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Knowledge is the Key to Homeownership

*New Guide from Capital One and Consumer Action Helps Consumers Prepare for
and Navigate the Home Buying Process*

McLean, Va., (January 17, 2008) – Whether you are a first time home buyer or you’ve been through the process before, purchasing a home is one of the most important financial investments you will make. But homeownership requires planning, and having a clear understanding of the home buying process can make navigating what can otherwise be a confusing time much more manageable. With this in mind, leading financial services provider Capital One Financial Corporation (NYSE: COF) and national consumer advocacy group Consumer Action have developed a free multilingual guide called *The Keys to Homeownership*. The new guide provides consumers with a practical look at the steps they should take to prepare for the home buying process. The guide is part of the Capital One-Consumer Action *MoneyWi\$e* financial education series.

“Whether you are thinking about buying a home now or it is something that’s in your ‘5-year plan’ it is critical that potential homebuyers are prepared and educated when the time comes to make a purchase,” said Diana Don, director of financial education at Capital One. “Capital One and Consumer Action developed *The Keys to Homeownership* to help potential homebuyers understand all the details and the costs involved in the mortgage process and the ‘ins and outs’ of buying a home.”

The brochure includes information to help home buyers:

- Learn the steps needed to be financially ready for homeownership;
- Navigate the process from qualifying for a mortgage to closing on a new home;
- Learn about various types of mortgages; and
- Understand how to ask the right questions and avoid financial pitfalls.

“Preparation is key in buying a home. Potential home buyers should plan ahead and invest the time to understand the terms and terminology of home lending so that they can feel more confident that they are making smart choices,” said Ken McEldowney, executive director of Consumer Action.

Capital One and Consumer Action recommend four critical steps that potential homeowners take in the months *before* buying a home:

1. **Assess your financial status.** Take stock of your income, assets and debts. These determine how much you can afford to spend each month on a mortgage. Experts recommend that all personal debts, including housing costs, should total *no more than 36 percent* of income.
2. **Create a budget and save.** Creating a budget will help save for a down payment, as well as any repairs or inspections a home may need.
3. **Obtain a copy of your credit report and try to raise your credit score.** Good credit means you'll qualify for a lower interest rate on your mortgage. You can get a free copy of your credit report at www.annualcreditreport.com.
4. **Educate yourself about loans and the loan process.** Learn key loan terms and familiarize yourself with the home buying process so that when you're ready to buy, you can do so more confidently.

“Real estate and home buying terms can be very confusing,” McEldowney added. “That’s why it’s essential to educate yourself *before* you start the home buying process and always ask questions and do more research if you come across a term you don’t understand.”

Key terms consumers should know about home buying include:

- **Fixed-rate mortgage:** A mortgage that carries the same interest rate throughout the life of the loan.
- **Variable-rate mortgage:** A mortgage that often starts with a lower introductory rate but the monthly payment could rise if interest rates rise.
- **Pre-approved:** A lender can pre-approve you for a loan after a thorough review of your credit history and income. It’s a good idea to get “pre-approved” for a loan rather than “pre-qualified,” which is only a general estimate of the loan amount you may qualify for.
- **Good faith estimate:** After you have submitted an application to a mortgage lender, the lender will give you a “good faith estimate of settlement costs” which includes an estimated monthly mortgage payment, including taxes and insurance. Ask for an explanation of all fees.

- **Earnest money:** In most cases, you will make an earnest money deposit when you make an offer to buy a house. If the seller accepts the offer, the deposit is held in escrow until closing.

The Keys to Homeownership is part of the *MoneyWi\$e* series, a national financial literacy partnership between Capital One and Consumer Action. It is the first program of its kind to combine free, multilingual financial education materials with community training and seminars to give consumers at all income levels both the information and the practical assistance they need to make smart financial decisions. You can access the *Keys to Homeownership* guide online at www.money-wise.org. The publication is available in English, Spanish, Chinese, Korean and Vietnamese.

About Capital One

Capital One Financial Corporation (www.capitalone.com) is a financial holding company whose subsidiaries collectively had \$83.3 billion in deposits and \$146.4 billion in managed loans outstanding as of September 30, 2007. Headquartered in McLean, VA, Capital One has 735 locations in New York, New Jersey, Connecticut, Texas and Louisiana. It is a diversified financial services company whose principal subsidiaries, Capital One, N.A., Capital One Bank, and Capital One Auto Finance, Inc., offer a broad spectrum of financial products and services to consumers, small businesses and commercial clients. A Fortune 500 company, Capital One trades on the New York Stock Exchange under the symbol "COF" and is included in the S&P 100 index.

About Consumer Action

Consumer Action is a national non-profit education and advocacy organization founded in San Francisco in 1971. Consumer Action serves consumers nationwide by advancing consumer rights, referring consumers to complaint-handling agencies and publishing multilingual educational materials. Consumer Action also advocates for consumers in the media and before lawmakers and conducts comparison surveys for consumers on credit cards, banking and telecommunications issues.

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