Keys to Successful Homeownership

Brought to you by Andy Woodman
The information presented in these training materials is based on guidelines and practices accepted within the mortgage finance industry generally and is not intended to be all-inclusive. All examples are hypothetical and are for illustrative purposes only. Investor requirements change from time to time and their application is subject to interpretation. Therefore, we cannot guarantee how any specific investor guidelines will be applied to individual circumstances. Our training is not intended and should not be interpreted or relied upon as legal advice. We encourage you to seek legal and compliance advice from a qualified professional.

GUCU expressly disclaims any and all warranties, express or implied, including without limitation warranties or merchantability and fitness for a particular purpose regarding these materials and our training program. In no event will GUCU be liable for any direct, indirect, incidental, punitive or consequential damages of any kind with respect to the training or materials provided.
• Getting Ready to Buy a Home
• Buying Your Home
• Getting Your Mortgage
• Closing Your Loan
• Being a Successful Homeowner
Getting Ready to Buy a Home

• **Credit**
  – Where does it come from?
  – How do you establish good credit?
  – Need to regain good credit?
  – Ask for a copy of your credit report!

• **Visit:** [www.Annualcreditreport.com](http://www.Annualcreditreport.com)
  – Get report from all 3 credit reporting agencies: Equifax, Experian, Transunion
What affects your credit score

- Payment history (35% of score)  
  - Do you pay bills on time?
- Amounts owed to creditors (30%)  
  - Do you owe a lot of money to a lot of people?
- Length of credit history (15%)  
  - How established is your credit history?
- New credit (10%)  
  - Are you increasing your debt obligations?
- Types of credit currently in use (10%)  
  - Do you have a “healthy mix”?
Getting Ready To Buy a Home

- **Budget**
  - Doesn’t have to hurt
  - Identify your expenses
  - Get it down in writing
  - Make simple, logical changes
## Buy or Rent?

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Considerations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BUY</strong></td>
<td></td>
</tr>
<tr>
<td>Building equity</td>
<td>Responsible for maintenance</td>
</tr>
<tr>
<td>Sense of community, stability and security</td>
<td>Property taxes</td>
</tr>
<tr>
<td>Independence (No landlord)</td>
<td>Possibility of foreclosure and loss of equity</td>
</tr>
<tr>
<td>Can make updates/personalize décor and landscaping</td>
<td>Less mobility than renting</td>
</tr>
<tr>
<td><strong>RENT</strong></td>
<td></td>
</tr>
<tr>
<td>Little/no responsibility for maintenance</td>
<td>No tax benefit</td>
</tr>
<tr>
<td>Easier to move</td>
<td>No equity</td>
</tr>
<tr>
<td></td>
<td>No control over rent increases</td>
</tr>
<tr>
<td></td>
<td>Possibility of eviction</td>
</tr>
</tbody>
</table>
Getting Ready to Buy a Home

• Prequalification

  – Helps you know:
    • Amount of monthly payment you can afford
    • Down payment amount you will need

  – Documents you may need:
    • Tax Returns and W-2’s
    • Employment history for minimum of 2 years
    • Paystubs
    • Asset account statements (checking/savings/retirement, etc.)
Buying Your Home

Realtor

– Buyer’s agent vs. Seller’s agent

– Be clear on your criteria:
  • House characteristics
  • Must haves
  • Nice to haves

Loan Officer
Buying Your Home

Homebuyer Checklist
Things to consider:
- Taxes
- Age of home
- Maintenance issues
- Utilities
- Sunlight/Rain
- Surroundings/locations
- Visit at different times
Making an offer

Factors that influence the $$$ amount

Contingencies
  • Common examples

Counteroffer
Buying Your Home

Home Inspection

– No refund desk for the purchase of a house!
– Takes about 2-3 hours
– Negotiating Tool
– Sellers’ Condition Report
Buying Your Home

Other Expenses to Expect

– PRIOR to closing
  • Earnest money
  • Inspector
  • Appraisal Fee

– AT closing
  • Closing costs
  • 1 year of homeowners insurance
  • Escrow $$$
Monthly Mortgage Payment

**PRINCIPAL**
The portion of the payment that is used to reduce the loan balance.

**INTEREST**
The portion of the payment used to pay interest that is due.

**TAXES**
Usually one-twelfth of the annual property tax bill.

**INSURANCE**
Usually one-twelfth of the annual mortgage and homeowners insurance bills.
Getting Your Mortgage

Private Mortgage Insurance VS Homeowners Insurance
Getting Your Mortgage

Private Mortgage Insurance

– Become a homeowner sooner
– Increase buying power and broaden options
– Private MI may be tax deductible
– Private MI may be cancelled
Getting Your Mortgage

Different Loan Types

– Fixed-Rate Mortgage

– Adjustable-Rate Mortgage

• Important terms and considerations
Getting Your Mortgage

Different Loan Programs

- Conventional
- FHA
- VA
- USDA
- Jumbo
- Portfolio

Down Payment

- Minimum usually 3-5%
- No down payment
- Down Payment Assistance
## Getting Your Mortgage

### Common Misconceptions
- Need 20% down
- First-time home buyer loan always best
- Lowest interest rate always best
- Non-U.S. citizen cannot finance a house

### Down Payment Sources
- Spend less than you earn and save it strategy
- Tapping retirement accounts
- Family gifts and loans
- Crowdfunding
- State and local assistance
Getting Your Mortgage

Application

– Documents you may need:
  • Tax returns and W-2’s
  • Employment history
  • Pay check stubs
  • Asset account statements

– Documents the lender provides to you:
  • Loan Estimate
    – Must be provided within 3 days of making an application
  • Commitment Letter
Getting Your Mortgage

Processing and Underwriting

– Loan is reviewed by processor
– Submitted to an Underwriter for approval

At either stage you may be asked to provide additional information.
Closing Your Loan

Borrower brings to closing:
- Wired funds for closing
- Photo ID

Borrower receives at closing:
- Closing Disclosure
  - Actually sent 3 days prior to closing
  - Must be acknowledged
- Copies of closing documents
- Keys to new home!
Being a Successful Homeowner

Maintaining Your Home!

– Lawn and garden
– Pest Control
– Power tools
– Appliances
– Furniture
Being a Successful Homeowner

Expect the Unexpected

Establish a reserve
ENJOY your new home!
Questions?
Why Georgia United Credit Union?

- Founded in 1958, Georgia United Credit Union is one of the largest and strongest credit unions in Georgia.
- Federally Insured by National Credit Union Administration.
- We’re proud to serve 160,000+ member and their families.
- Our members receive competitive rates and an unparalleled member service experience, in addition to member-exclusive discounts and rewards.
- We have 19 branches and Georgia United members have access to a network of over 100,000 surcharge-free ATMs in more than 170 countries across the globe.

“At a credit union you’ll feel like you own the place...because you do!”
Why Georgia United?

We are so much more than a bank.

— Low costs
  • Credit Union members do not pay intangible taxes
— Low Rates
— Full range of loan products

Home Loan Consultants are available by calling 888-493-4328 ext. 6850 or apply online at www.gucu.org
Three Ways to Become a Member

- Apply Online at gucu.org
- Visit one of our Branches
- Give us a Call 770-476-4600