

Achieving the American Dream

Preparing to Buy a Home



Seminar Objectives



Buying a Home:

Common Misconceptions

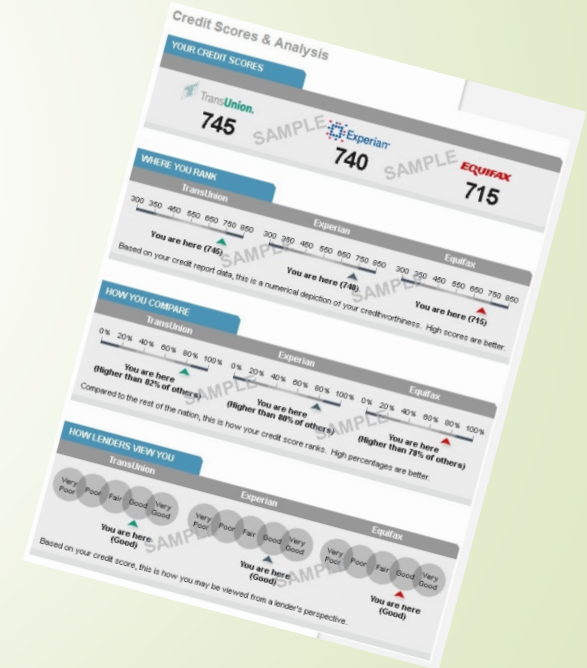
- I need to put 20% down
- I have to pay all other debts first
- I can't get a loan – my credit history isn't good
- I've changed jobs several times, so I can't buy a house
- Fixed rate loans are always better
- A first-time home buyer loan is always best
- The lowest interest rate is always best



Pre-Purchase Steps:

First things first!

1. Have a spending plan
2. Establish credit/get debt under control
3. Review credit report
 - Take steps to improve score if needed
4. Save for a down payment
 - Larger down payment = lower mortgage payment.



Pre-Purchase Steps:

Managing your Finances

1. Develop a spending plan

- Track where your money goes
- Evaluate and identify spending leaks

2. Create a budget

- Make saving a priority
- Balance income and expenses
- Establish emergency savings fund

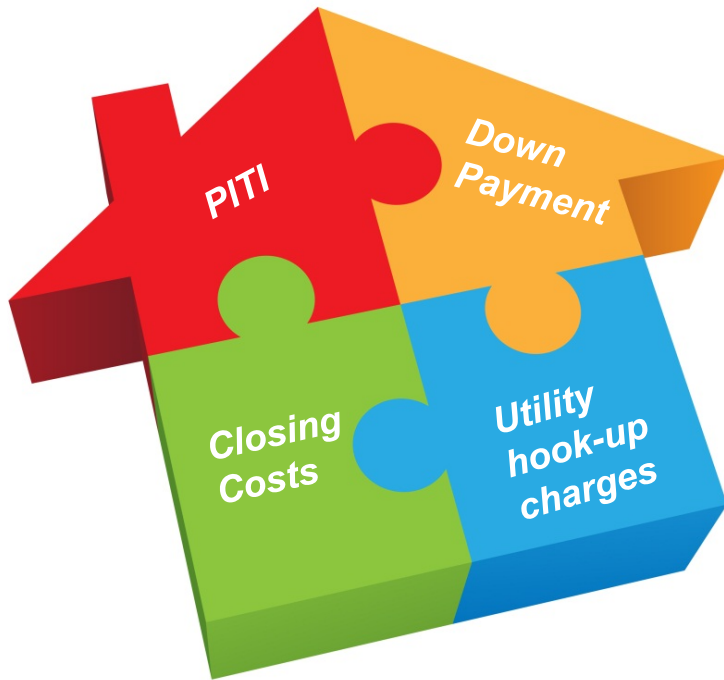
3. Control Debt

- Charge only what you can repay in 1-2 months
- Pay off higher interest rates first



Pre-Purchase Steps:

Understand the Costs



1. Principal, Interest, Taxes, Insurance (PITI)
2. Down Payment
3. Closing Costs
4. Utility Hook-up Charges

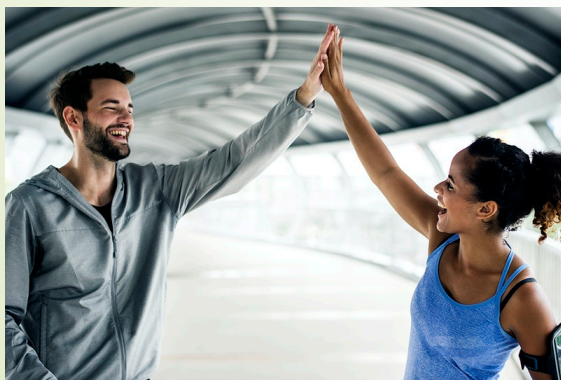
Meet the Lender

Get a Pre-Approval



Preapproval = formal assessment of:

- Credit history
- Employment history
- Debts
- Gross income (pre-tax)
- Spouse's income
- Property/Assets



Understanding Credit

What's in it?

- Personal and employment info
- Payment history
- Bankruptcies and judgments

How long does information stay on it?

- Positive - forever
- Negative - up to seven years
- Bankruptcies – 7 to 10 years

Who wants to see it?

- Lenders
- Landlords
- Insurance providers
- Potential employers



Understanding Credit

Monitor your credit for *FREE* using *CREDIT SENSE* within the *Unity Catholic App*

You can receive a free report once per year!

- www.annualcreditreport.com
- 877-322-8228
- Annual Credit Report, P.O. Box 105281, Atlanta GA 30348-5281



Receive a free report if:

- Denied credit within past 60 days
- A victim of identity theft
- Welfare recipient
- Unemployed and job-hunting

Understanding Credit

Disputing Errors

Ways to dispute errors:

- Online through credit bureau web sites
- In writing to the credit bureau

Keep in Mind:

- They have 30 days to investigate and report findings
- They must delete inaccurate/unverifiable information
- You can write a dispute statement (up to 100 words) to appear in your file.



***Review and dispute BEFORE
shopping for a mortgage***

Understanding Credit

Credit Scores

What is it used for?

- Measures likelihood that you will repay a loan
- Provides objective assessment of credit risk

How does it look?

- Ranges from 300-850
- 720 and higher is “good”

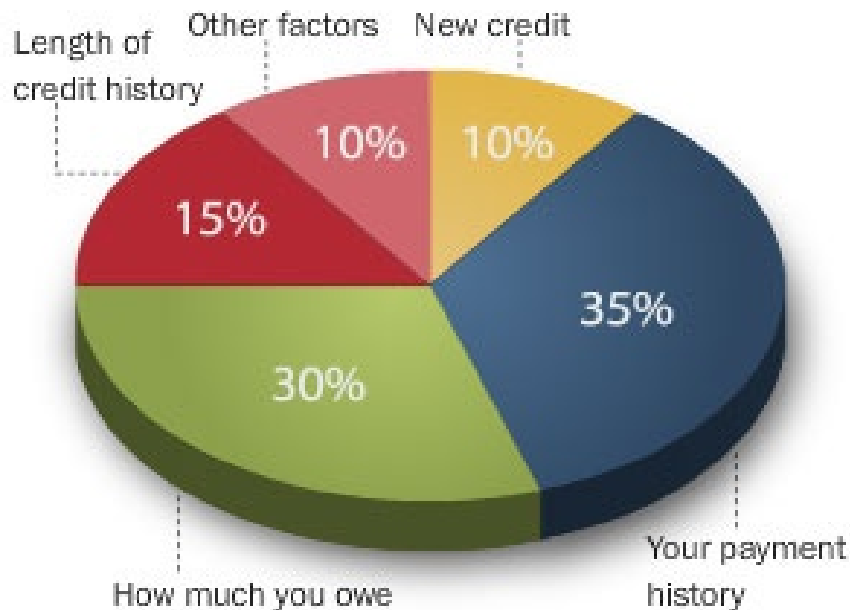


☒ **Excellent**
☐ Good
☐ Average
☐ Poor

***Remember... Scores change over time,
depending on a number of factors***

Understanding Credit

FICO breakdown Five parts to your FICO credit scores



Ask yourself...

- Do you pay bills on time? – 35%
- Do you owe a lot of people – 30%
- How well established is your history – 15%
- Are you increasing debt obligations – 10%
- Do you have a healthy mix of credit? 10%

Understanding Credit

Establishing Credit	Additional non-traditional credit history (Keep records)	Improving Credit Score
Obtain a credit card for gas - pay in full each month	Rent	Reduce card balances – keep them at 50% of limit or lower
Pay all bills on time	Utilities	Pay all bills on time
Open a checking/share account – don't overdraft!	Cable television	Pay off debt – don't just move it around!
Open a secure credit card account	Insurance – medical, car, life and/or renter's	Don't close unused card accounts near loan time
Pay off student loans	Medical bills	Don't open new accounts near loan time
Obtain a small signature loan – pay it off promptly	Child care or school tuition	Stay out of bankruptcy

Selecting a Lender

Getting Started Tips

All mortgage lenders are not the same!

Always get a good faith estimate

Get references from friends & family.

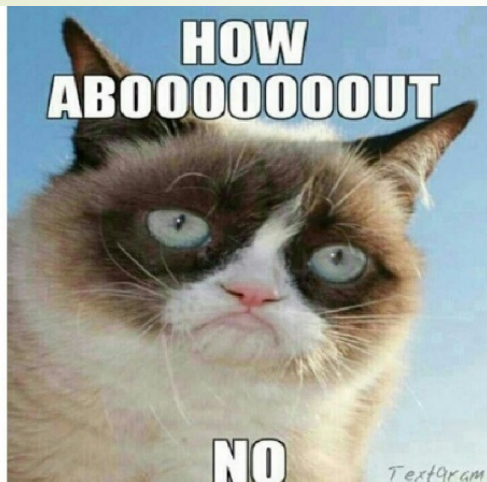
Don't choose off of rate alone



Selecting a Lender

Predatory Lending Tactics

- Encourage borrowers to lie about finances.
 - Lend more money than borrower can afford to repay
 - Charge unnecessary fees
 - Charge high rates based on race, not credit history
- Push balloon loans and interest-only payments
 - Convince homeowners to refinance multiple times
 - Strips equity
 - Use high-pressure sales tactics to sell home improvements.
 - Finance at high interest rates



Selecting a Mortgage

Types of Mortgages

- Fixed Rate
- Adjustable -rate (ARM)
- Conventional
- Construction
- Government (FHA & VA)



Selecting a Realtor

Roles and Responsibilities

- Provides list of houses that meet your specifications
 - Sent automatically through email
- Provides information on the area
 - Schools, shopping, property tax rate
 - Presents your offer to the seller
- Facilitates negotiations on your behalf.
- Work to close the transaction.



Note: Real estate agents can represent the buyer, seller or both. Will vary by market.

Selecting a Realtor

How to Find One



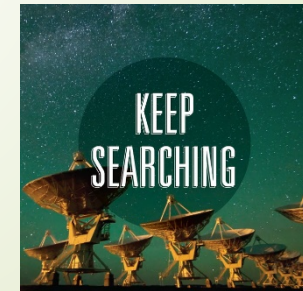
- Get referrals from friends or family
- Choose someone you are comfortable with and does not push you to spend more than you are comfortable with.
- Open houses
 - Offer opportunity to interview informally
 - Get a sense of their personality

Tip: Once you find an agent you are comfortable with, work exclusively with that person.

Finding the Right House

How to Find It

- Web searches
- Neighborhood search
- Open houses
 - Be sure to sign in your realtor's name
- Home shopping guides
- Real estate agent

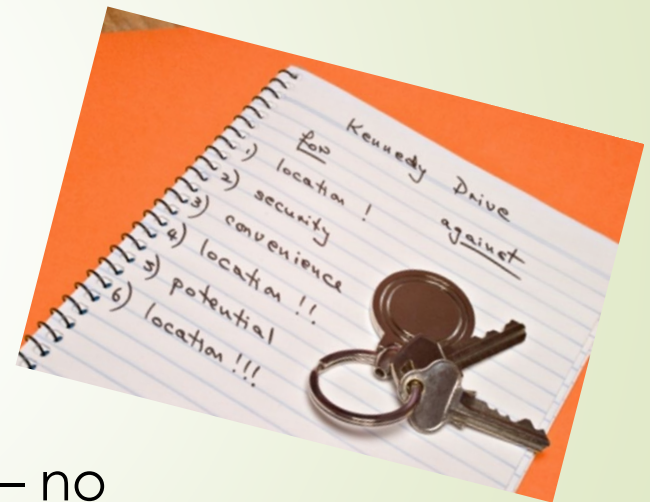


Finding the Right House

House-Hunting Tips

- ✓ Take notes!
- ✓ Take pictures to help you remember what you liked or didn't like about each house.
- ✓ Use a checklist to rate:

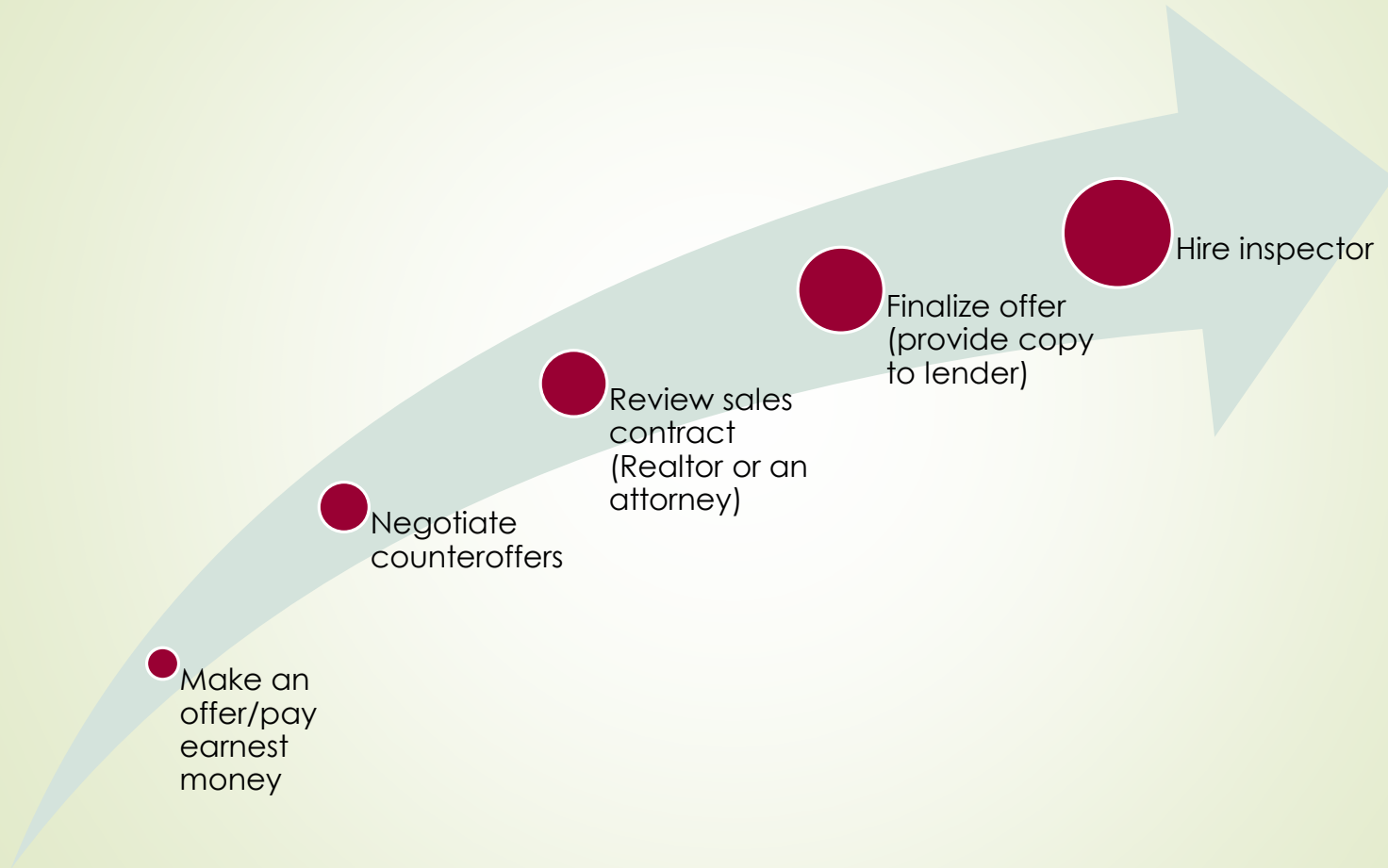
Neighborhood	Construction
Furnace/Air	Landscaping
Rooms	Roof
Lot size	Garage



- ✓ Be prepared to reconsider your priorities – no house is perfect!
- ✓ Ask for a return visit before making an offer.

Finding the Right House

You found it! Now what???



Finding the Right House

A Note on the Home Inspection

An Inspector:

- Provides objective examination of physical structure and systems of home
- Gives detailed report of:

Heating/Air Conditioner	plumbing and electrical
Roof, attic, insulation	Walls, ceilings, floors
Foundation, basement	Windows, doors



Be sure to:

- Accompany inspector if you can
- Check Credentials
- Ensure they carry liability insurance

Finding the Right House

Loan Application Process

Interview

- Take purchase contract, earnest money receipt, proof of income, bank/investment statements, checkbook

Rate Lock

- Rate locks only when you have an accepted purchase contract.
- Ask when it takes effect and for how long it stays in place.

Final Approval

- Lender sends approval commitment letter or formal loan offer.
- If you are rejected you must receive reasons in writing.

Closing

- Can happen as quickly as 3 weeks
- Review and sign documents
- Pay closing costs
- Keep a copy of every document you sign
- Keep paperwork in a safe place

Unity Catholic Federal Credit Union Can Help!

- Variety of programs
 - Especially for 1st time homebuyers!
- Purchase Priority
- Online tools and resources
- Speedy closing

**THERE'S A
CREDIT UNION
FOR YOU!**

It's easy to join the 115 million Americans
already enjoying the benefits.



**KEEP
CALM
AND JOIN YOUR LOCAL
CREDIT
UNION**

***Let us help make the process easy...
become a member ! Just ask how!***



Seminar Objectives



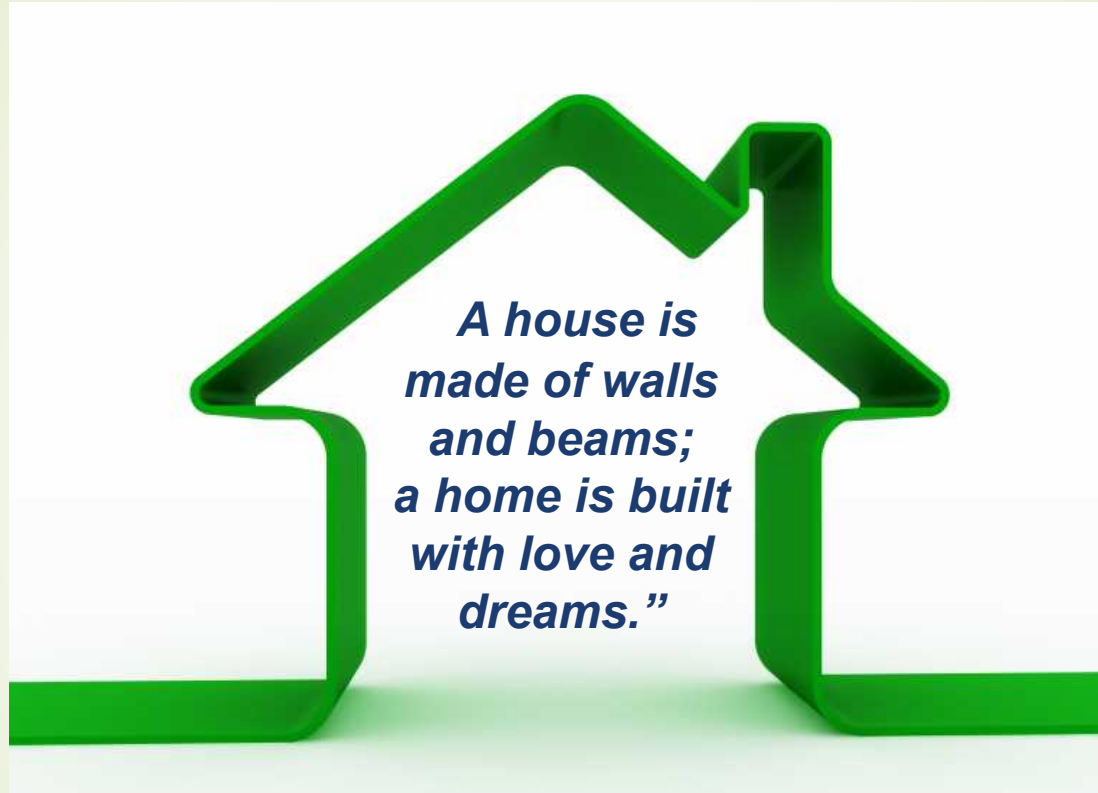
Buying a Home

Are You Ready???

Ask Yourself...	Yes	No
I have a steady job and income		
I don't plan to move in the next few years		
My spending is under control		
I have a good credit history		
I have checked my credit report and score		
I have paid down debts; I know what I owe		
I have saved for a down payment and closing costs		
I know my buying power for a house purchase		
I know I can afford a mortgage with my current budget		



Thank You!



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