

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.

1. Are you ready to be a homeowner?

- a. 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.
- b. Do you have steady employment and income to support the monthly payments?
- c. What is the monthly payment you can afford? Use our financial calculators to calculate estimates on a monthly payment, www.fcfcu.com/financial-calculators
- d. Have you thought about the other costs in owning a home? (Examples: heating, cooling, yard maintenance, repairs, improvements, HOAs, taxes, and insurance)
- e. 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

- a. Calculate your monthly expenses: car, credit card bills, student loans, insurance, food, entertainment, and more.
- b. 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 different loan options to find the right loan and the payment

for you. This will help you when you start looking for a home and can increase the chances of the seller accepting your bids.

- c. Review the Loan Disclosures to understand the costs of the loan. The Good Faith Estimate is a good tool to review all the costs associated with the loan. The Truth in Lending disclosure shows you the payments you will have for your loan.
- d. Keep your payments affordable—just because you are approved for a certain amount, doesn't mean you have to spend that much. Only you know what your budget can handle.

3. Shopping for a House

- a. 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. www.Mibor.com is a good resource to find a realtor in your area.
- b. Make a list of what you want in your home—number of bedrooms, bathrooms, type of floors, 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.
- c. 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 ensure which one you like the best. When you have narrowed down your choices, visit the homes several different times to also explore the neighborhood and local traffic patterns. Visiting before work, after work, weekends, and evenings will give you a true sample.
- d. 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

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-confirm when the payments start, how much they are, if they include taxes and insurance, and where to make the payments. Also ask if you get monthly statements or a payment book.

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 the 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 ensure no one else has a key to your new home.

c. Make sure to change the batteries in the smoke detectors—you do not know when they were last changed.

d. Inform your Insurance agent you have moved—ask him to review all your insurance policies now that you are a homeowner. Several agencies give discounts on car and life insurance if you are a homeowner.

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



FOR SALE
SOLD



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.