

READY SET GO GUIDES

Steps to Purchasing a New Home

Interested in purchasing a new home? Financial Center Federal Credit Union wants to help make the home buying process as simple and easy as possible. Buying a home is one of the most exciting events in your life and it is also likely to be the most expensive purchase that you will ever make. These steps will help guide you in the process of buying a new home.

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1. Are you ready to be a homeowner?

- Have you saved enough money for a down payment? Typically lenders expect borrowers to have 3% to 20% of the purchase price as a down payment.
- Do you have steady employment and income to support the monthly payments?
- What is the monthly payment you can afford? Use our financial calculators to calculate estimates on a monthly payment, www.fcfcu.com/financial-calculators
- Have you thought about the other costs in owning a home? (Examples: heating, cooling, yard maintenance, repairs, improvements, HOAs, taxes, and insurance)
- Have you talked with a homeownership counseling agency? A good resource to find a local counselor is www.consumerfinance.gov/find-a-housing-counselor

2. Determine what you can afford

- Calculate your monthly expenses: car, credit card bills, student loans, insurance, food, entertainment, and more.
- Talk with one of Financial Center Federal Credit Union's loan officers to get a written preapproval for what you can afford. We have several resources to find the right loan and the payment

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3. Shopping for a House

- Find a real estate agent—interview several real estate agents and confirm how they are going to help you find the home of your dreams. Also determine how they charge their fees. They also may work for the seller, so ask if they are going to work exclusively for you. Use our resource to find a realtor in your area.
- Research your home—number of bedrooms, location, school area, garage, etc. Also think about the school system you want to be in, the proximity to your work, and the neighborhoods you want to live in. This will help you and the realtor save time by narrowing down your search. You can use resources like www.zillow.com to do research on homes and neighborhoods.
- Go look at homes—do not stop seeing homes if you fall in love with the first house you see. Make sure you see a variety of homes to make the best choice. When you have narrowed down your choices, visit several different times to also see traffic patterns. Visiting before buying will give you a true sense of the neighborhood.
- If you are ready to make an offer, work with your realtor to turn in a fair offer to the seller. This is where the realtor goes to work and negotiates with the seller on your behalf. The real estate agent can negotiate many things such as the seller paying the closing costs on

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Are You Ready?

You are now armed with the tools you need to have a successful home buying experience. Financial Center looks forward to helping you with this process.

the loan, paying the realtor fees, and a quick move in date.

e. Make sure to include an inspection for the home. Hire a reputable home inspector and be prepared to go with them to inspect the entire home, including the roof, plumbing, electrical, furnace, and air conditioning units. The inspector's job is to find things wrong with the house and make you aware of them. If there is something discovered in the inspection, you can negotiate to have the seller fix it or the costs of repairs can come out of the purchase agreement. The home inspection can save you a lot of money and heartache.

4. The Loan Process

a. Submitting your documents- once you have a signed purchase agreement submit the purchase agreement, your last 2 years tax returns, recent paystubs, and homeowner insurance information to your Financial Center Federal Credit Union loan officer. They will submit those items to the mortgage processor for you.

b. Processing your loan- the mortgage processor will work on your loan application. They will work on things like the appraisal, title work, and more. Once the loan is final approved, you will be notified of the great news.

c. The final terms- after the loan is final approved, you can request a HUD-1A before closing. The HUD-1A will give you a breakdown of the transaction, from sales price to loans amounts to costs / fees to your down payment needed at closing. Typically you have to bring your down payment to closing in the form of a cashier's check.

5. The Closing

a. There will be many forms to sign- this is normal. This is because of the amount of information that must be covered.

b. Ask questions- if there is something you are not sure about, or something does not make sense, this is the time for you to ask a question. Make sure that you understand and are comfortable with everything that you are signing.

c. Loan Payments- once the payments start, how much they are, if you have a prepayment option, and where to make the payments. Get the address for payments or a

d. Ask the closing agent about filing a Homestead Exemption- a homestead exemption allows you to reduce the amount of real estate taxes you may pay each year. This can be a big cost savings each year for you. This is a form you will have to file yourself.

e. You have signed the papers- what is next? Congratulations you are now the owner of a new home. Get your keys and go visit your new home!

6. After you have purchased your home

a. Move In- welcome to your home. It's time to enjoy being a homeowner.

b. Have the locks changed- you may want to have the locks changed to your name. You will have a key to your new home.

c. Make sure you have the smoke detectors- you do not want to be in a fire.

d. Get a home inspection- ask him to review all your work. You are now a homeowner. Several agencies give discounts if you are a homeowner.

e. Change your mailing address with the US Post Office.

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Buying a brand new car is an exciting experience; however it can also be stressful. Crane Federal Credit Union is here to help you through the new car buying process and provide some helpful steps to make the experience as

simple and easy as possible.

How to Buy a New Car

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1. Shop at the Right Time

First, try to anticipate the need for a car and begin looking before anything happens to your current vehicle. Being rushed or desperate to buy a new car could lead to poor decisions and not obtaining the best deal. A great time to purchase a new vehicle is later in the year because dealers are anxious to sell any of that year's remaining vehicles still on the lot. There are usually annual clearance sales in the fall and early winter when the older models are sold off at discounted prices. Mondays, Tuesdays and Wednesdays are typically less busy at dealerships so they may offer a better deal on one of those days to get a vehicle sold. Also, watch for incentives. Many automakers provide incentives to dealerships and consumers on new vehicles. Some incentives can be worth thousands of dollars off the price tag. If you're considering the purchase of one of two similar vehicles, you can use the incentives of one automaker in your sales negotiation with another.

2. Get Pre-Approved

It is extremely important to place a budget on your purchase price. An important step is finding out how much you can pay for a new vehicle and getting pre-approved. Financial calculators are available online at www.cranecu.org/resources/financial-calculators to help you estimate a monthly payment. A Crane Federal Credit Union loan officer can walk you through the application process and discuss your loan and payment options. Knowing you have pre-approved financing in place with your credit union before going to a dealership will give you peace of mind and help make the process less stressful.

3. Know What You Want to Buy

Think about the car model and options you want and how much you're willing to spend. Vehicles come with a list of features to choose from- some are standard and some are optional. Shop around to get the best possible deal by comparing models and prices. Consider ordering your new car if you don't see what you want at the dealership. This might involve a wait, but cars on the lot may have options you don't want which can raise the price. Take your time to research what you believe is most important to you and you'll be less likely to feel pressured into making a purchase. You should also consider how much it will affect it will have on your budget and what

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4. Dealership Experience

Don't be intimidated by the dealership experience. Salespeople are human just like anyone else and they're trying to make a living. You can put yourself in the best purchasing position by doing the following:

- Be informed about what you want to buy.
- Know how much you're willing to pay for the car.
- If you are financing, have your credit union pre-approval in hand when you walk in the door. This will make the negotiation and final paperwork process much easier.

5. Trading in Your Old Car

Know exactly what your trade-in is worth prior to visiting a dealership. You can find information on trade-in values using sites like the National Automobile Dealers Association (www.nadaguides.com) or Kelley Blue Book (www.kbb.com). Discuss the possibility of a trade-in only after you have negotiated the best possible price for your new car. You may want to consider taking your vehicle to other dealerships to obtain the highest trade-in value.

6. Service

Consider the finance person at the dealership. Understand what is covered and consider

- What's the difference between the coverage under the manufacturer's warranty (included in price of the car) and the extended warranty (additional cost)?
- What repairs are covered? Who can perform the repairs?
- Is there a deductible you must meet?
- How long does the extended warranty last?
- What are the cancellation and refund policies?
- If you're financing the loan through your credit union, do they offer a similar product at a lower cost?

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You are now armed with the tools you need to make a smart purchase and Crane Federal Credit Union is here for you every step of the way.



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How to Buy a Used Car

Used cars are becoming the vehicle of choice. While the prices are usually lower than new vehicles, the buying process can be somewhat tricky. Crane Federal Credit Union is here to help you and provide some helpful steps to make the experience as simple and easy as possible.

1. Know what you can Afford

Before considering the purchase of a used car, decide the amount you are willing to spend. If you're taking out a loan, Crane Federal Credit Union can help you calculate your maximum loan and monthly payment amount that won't put a strain on your budget and discuss different loan options so you have a financial plan in place before buying. There are financial calculators available online at www.cranecu.org/resources/financial-calculators to help you estimate a monthly payment. Don't forget to consider the costs of tax, title, registration and insurance on the vehicle.

2. Know what you want to Buy

Figuring out how much you want to spend is the easy part. Now you have to determine the vehicle that's right for you. It is important to know what type of vehicle you want to purchase, including any special extras. You should determine how the type of vehicle fits into your needs and how much mileage on the vehicle is acceptable. Then, take all of this information and compare it with the amount you can afford. You should also consider how much it will cost to insure the vehicle you're purchasing and what affect it will have on your monthly budget.

3. Search in Various Places

Take the time to search car ads from as many different sources as possible to find out what is available in your area. A large reputable dealer with a brand franchise will likely have a variety of used cars for sale on the lot. There are many online sources where you can find used vehicles for sale through dealerships or private sellers.

4. Do your Homework

Once you've found a used car you want to purchase, make sure you do your homework to ensure you're making a safe and sound decision.

- Check the history of the vehicle. The more you know, the better off you will be. You want to be sure there is no salvage title on the vehicle or any type of accident in its history. You can obtain this information from various sources online, such as Carfax (www.carfax.com) or Autocheck (www.autocheck.com). You can also see the car's maintenance records.

- Take the vehicle for a test drive. Before you drive the vehicle, you should be sure to check it out during normal driving but also during a test drive. Check out every interior function inside the car (windows, radio, etc) to verify they all work. Check the tires for good tread.

- Take the vehicle to a trusted mechanic. This type of check-up should be relatively inexpensive to avoid purchasing a lemon. Ask your mechanic to provide a list of model of vehicle in for repairs.

- Be wary of sellers who are not licensed. If you are buying from a private seller and the asking price is too low, ask why. Beware of sellers who may be a red flag that

- ### 5. Negotiate
- It's time to get down to business. The car's value on sites like the National Automobile Dealers Association (www.nadaguides.com) or Kelley Blue Book (www.kbb.com) should be considered but you should also weigh what you discovered during the test drive and inspection of the car. Don't be afraid to make a low offer and if you have to move up, do so in small increments. Don't budge from your maximum price and don't be afraid to walk away if something doesn't seem right during negotiations.

6. Close the Deal

Before you sign anything, make sure to get everything you've been promised in writing, especially anything that relates to a money back guarantee or a warranty. Sign an "As Is" paper only if you know you're getting a pristine vehicle because that document overrides anything else you've been promised. Keep in mind that federal and state consumer protection laws govern sales of used cars by dealers to consumers but they do not govern sales by private sellers to consumers. Once you've purchased a car from a private individual, your legal options are limited. If you're buying from a private individual, you'll want to verify if there are any liens on the vehicle. If so, the title is in possession of the lending institution and you will want to make sure the balance of the loan is paid off. If the lender is local, you can ask to conduct the sale where the title is held so once the money has changed hands and the balance of the loan is paid, the title can be signed over to you.

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You are now armed with the tools you need to make a smart purchase and Crane Federal Credit Union is here for you every step of the way.

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Finding the credit card that is right for you depends a great deal on how you intend to use the card. Do you intend to pay the bill in full every month? Are you planning to carry a balance? Do you have other credit cards debt to consolidate onto one card? Do you plan to use your card for everyday purchases or is it only for emergencies? Here are some things you need to know to help you choose the card that is appropriate for you and your spending habits.

Credit Card Types

Store Credit Card

Many retailers issue store credit cards that may only be used to purchase merchandise within that store or on that store's website. Having a store credit card may entitle the cardholder to special discounts, promotions, and rewards programs. Generally, store credit cards carry a much higher interest rate than traditional non-retail credit cards.

Secured Credit Card

Designed for consumers who are trying to establish credit or rebuild credit, this type of card is secured by a savings account at your financial institution. The limit of the card is based on both previous credit history and the amount deposited in the account.

Basic Credit Cards

Basic credit cards allow consumers to purchase goods or services on credit. Cardholders receive one monthly bill that consolidates all of their purchases and are required to make a pre-defined minimum payment by the due date specified on the bill.

Rewards Credit Cards

These cards have the same features and functionality as the basic credit card. Additionally, cardholders earn rewards such as merchandise, cash rebates, or air miles with each use of their card.

Premier Credit Cards

Premier cards offer higher credit limits and often have additional features like product warranties, travel services. They may also offer rewards.

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Understanding Credit Cards

Understanding Rates

Introductory Pricing: Many credit cards offer much lower interest rates for a period of time when the card is opened. These rates may be very attractive when making a large purchase as they allow for payments to be spread out over a longer period of time with a minimal interest rate. Consumers should always read and understand the terms of the introductory rate as the interest rate on the credit card may rise sharply when the introductory rate expires. Cardholders will realize the most benefit from an introductory rate if the full balance on the card is paid-off prior to expiration of the introductory rate.

Purchase Rate: A purchase rate is the interest rate charged on regular purchases put on a credit card. Typically, it is higher than the introductory rate and lower than the cash advance rate of the card. Consumers who intend to carry a balance on their credit cards should look for cards with lower purchase rates.

Balance Transfer Rate: This is the interest rate assigned to balances that are transferred from other credit cards. Many cards offer promotional balance transfer rates for a certain period of time. These allow cardholders to take advantage of lower rates and pay-off outstanding credit card debt sooner. As with introductory rates, consumers should understand the terms of the balance transfer rate as the interest rate on the credit card may rise sharply when the rate expires. Cardholders will realize the most benefit from a low balance transfer rate when the balance is paid-off prior to expiration of the promotional rate.

Cash Advance Rate: This is the interest rate assigned to balances that result when a consumer uses a credit card to draw money from an ATM, through a convenience check, or at a bank teller window. Generally, interest begins immediately and at a much higher rate than purchases. Cash advances should be used only when the consumer has exhausted other, less costly options.

Penalty Pricing Rate: Some credit card issuers charge a very high interest rate when the cardholder fails to comply with the terms and conditions of the credit card. Most frequently, this rate is triggered when the cardholder is late in making monthly payments. In most cases, the rate can be lowered once the cardholder makes six consecutive on-time payments.

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To find the Elfcu credit card that is right for you, contact a Consumer Loan Specialist
Consumer Loan Hotline: 317.555.5555

Understanding Fees

Annual Fee: While not as common as it once was, some credit card issuers charge a yearly fee for the use of their credit card. This is a separate fee from interest rate on purchases. These fees are most commonly found on secured cards or specialty rewards cards.

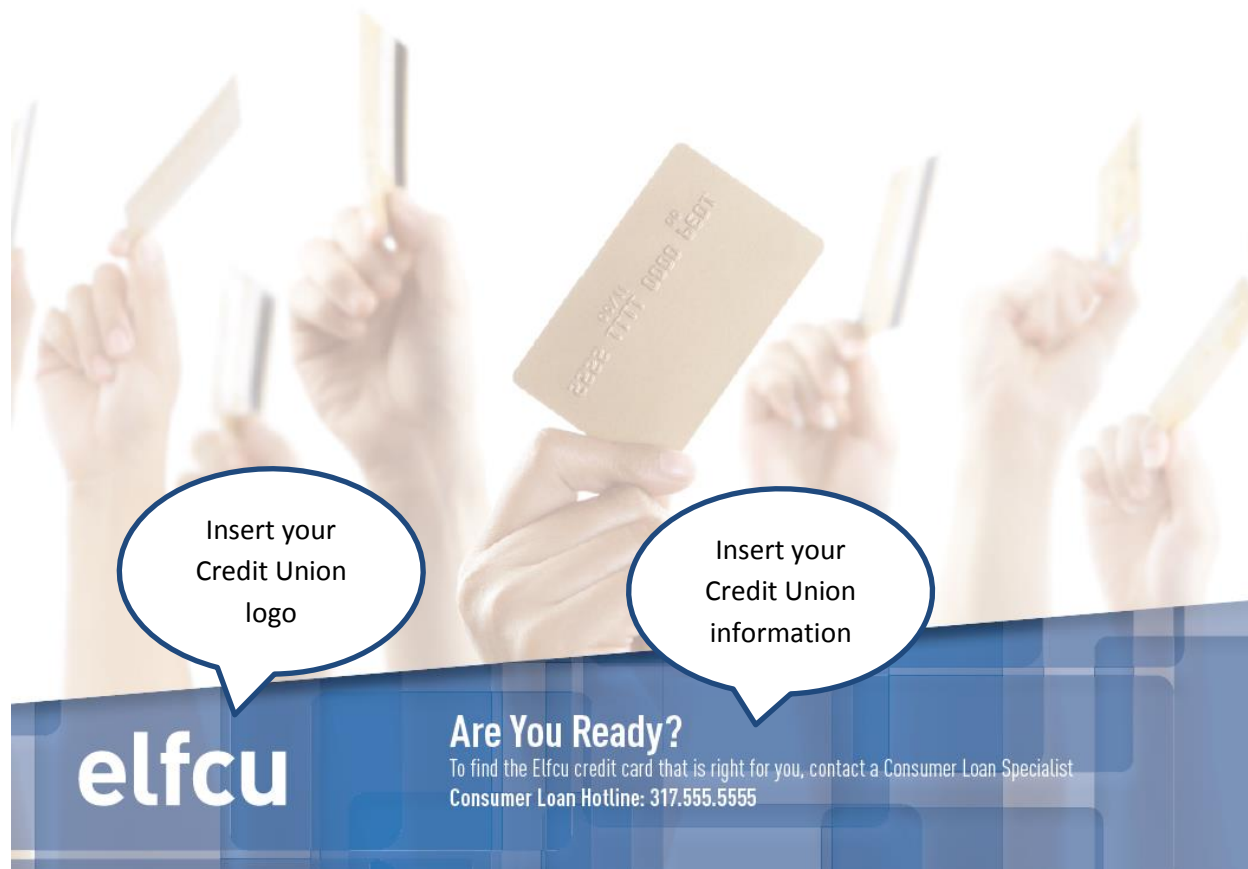
Balance Transfer Fee: A balance transfer fee is the cost to the cardholder to transfer balances from one account to another. This fee ranges from 1 percent to 5 percent of the balance amount being transferred and is in addition to the interest rate charged on the balance transfer. Always read the details of balance transfer offers as this fee will vary among credit card issuers.

Cash Advance Fee: A cash advance fee is the cost to the consumer for advancing funds from their credit card either through an ATM, convenience check or at a bank's teller window. The fee is a percentage of the amount withdrawn, usually with a minimum dollar amount charged for smaller transactions. Finance charges typically accrue from the date of the advance.

Late Payment Fee: A late payment fee is assessed to a cardholder who misses paying at least the minimum payment due by the payment due date. Late payments may affect your credit history negatively, even if your entire outstanding balance is later paid in full. Occasional late fees are capped at \$25 under federal regulations.

Using a Credit Card Wisely

- Read and understand the terms of your credit card agreement
- Know your spending habits and choose the card that is the right fit for you
- Make more than the specified minimum payment each month
- Pay-off card balances prior to the expiration of introductory or promotional interest rates
- Don't use your credit card to make purchases that you really can't afford
- Review your credit card statement in detail each month. Communicate with your credit card company immediately if you disagree with a transaction on your statement.



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Understanding Your Credit Report and Credit Score

There are two main pieces to the puzzle, your credit report and your credit score.

Your credit report lists what types of credit you use, the length of time your accounts have been open, and if you paid your bills on time. Your credit score is a calculation of variables based on your credit report. The credit score influences the way credit will be extended to you. It summarizes your credit risk based on a snapshot of your credit report. Whether you are in the market for a credit card, car loan or a mortgage, your credit score will determine whether or not you are approved for a loan and what interest rate and term you will receive. Understanding your credit score can help you with your overall financial wealth.

The FICO (Fair Isaac and Company) score is the standard credit score in the United States that is used in more than 90% of lending decisions. The FICO credit scores range from 300 to 850. A better credit score means better financial options for you. You can get a loan faster, more terms are extended to you and you receive lower interest rates which saves you money. You can retrieve your FICO score from three major credit reporting agencies.

Equifax

Equifax.com

PO Box 105069

Atlanta, GA 30349

(800)525-6285

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TIP: It's a good idea to check your score once a year to make sure everything is reporting correctly. You can retrieve your credit report for free at annualcreditreport.com. Bring in your credit report to any 3Rivers location and we can help you find any errors you can contact them and get them

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So what information is in my credit report?

Personal information-name, address, social security number, date of birth, etc.

Accounts-Type of account (credit card, auto loan, mortgage, etc.) date you opened the account, credit limit or loan amount, account balance and your payment history. Lenders will report delinquency information as well as payments made on time.

Inquiries-When you apply for a loan you authorize that lender to request a copy of your credit report, this results in an inquiry. This will include a list of lenders who have accessed your credit report within the last 24 months.

How is my Credit Score Calculated?

Payment History- This includes on-time payments and delinquencies. On-time Payments are critical to a healthy credit bureau score. If you have had late payments in the past get back on track because the longer you pay your bills on time, the better your score will become. Current delinquency carries 5 times the weight of past delinquency.

Major detriments to a credit score include:

Bankruptcy-250 points lost

Foreclosures-150 points lost

Repossessions and Judgements-100 points lost

Garnishments and Tax Liens-75-100 points lost

Deed in Lieu/Short Sales-80 points lost

Collections-75-100 points lost

30 day delinquency-60 points lost

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3RIVERS

Are You Ready?

You are now armed with the tools you need to make smart spending and borrowing decisions and 3 Rivers is here for you every step of the way.

Amount Owed/Capacity-

This is the amount available to you versus the amount owed on a loan or that is available for you to borrow against.

Limit on Credit Card	Balance	Available	Used
\$10,000	\$3,000	70%	30%

The ideal percentage for balance to credit limit on revolving lines to obtain the premium credit score is 25%-30%. It is estimated for every percentage point used over this amount will decrease your credit score by 1 point.

In some cases if you are just starting to establish credit having a small balance without missing a payment shows that you are managing credit responsibly and maybe slightly better than carrying no balance at all.

Length of History

Your credit score looks at the age of your oldest accounts, the age of your newest account and the average age of all of your accounts. This is why you may have heard that having a "credit card" as this could shorten your credit history. The longer it has been since you

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New Credit

People today are applying for credit more than ever before. New credit trade lines are an accumulation of credit inquiries. Inquiries are indicators of people/companies who have pulled your credit report to determine your "credit worthiness." Not all inquiries are created equally; there are voluntary inquiries and involuntary inquiries. Voluntary Inquiries are a list of all inquiries in the past 24 months and scoring is from the last 12 months of inquiries. Each inquiry is about 5 points and "like inquiries" count as 1 inquiry. So if you are auto shopping do all rate shopping at one time instead of over a length of time. Involuntary Inquiries do not impact your credit score. They can be from current account reviews, past or present employer inquiries.

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Types of Credit

There are 3 types of credit lines: Revolving, Installment and Real Estate. The score will consider all of these to show you can manage each type; however it is not necessary to have all types. Revolving is like bad cholesterol. It's ok to have in moderation but you don't want to build a diet around it. These included unsecured term loans, lines of credit and credit cards. These are higher interest rates as usually they are higher risk for lenders since there is no collateral. Installment is like good cholesterol. It provides great benefits in credit building as they are low to moderate risk since many are titled goods like auto loans so the interest rates are lower than revolving loans. Real Estate loans are the most watched trade line on the bureau. They are low to moderate rates. These include mortgage loans and home equity loans.

Remember your credit report and score are like your job résumé, they tell what you've done financially and how you've managed those financials. How you have managed your financials in the past does not have to determine your future. You can build your credit score up over time by following good borrowing practices and paying your existing debt down and on time. At 3Rivers we are here to help you reach your financial goals.

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