. Under the federal Fair Credit Reporting Act you can request a copy of your C.L.U.E. report from ChoicePoint Consumer Disclosure, P.O. Box 105108, Atlanta, Georgia 30348-5108, or call toll free 1-866-527-2600.

The private company, Insurance Services Office (ISO), also maintains a property loss database. ISO calls its database the Automated Property Loss Underwriting System, or A-PLUS system. However, because the CLUE database was created first, reports of property loss are generically known as CLUE reports. ISO will provide one free loss-history report in any 12-month period. To request a free A-PLUS loss-history report, call the A-PLUS Consumer Report Request Line at 1-800-627-3487. You can write to the ISO Claims Service Division, 545 Washington Boulevard, Jersey City, NJ 07310-1686. Loss-history reports are mailed within 15 days of a request.

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- **Check the insurance claims history of the property**

You should know about the insurance claims history of the property you want to buy. Claims made by the current owners of the property may affect an insurance company's pricing or willingness to sell you insurance on the property. You cannot order a CLUE report on a property you want to purchase. Only the owner, insurer or lender of the property can obtain such reports. However, you can request that the current owner of the property provide a CLUE report as a condition for purchasing the property.

This resource is one in a series on the Home-Buying Process which include:

Financial Readiness

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Finding Mortgage Money
Types of Financial Institutions
Mortgage Options
Down Payment and Closing Costs
Pre-Qualification or Pre-Approval

Factors to Consider in Housing Selection

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Type and Style of House
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Building as an Option

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Finding the House
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Costs and Coverage
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