



MEMBERS 1st
FEDERAL CREDIT UNION

**BUYING
A HOME**





ADVANTAGES OF BUYING AND RENTING

BUYING

- › Tax savings
- › Pride of ownership
- › Potential economic gain



ADVANTAGES OF BUYING AND RENTING

RENTING

- › Ease of mobility
- › Fewer responsibilities
- › Lower initial costs



DISADVANTAGES OF BUYING AND RENTING

BUYING

- › Financial risks related to having down payment funds, obtaining a mortgage, fluctuating property values and mortgage caps
- › Limited mobility if a home is difficult to sell
- › Higher living costs due to repairs and maintenance



DISADVANTAGES OF BUYING AND RENTING

RENTING

- › Few financial benefits in the form of tax deductions
- › Restricted lifestyle, decorating, having pets, and other activities
- › Legal concerns
- › No opportunity to have value of a home



BUYING A HOME





PHASE 1

DETERMINE HOME OWNERSHIP NEEDS

What type of housing should I buy?

How much can I afford to spend?



PHASE 2

LOCATE AND EVALUATE A HOME

Where do I want to live?

What aspects of the home need improvement?



PHASE 2

LOCATE AND EVALUATE A HOME

Suggested websites for viewing homes for sale:

[realtor.com](https://www.realtor.com)

[trulia.com](https://www.trulia.com)

[zillow.com](https://www.zillow.com)



PHASE 3

PRICE THE PROPERTY

What is an appropriate market price?
How much negotiation movement exists?



PHASE 4

OBTAIN FINANCING

How much down payment is available?

What are current mortgage rates?

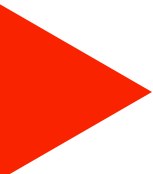
Can I qualify for a mortgage?

What type of mortgage should I get?

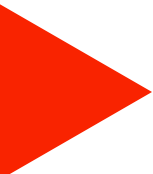
Use our **Free Mortgage Loan Calculators** to calculate your monthly mortgage payment.



QUALIFYING FOR A MORTGAGE

- 
- › Determine the estimated value of the home you would like to purchase.
 - › Obtain funds for a down payment from savings or through gifts/loans from family members.
 - › Reduce other debts or improve your credit record, if necessary.
 - › Compare fees, services, and mortgage rates for different lenders.
 - › Prepare the mortgage application.

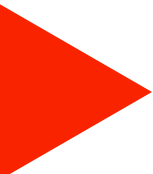




Your mortgage acceptance will be based on your credit record.

Good credit is essential!





The amount of the mortgage for which you qualify will be influenced by:

- › Your income
- › The amount available for a down payment
- › Current mortgage rates





TYPES OF MORTGAGE RATES

Fixed Rate. These mortgage loans have the same interest rate for the entire repayment term. Because of this, the size of your monthly payment will stay the same, month after month, and year after year. It will never change.

Adjustable Rate. These mortgage loans (ARMs) have an interest rate that will change or "adjust" from time to time. Typically, the rate on an ARM will change every year after an initial period of remaining fixed.

TYPES OF MORTGAGES

Conventional Loan. A conventional loan is a home loan that is not insured or guaranteed by the federal government in any way. This distinguishes it from the three government-backed mortgage types: FHA, VA, and USDA Loans.



TYPES OF MORTGAGES

FHA Loan. The Federal Housing Administration (FHA) mortgage insurance program is managed by the Department of Housing and Urban Development (HUD), which is a department of the federal government. FHA loans are available to all types of borrowers, not just first-time buyers.



TYPES OF MORTGAGES

VA Loan. The U.S. Department of Veterans Affairs (VA) offers a loan program to military service members and their families.

USDA Loan. The United States Department of Agriculture (USDA) offers a loan program for rural borrowers who meet certain income requirements.



SELECTING A MORTGAGE

- › Make sure you shop around for mortgages through multiple lenders.
- › Estimate a mortgage payment on different factors including interest rates and different terms on loans.
- › Be sure to research local and federal agencies for financial assistance with purchasing a home.





PHASE 5

CLOSING COSTS

Closing costs are fees associated with your home purchase that are paid at the closing of a real estate transaction.



PHASE 5

CLOSING COSTS

Closing is the point in time when the title of the property is transferred from the seller to the buyer.



PHASE 5

CLOSING COSTS

Closing costs vary widely based on where you live, the property you buy, and the type of loan you choose.



PHASE 5

CLOSING COSTS

Typically, home buyers will pay between about **2 to 5 percent of the purchase price** of their home in closing fees. So, if your home costs \$150,000, you might pay between \$3,000 and \$7,500 in closing costs.



BUYING A HOME

5 Phases Summary

Determine home-ownership needs

Locate and evaluate a home

Price the property

Obtain financing

Closing costs