1st Time Homebuyer

Shop for the House, Apply for the Loan and Close the Deal with Confidence

EQUAL HOUSING LENDER

GENISYS CREDIT UNION

1st Time Homebuyer

Shop for the House, Apply for the Loan and Close the Deal with Confidence

Buying your first home can be one of the most exhilarating — and stressful — moments of your life and getting everything in order can be daunting. Do your homework before shopping. Arm yourself with advice from others who've been there before and professionals in the field who've seen it all.

This guide will help you get ready to purchase a home that's just right for you, your family and your budget.

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Section 1

Understanding Today's Mortgage Market

Mortgage underwriting – the criteria used to determine whether to make a loan – is more stringent than it once was.

EQUAL HOUSING LENDER

Understanding Today's Mortgage Market

At one time, it seemed that anybody with a pulse could get a mortgage. Some lenders pushed "sub-prime" loans on people with poor credit knowing the entire time that the applicants couldn't afford the payments and may eventually default.

These lending habits were obviously unsustainable, and we know the rest of the story. The housing crisis of 2008-09 hit, banks got bailouts and millions of homeowners either lost their homes or got stuck underwater, owing much more on their mortgage than their home was worth.

Even as the real estate market recovers, the mortgage crisis has left its mark. Mortgage underwriting—the criteria used to determine whether to make a loan—is more stringent than it once was.

That's not to say that young couples or other first-time home buyers will have a difficult time getting a mortgage. It does mean that **proving to the lender that you're financially prepared to take on a mortgage payment is more important than ever.**

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Section
2

Buying Your First Home: Are You Ready?

Ask yourself this question with regard to finances and consider how ready you are emotionally.

Buying Your First Home: Are You Ready?

The first thing to do before buying a home is to make sure it's the right time to do so. Generally speaking, owning a home pays off financially if you live in it for at least five years. Otherwise, there's nothing wrong with renting.

In addition to asking yourself if you are ready financially to own your own home, consider how ready you are emotionally.

When you're renting, surprises don't require a lot of emotional investment. Rent goes up? You can move. Stove on the fritz? Crabgrass out of hand? The landlord will send someone over.

Homeownership is different. If the furnace breaks or property taxes rise, it's on you. That's a potential financial burden, but experts point out that there's also a mental and emotional cost.

Everything can go perfectly smooth for months, and then four maintenance issues might spring up in the same week. Stress management and problem solving skills are among the tools a homeowner needs, right alongside a lender they know they can trust.

Generally speaking, owning a home pays off financially if you live in it for at least five years.

Section 3

Getting Yourself Ready

Finances, down payments, credit scores and more!

1. Get Your Finances in Order

GET FINANCES IN ORDER

The last thing you want to do is find your dream home only to discover you're not financially qualified to buy it. To guarantee you're financially ready to buy your first home, you'll need good credit, cash to close, and a verifiable income.

Some real estate agents won't even show homes to prospective clients who don't have a mortgage pre-approval. Meet with your lender at the start of the process to find out how much house you can afford and how much cash you'll need to close. (More on this in a moment.)

ATTEND HOMEBUYER SEMINAR

2. Attend a First-Time Homebuyers Seminar

Your credit union may offer a 1st Time Homebuyer Seminar, and if not, can advise you on signing up for one that's possibly given by a city housing department or a non-profit organization. Why not take a little time to learn from the pros?

Many of the seminars are free. However, any nominal fee will be repaid many times in the valuable knowledge you will gain at the seminar.

3. Make a Down Payment Plan

In addition to making sure your credit score is in order, you'll also want to consider the cash you'll need to make buying your first home a reality. Of course there's your down payment — which is typically between 3.5 and 20 percent of the purchase price.

Most conventional mortgages require a minimum down payment of 5% to 7% of the cost of the home, but some range as high as 20%.

If you can swing a higher down payment, your loan costs will be less and you'll get a better interest rate. If not, there are many programs that can help. Your best bet is to check with your lender and investigate all the options.

As you save, don't underestimate how much money you'll need. You might be surprised at how much additional money you will need for closing costs over and above the down payment amount.

4. Check Your Credit Score

Hopefully this isn't a surprise, but getting a mortgage requires a good credit score.

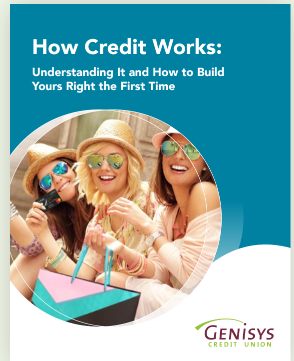
Now is a good time to check your credit reports for errors and possibly invest in a few months of a daily credit score monitoring service. The three credit bureaus (Equifax, Experian and TransUnion) are each required to give you a free credit report once a year. **You can download a copy of your credit report at annualcreditreport.com.**

A Federal Trade Commission study found one in four Americans identified errors on their credit report, and 5% had errors that could lead to higher rates on loans. So avoid any last-minute bombshells by checking your score long before you're ready to make an offer on a house. And be sure to correct any mistakes.

A Federal Trade Commission study found one in four Americans identified errors on their credit report, and 5% had errors that could lead to higher rates on loans.

Want to read more about how to improve your credit score?

Check out our eBook:



A healthy credit history is extremely important. Most borrowers can qualify for a mortgage with a minimum score of 620 but the most competitive interest rates will be offered to those with a score of 700 or above. **Getting the lowest rate possible can save you tens of thousands of dollars over the life of a 30-year mortgage.**

If you haven't started practicing good credit habits yet, it's time to start developing them. A fast way to improve your score by a few points is to pay down credit card balances and stop using them for two months before you apply for a mortgage. Also, you'll want to avoid applying for credit (for example, a new credit card or car loan) until after you've closed on your new home.

If you're buying a home with a spouse or other co-buyer, your mortgage lender will likely consider both buyers' credit scores in the application process. That's not to say you're necessarily doomed if one person's credit isn't as good as the co-borrower, but don't count on things going off without a hitch just because one buyer has a stellar score. Finally, remember that improving your credit score significantly can take at least six months, so get started now if you need to!

Section

4

Know the Real Cost

Don't stop with principal and interest. Buying a home involves costs that can be easily overlooked in all of the excitement.

Know the Real Cost

When budgeting for a new home, look at all the expenses associated with it, just as you would add up gas, oil, insurance, and mechanics' fees when buying a new automobile.

Don't stop with principal and interest. Add in utilities, cost of commuting and upgrades. Call the utility companies that service the house you are considering and ask for an estimate of what the cost will be and if budget payment plans available are available. Don't forget to consider costs that may be affected by moving. Will the gas budget for your car go up if you are moving farther away from the places you frequently visit?

Add 3% to 6% more for closing costs, which will vary based on where you live and what taxes your state and city require you to pay.

If you'll be joining a homeowners association (HOA), ask to see the contract before making a decision. You'll want to know about all rules and restrictions, from pet ownership to who can use the pool. Fees can be as low as $0 or as high as several hundred dollars per month, depending on the amenities and services offered. That could easily turn an $800 mortgage payment into an $1,100 one.

DON'T FORGET!

Additional Costs

• Utilities	$
• Closing Costs	$
• HOA	$
• Taxes	$
• Commute	$
Real Cost	**$**

Avoid that Fixer Upper

Even if you call yourself a handyman or handywoman and watch every HGTV home renovation show, think twice before taking on the expense of renovating a house that has charm and "promise." Cosmetic updates are one thing, but anything that requires a permit means big time expenses and headaches.

Large-scale renovations can be a nightmare for anyone without professional-level knowledge and experience with renovations. Have a serious conversation with yourself about your ability to handle the work, the cost and the stress of such a project.

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Forgotten Home Buying Expenses

Buying a home involves lots of costs that aren't necessarily "hidden" but can be easy to overlook in the excitement of a new purchase. These include a home inspection (more on that later), a title search and a property survey. Costs vary by locale, but expect to pay at least a few hundred dollars. Don't forget real estate taxes, and there are likely to be some small, but numerous, items that you never needed before, like a lawnmower.

Routine (and not so routine) maintenance can also add up quicker than you think. Be sure not to tell yourself you'll take care of that mysterious water stain or leaning deck later; deferred maintenance costs a lot more than routine maintenance.

Section 5

Go Shopping for a Mortgage

The lending pros at your credit union can help you investigate all your mortgage options.

Go Shopping for a Mortgage

Too often, home buyers leave mortgage shopping to the last minute and watch their dream home go to a buyer that already had financing in order. Mortgage pre-approval is a free and non-binding process that presents you to sellers as a serious, qualified buyer when shopping for your first home.

Mortgage pre-approval is a free and non-binding process that presents you to sellers as a serious, qualified buyer when shopping for your first home.

Research Your Options

The lending pros at your credit union can help you investigate all your mortgage options and pick the one that's right for your situation. Think about your long-term plan when you're exploring these. You might be one of those people who never plans to buy another home, so maybe you're more interested in a 30-year, fixed-rate mortgage.

Another couple might look at this home as a starter property that they only want to own until their second child is born. Thus, they might want an adjustable-rate mortgage because those rates often are less than fixed-rate options for the first several years.

Your credit union can pre-approve your home loan, so you'll be ready to go when you find the right house. Pre-approval will help you understand how much you can expect to borrow, which will narrow your home search to properties within your price range. It can also give sellers a little more confidence in how serious you are when making an offer.

Typically, pre-approvals are good for 60 to 120 days depending on the lender. If you don't find a home within that period, you may need to re-qualify.

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Mortgage Programs

Comparing mortgages programs can be confusing. There are fixed-rates and adjustable rates (ARMs), and they are all priced very differently. You can take out a mortgage for 30 years or as little as five years. You can borrow with as little as 3% down or may need up to 20% down payment to qualify for some loans and terms. All of these factors will affect the fees and interest rate you pay as well as your qualifications for specific mortgage programs.

Most buyers lean towards fixed-rate mortgages and, indeed, the 30-year fixed rate mortgage is the most common kind of loan. Still, it doesn't hurt to become familiar with how mortgage rates work and the different kinds of loans that are available.

Fannie Mae Conventional Programs

The most common mortgage is what is called a "Fannie Mae conventional mortgage." The Federal National Mortgage Association, or "Fannie Mae," is a federally sponsored entity that helps make mortgage funds available to consumers. Lenders may sell loans to Fannie Mae while continuing to service the loan (accept payments, manage escrow, etc.) for the borrower.

Since Fannie Mae will be buying the loan, they have standards that must be met by the lender and borrower to assume the risk of the loan.

Fannie Mae programs have terms up to 30 years and minimum down payment options of a low as 3%. However, a conventional mortgage will not offer some of the additional benefits that other programs offer. Be sure to ask your mortgage advisor if there are better programs available based on your credit score and down payment. You might qualify for a first-time home buyer program you may never have known about. These programs may offer lower interest rates, low down payment options, no PMI, minimum credit scores of 640 and may even waive part of the mortgage origination fee than you may otherwise get in other loan programs.

FannieMae

Since Fannie Mae will be buying the loan, they have standards that must be met by the lender and borrower to assume the risk of the loan.

Fannie Mae programs have terms up to 30 years and minimum down payment options of a low as 3%.

FHA Loan (Federal Housing Administration)

One government program that's popular with many first-time homebuyers is the Federal Housing Administration (FHA) loan program. FHA loans usually require smaller down payments of 3.5% and can be more accessible to those who don't meet the credit requirements of other programs. FHA loans can be obtained with credit scores as low as 600.

VA Loan (Veterans' Affairs)

If you're a veteran, it's worth looking into VA loans. These loans offer Veterans a zero down payment option with no monthly Private Mortgage Insurance (PMI - we'll fill you in later if you don't know what that is) and a minimum score of only 620.

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Mortgage Fees

Now that you know what mortgage programs you may be interested in, it's time to learn more.

Making things perhaps even more confusing, mortgage lenders charge fees that aren't necessarily reflected in the interest rate. There can be fees for appraising the home, checking your credit, and preparing documentation.

It can be a good habit to compare mortgage rates online regularly. You'll notice that they fluctuate quite a bit from week-to-week and that some lenders will run the equivalent of "sales," lowering rates to attract more mortgage business.

Private mortgage insurance (PMI)

If you put less than 20 percent of the purchase price as a down payment, your lender will likely charge you a monthly premium for what's called private mortgage insurance, or "PMI." Private mortgage insurance protects the lender in the event you default on your loan and the value of your home declines significantly.

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Section 6

Pick Your Team

From the real estate agent to the home inspector, these folks will be going to bat for you.

Pick Your Team

In addition to your mortgage loan adviser, you'll need people with the right stuff all along the way. You'll want a real estate agent who will move quickly when a new listing goes on the market, and who will advise you honestly on preparing your offer. You'll also need a home inspector you can trust. These folks are your team, the people going to bat for you. They should communicate well with each other and keep everyone, including you, in the loop.

Remember, though, that your team starts and ends with you. Make sure to regularly ask what you need to be doing, what steps are left to take, and what forms to fill out.

HOME INSPECTOR

REAL ESTATE AGENT

Real Estate Agent

Your real estate agent is your insider to the world of home buying, and the right one can be an invaluable asset when buying your home. Talk to people you already trust. Friends and family members might be able to offer names of people they've worked with. That's how good agents get referral business.

Many real estate agents specialize in certain areas of town or types of property, so ask your prospective agents how many homes they've sold in your target area. An agent who's worked in your preferred location extensively can share insights on things such as new developments, taxes and other issues that may affect the market value of the homes you're browsing.

You may want to look into hiring a Realtor, which just means that your agent is a member of the National Association of Realtors and has pledged to abide by a code of ethics set out by that group.

Working without an agent can be a treacherous road. If a seller does a "for sale by owner" (FSBO) listing in an effort to save on the agent commission, that seller might request that you purchase without an agent as a way to keep agents out of the transaction. That's not a great idea because you will be losing the expertise the Realtor can provide. Carefully evaluate your options before agreeing to it. In most cases, you're better off walking the other way.

An agent who's worked in your preferred location extensively can share insights on things such as new developments, taxes and other issues that may affect the market value of the homes you're browsing.

Home Inspector

A knowledgeable home inspector is just as important as a great real estate agent. Getting a home inspection can save you thousands of dollars in the long run, but it has to be thorough. Ask friends and co-workers for referrals or find out if your real estate agent has anyone they would recommend. You may want to check with associations, such as the American Society of Home Inspectors or the National Association of Home Inspectors that require members abide by standards and a set of ethics.

Once you've gotten a few names, interview potential candidates. Don't be afraid to ask questions: Find out what their process is, how long it usually takes, their level of expertise and what kind of information and paperwork you will receive after the inspection. If there's anything special about the property you're interested in — a septic or propane tank, for example — be sure the home inspector has expertise in that area. Finally, be sure to follow up on any red flags in the home inspection report by hiring experts to come in and take a closer look at any concerns like a possible radon issue or evidence of a pest infestation.

Even if the home you plan to purchase appears to be flawless, there's no substitute for having a trained professional inspect the property for the quality, safety and overall condition of your potential purchase.

An inspection by a qualified and trustworthy inspector is essential. During your house hunt, you may find a house that looks great at first glance. Then, as you walk through a few of the rooms, you notice problems with the house. Maybe the floors squeak or the kitchen island is off-center. These are clues that someone has attempted to cover up some bigger issues, and the house is in questionable shape.

Home inspections provide you with some protection. The inspector will be able to find problems you might overlook, and you want to know about these problems before you sign on the dotted line. Even if the home you plan to purchase appears to be flawless, there's no substitute for having a trained professional inspect the property for the quality, safety and overall condition of your potential purchase. You don't want to get stuck with a money pit or with the headache of performing a lot of unexpected repairs. If the home inspection reveals serious defects that the seller did not disclose, you'll generally be able to rescind your offer and get your deposit back.

Section
7

Know Your Budget, and Don't Be Swayed

Know your priorities and what trade-offs you're willing to make.

Know Your Budget, and Don't Be Swayed

Before jumping into meetings with Realtors and attending open houses, first-time homebuyers should be realistic about their budgets. Taking a couple of months to closely track spending can give you an accurate idea of the amount of money you'll be able to put toward a monthly mortgage payment. Some experts even suggest living on a "faux mortgage" budget for a few months, to see if you've been realistic in your projections.

A Wish List... Not Wishful Thinking

When you're ready to look, and excited about that great house you haven't seen yet, it's easy to get blinded by beautiful back-splashes, granite counter tops, hardwood floors and fenced-in backyards that you hadn't even realized you wanted. Be careful: You may begin to rationalize a larger purchase than what you've carefully planned.

Prioritize

What's most important in your new home? Proximity to work? A big backyard? An open floor plan? A quiet street? Is it the number of bedrooms or bathrooms? What about other amenities like an attached garage or a pool?

It all depends on your personal situation, but doing the research beforehand can help you nail down the properties you're most interested in viewing.

You'll make a much better decision on what home to buy if you focus your priorities. It's good to remember that granite countertops or stainless steel appliances are easy to add later, whereas you can't easily add another bedroom, get a better location or a more functional floor plan.

Most importantly, know what trade-offs you're willing to make. The quest for perfect can be a stumbling block to finding your new home. Knowing what you need to have and what you can live without is what a budget's all about. But don't punish yourself for your priorities. Consider how you're likely to feel about a feature you dislike in a house five or 10 years down the road. You want to love your home, not resent it (or yourself for making the wrong decision).

WISH LIST?

~~5 bedrooms~~

2 bathrooms

~~Master Suite~~

Big Backyard

~~Finished Basement~~

~~4-Car Garage~~

Close to Work

Open Floor Plan

Knowing what you need to have and what you can live without is what a budget's all about.

Remember, just because someone will lend you more money, it doesn't mean you should borrow it. Ask yourself, how much house do I really want?

Don't End Up House Poor

Sometimes homebuyers "fall in love" with a house or neighborhood (or even just the idea of owning a house). This can lead to regret when the novelty wears off and you don't have any money to do the things you'd like.

Purchase a home you can afford, not one that stretches you to the limit. The right house allows you to save for retirement, college education or perhaps your next home purchase. It ensures you have liquid assets available in case of a medical crisis or a job loss.

Try to keep your total housing payment under 30 percent of your gross monthly income. When you spend much more than that on your mortgage, you risk becoming "house poor" — you might live in a beautiful home but find it difficult to save or even cover other monthly expenses.

You never want to be "afraid" of your mortgage. Remember, just because someone will lend you more money, it doesn't mean you should borrow it. Ask yourself, how much house do I really want? An online Mortgage calculator will step you through the process of finding out how much you can borrow. If you think you might be pushing the limits, use this worksheet to get a quick reality check. You don't want to be fearful that you won't be able to make your payments.

WORKSHEET: Track Your Budget

The first step in getting yourself in financial shape to buy a home is to know exactly how much money comes in and how much goes out. Use this worksheet to list your income and expenses below.

Income

Monthly Wages	$
Interest / Dividends	$
Other	$
Total Monthly Income	**$**

Expenses

Monthly Rent / Mortgage	$
Health Insurance	$
Vehicle Insurance	$
Vehicle Payments	$
Utilities	$
Credit Card Payments	$
Savings Payment	$
Groceries	$
Fuel / Gas	$
Cable / Internet	$
Food / Dining	$
Cell Phone	$
Entertainment	$
Total Monthly Expenses	**$**

Tools like this are a useful guide, but adjust the answers based on your individual situation. How much is your current rent payment? Did you meet that payment each month with ease, or was it a bit of a struggle? The payment you can afford right now is a good indicator of what you'll be able to afford in your new home.

You'd be surprised how many homebuyers don't start by figuring out how much money they have to spend on their purchase. It's easy to show up at open houses and fall in love, but why waste time looking at homes that are out of your price range? The last thing you want is to find your dream home and then realize it's way over your budget.

Section 8

Beautiful Day in the Neighborhood

Visit open houses and online property listing sites to learn about neighborhoods.

Beautiful Day in the Neighborhood

No matter where you're looking to buy a home, it's important to look into what other homes in that area sold for recently. This can be very helpful during the negotiation process. You can start by visiting open houses, and also use property listing sites, such as realtor.com, to find out about neighborhoods.

Let Someone Else Buy the Priciest Real Estate. The worst advice one could ever receive is to buy the most expensive home on the block. Much like buying a brand-new car can mean leaving thousands in value behind as you drive it off the lot, owning the most expensive home on the block can mean tossing value away.

Property values tend to gravitate towards the middle. So if your home is the lowest-priced in the neighborhood, your value could be pulled up by higher-priced homes. The opposite is true if your home is the highest-priced.

Talk To the Neighbors. Speaking with neighbors can give you a more intimate sense of a property or area. Chat with your potential neighbors and get their perspective on the area. The neighbors may know if there are foundation problems or other major issues. They'll also know about barking dogs, petty crime and the size of utility bills. Ask things like: How's the garbage pickup? Does the town do a good job when it snows? Towns have all sorts of laws you'll be stuck with once you move in. Better to know beforehand.

Think about demographics, too. If you're buying in a neighborhood that is full of renters, it only takes a few bad ones (or bad landlords) to drive the neighborhood and property values down. If the neighborhood is full of single people, will you be happy there if you have kids in your household?

Look Around. If you think you've found the neighborhood you want to buy in, take it a step further. Drive from your potential new home to your office to see what the commute is like, as well as to places you'd go on a regular basis, like the grocery store, gym and gas station.

Visit at different times and days to evaluate things like traffic and noise. Most neighborhoods are quiet in the middle of the day. You need to see what the area is like on a Saturday night. Are there kids out driving with music blasting? What's the traffic like in morning rush hour or in the evening?

Learn About the Schools. If children are in your future (or your present), the local schools are important. You can ask friends with children or do research online. Neighbors can be helpful here, too.

In some towns, the school zone has different borders than the town. So you could live in certain areas of one town and belong to a school district in another that isn't quite as good.

Even if you don't have children, the school district will still be important to you. Many people choose their homes based on the quality and reputation of the local school system. That will have an impact on your home's future value.

Section 9

What It Takes To Get Approved For a Mortgage

Know the steps involved before you start.

What It Takes To Get Approved For a Mortgage

Before completing a mortgage application or even strolling through an open house, you'll want to know these things:

- **Your monthly income**
- **Total monthly debt payments**
    - auto loans
    - student loans
    - credit card minimum payments
- **Your credit score and any credit issues in the past few years**
- **How much cash you can put down**
- **How much house you can afford**
    - use our simple calculator to estimate this

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1

Calculate your income and your monthly debt obligations

The first step in preparing to apply for a mortgage is to document your monthly income and expenses.

Before ever speaking with a mortgage officer, you'll want to determine how much house you can afford and are comfortable paying (two different things!). A good rule is that your total housing payment (including fees, taxes, and insurance) should be no more than 30 percent of your gross (pre-tax) income.

For example, if together you and a co-buyer earn $80,000 a year, your combined maximum housing payment would be $2,000 a month. That's an absolute, max, however.

It can be difficult to equate this monthly payment to a fixed home price, as your monthly housing payment is subject to variables like mortgage interest rate, property taxes, the cost of home insurance and private mortgage insurance (PMI), and any condo or association fees. In some cases, taxes, insurances, and fees may be equal to or greater than your actual mortgage payment. So you'll have to work backwards based on houses you like to determine what your payment will be and whether it fits your budget. Getting pre-approved for a mortgage from a qualified lender can help with this process.

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2

Give your credit health a checkup

Before applying for a mortgage, obtain both your credit score and your credit history report. You'll want to verify there are no errors on the report or recent derogatory items like late payments. As you may shop for homes over the course of several months, this is one time you might want to consider subscribing to a service that provides regular credit report monitoring.

As for your credit score, your estimated FICO credit score should be at least 680 and preferably above 700. Anything less and you may need to find a highly-qualified cosigner or take time to improve your credit before getting mortgage approval. The lower your credit score, the higher the mortgage rate you'll pay which can add up to tens of thousands of dollars in extra interest.

Finally, **do not apply for new credit** in the few months leading up to your mortgage application. Lenders get suspicious if it looks like you're piling on the new credit. Even getting a credit check for a new cell phone plan could require a letter of explanation to your mortgage lender.

720 AND HIGHER
IS EXCELLENT CREDIT

690-719 IS A GOOD
CREDIT SCORE

630-689
IS FAIR CREDIT

SCORES UNDER 630
INDICATE BAD CREDIT

3

Determine your mortgage budget!

Getting approved for the mortgage you want is all about staying within certain income and expense ratios lenders use to determine how much you can afford for a mortgage payment. Large debt payments (like an auto loan or big student loans) will limit the size of the mortgage approval you can get. If possible, pay these loans off or, at the very least, avoid taking any new loan payments on prior to applying for a first mortgage.

If you have it, consider putting 20 percent down to avoid private mortgage insurance (PMI) — costly insurance that protects your mortgage lender should you foreclose prior to building sufficient equity in the property.

Commit to the maximum you want to spend before beginning the mortgage approval process. Real estate agents, your own desires, and some unscrupulous mortgage lenders may try to tempt you into buying a more expensive home than you can afford, perhaps rationalizing the decision by reminding you that real estate is bound to appreciate. That may happen, but it's best to have a smaller payment you can afford in good times and bad over a bigger one that you could lose in foreclosure if anything goes wrong.

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Payment Example

Purchase Price	$150,000
5% Down Payment	($7,500)
Mortgage	**$142,500**

Monthly Breakdown

Principal & Interest	$732.00
Taxes	$233.00
Insurance	$75.00
PMI	$64.15
Monthly Payment	**$1,014.15**

Payment example based on $2,800 for taxes, $900 for Insurance and $769.80 for Private Mortgage Insurance (PMI). Your amounts in your situation will vary.

Section 10

When and Where to Apply For Your Mortgage

The only wrong way to get a mortgage is by not shopping around.

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When and Where to Apply For Your Mortgage

The only wrong way to get a mortgage is to walk into your local bank, ask for a loan officer and accept whatever rate they give you without ever shopping around. You can compare rates with any number of leading online mortgage lenders or find a local mortgage broker who will shop your application to multiple lenders on your behalf.

You can meet with a mortgage lender and get pre-qualified at any time. A **pre-qualification** simply means the lender determines that based on your credit score, income, and other factors, you should be able to get approved for a mortgage. It's informal and totally non-binding. As you get closer to buying a home you'll want to seek **pre-approval**. You can meet with a local credit union, mortgage broker or even get pre-approved online from any number of online mortgage lenders.

Wherever you go, this pre-approval isn't binding, but it is a strong indicator of your ability to get approved for a mortgage that you can provide to sellers with your offer. Most sellers will want to see a pre-approval within a couple days of receiving your offer, if not provided with the offer itself.

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Summary

Buying a home, especially for the first time, is both scary and exciting. Spend a little time before researching and planning. Put together an A-list team of helpers and a mental list of things to look for, and the scariness quotient goes way down. You can feel confident you're making good choices, and your path to that dream house will be both shorter and a lot easier.

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CREDIT UNION

genisyscu.org

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NCUA