



DREAM HOME LOANS
MORTGAGE
CONVENTIONAL + FHA + VA

THE AMERICAN DREAM: HOMEBUYER EDUCATION

Wednesday, April 19



○ HOW MUCH CAN I AFFORD?

○ CASH FUNDS REQUIRED

○ PRE-QUALIFICATION VS PRE-APPROVAL

○ SHOPPING FOR HOMES & LOANS

○ THE CLOSING

○ HELPFUL REMINDERS



UNITED STATES SENATE
SENATE FEDERAL
CREDIT UNION



HOW MUCH CAN I AFFORD?

CASH FUNDS REQUIRED

PRE-QUALIFICATION
VS PRE-APPROVAL

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WHAT CAN YOU AFFORD?



Annual Income x 2.5

GOAL:
Smallest Possible Mortgage



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SPENDING GUIDELINES

- 35% HOUSING
- 25% LIVING EXPENSES
- 15% TRANSPORTATION
- 15% DEBT
- 10% SAVINGS

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IMPORTANT TERMS

DOWN
PAYMENT

EARNEST
MONEY
DEPOSIT

CLOSING/
SETTLEMENT
COSTS

POST-
PURCHASE
RESERVE
FUNDS



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○ HOMEOWNER'S
INSURANCE

○ PROPERTY TAXES

○ COMMUTING COSTS
What are some costs of
homeownership that
people typically forget?
HOME MAINTENANCE

○ UTILITIES

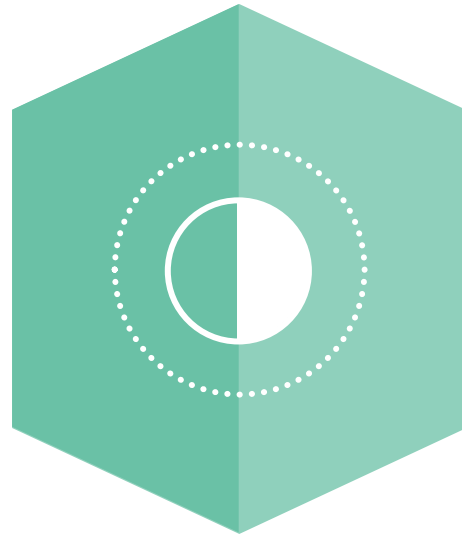
○ FURNITURE

QUALIFYING RATIOS

HOUSING RATIO *Front End Ratio*

- *Potential mortgage payment*
- *Property taxes*
- *Homeowners insurance*

Gross monthly income



DEBT RATIO *Back End Ratio*

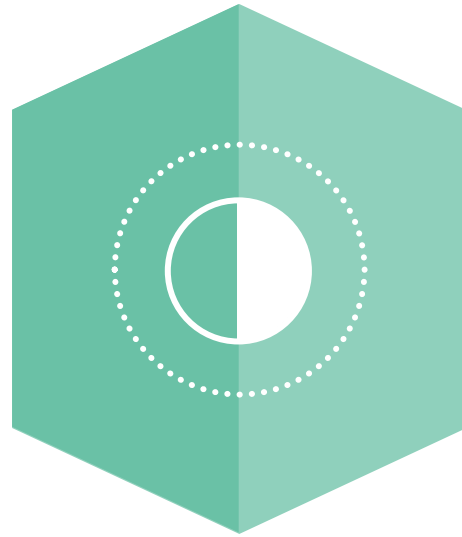
- *All monthly debt obligations (potential mortgage payment, credit cards, student loans, auto loans, etc.)*

Gross monthly income

QUALIFYING RATIOS

Example

- Gross Monthly Income= \$3000
- Monthly Housing Expenses= \$800
- Other Monthly Debts= \$300



HOUSING RATIO
Front End Ratio

$$\$800 / \$3000 = .27 \text{ or } 27\%$$

DEBT RATIO
Back End Ratio

$$(\$800 + \$300) / \$3000 = .37 \text{ or } 37\%$$



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PRE- QUALIFICATION

Informal determination of the maximum amounts you can borrow.

No guarantee of financing.

Still need to complete qualification process at time of purchase.



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PRE- APPROVAL

Formal commitment from the lender for a loan up to a set amount.

Offer stands for a limited time. (Typically 60-90 days)

Still need to meet qualification requirements at time of purchase.



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Pending any major financial changes, the financial institution will likely approve the loan for the same terms as the pre-approval letter.





REMEMBER YOUR
BUDGET WHEN
HOUSE HUNTING



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NEGOTIATING THE DEAL



What kind of things might you negotiate during the purchase of a home?



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INSPECTION



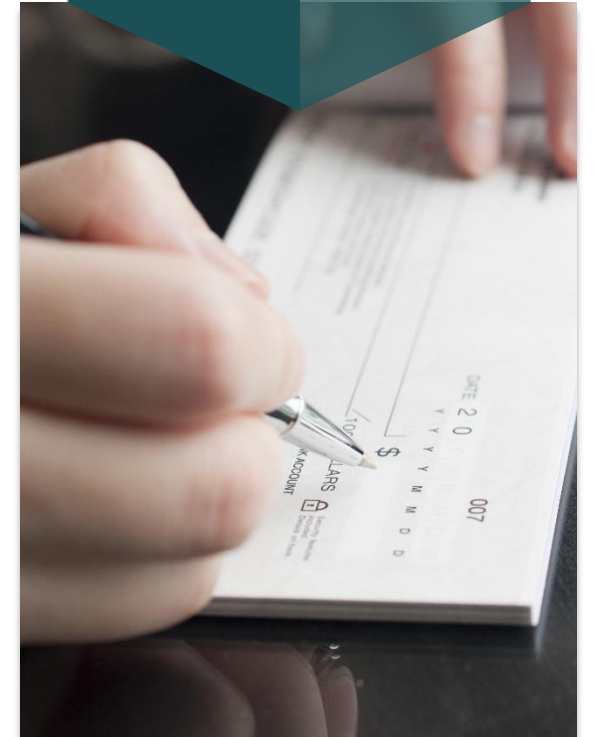
SELL
CURRENT
HOME



APPRAISAL



CLOSING
COSTS



6

5

4

3

2

1



FOR LOANS

*Conventional &
Government Mortgages*



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MORTGAGE RATES



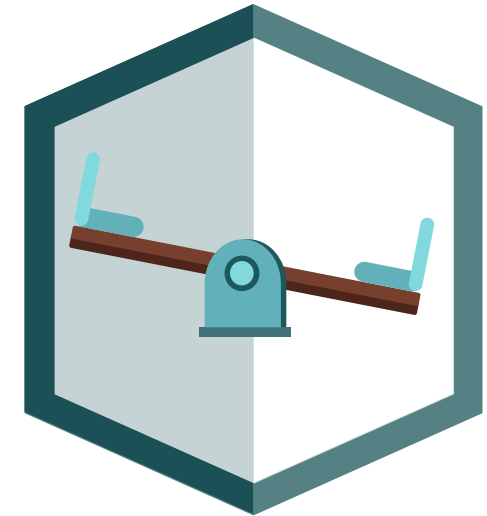
FIXED RATE

Locked interest rate for the life of the loan.



HYBRID/ CONVERTIBLE

Locked interest rate for a period of time, then converts to an adjustable rate for remainder of loan.



ADJUSTABLE RATE

Interest rates fluctuate with market conditions for the life of the loan.



MORTGAGE PAYMENT

ESCROW

Funds are used for homeowner insurance and property tax obligations.

PRIVATE MORTGAGE INSURANCE

Generally required for conventional loans.

MORTGAGE INSURANCE PREMIUM

Required for most FHA loans.

COMPARE **LENDERS**

DOWN PAYMENT

DISCOUNT POINT

ANNUAL
PERCENTAGE
RATE (APR)



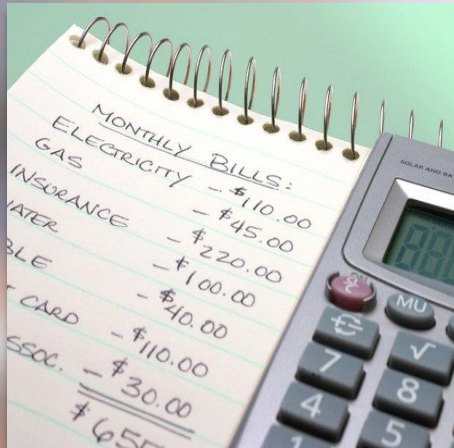
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Do you know the criteria lenders use to determine eligibility for mortgage loans?



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STABILITY OF
INCOME

ADEQUACY OF
INCOME

SUFFICIENT
MONEY TO CLOSE

CREDITWORTHINESS



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www.annualcreditreport.com



CREDIT REPORT

- Free yearly credit report.
- From all 3 reporting agencies.



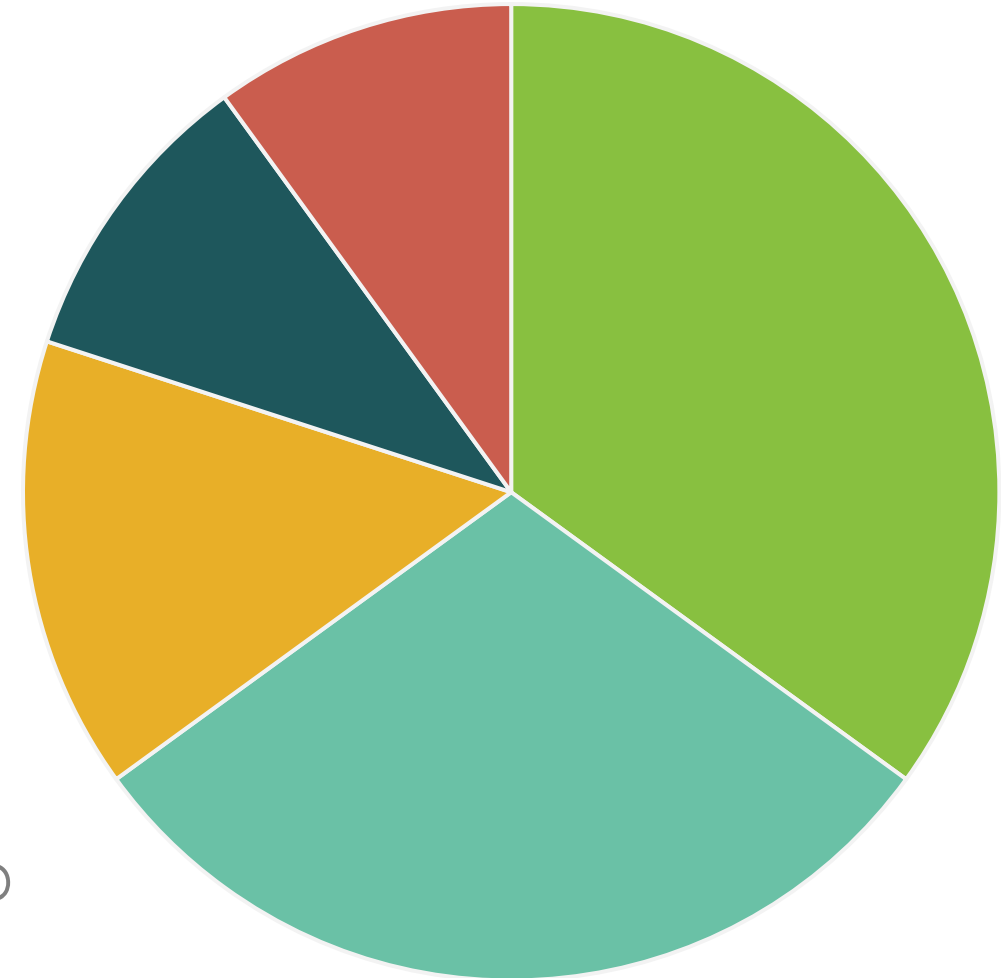
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CREDIT SCORE

- 35% PAYMENT HISTORY
- 25% CREDIT UTILIZATION
- 15% LENGTH OF CREDIT HISTORY
- 15% NEW CREDIT
- 10% TYPES OF CREDIT USED



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CLOSING TIPS

Review the closing disclosure prior to closing.

Prepare any questions you may have for the attorney's or title company.



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CLOSING TIPS

Read all documents before signing them.

Take your time.



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CLOSING TIPS

Be courageous! Don't let the closing agent intimidate or rush you.

Don't hesitate to ask questions.



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REMEMBER TO...



Chat with the
previous homeowner.



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REMEMBER TO...

Review the home inspection report.



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REMEMBER TO...



Save for maintenance.



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REMEMBER TO...

Always have sufficient
homeowner's insurance.



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USSFCU HOME LOANS



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571.719.1450

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Jeremey Hill

Mortgage Loan Office

NMLS: 1267086
571.253.6345



USSFCU Lender's Credit Rebate
up to \$1,500 toward closing costs
through June 30...*



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EQUAL HOUSING
LENDER
NMLS# 514285

**Limited time offer. Terms and conditions apply.*
Membership eligibility required. Federally insured by NCUA.



DREAM HOME LOANS
MORTGAGE &
HOME EQUITY

LET'S MEET UP

Schedule your in-branch meeting

Meet with a member of our Mortgage and Home Equity teams in person

Tuesdays & Thursdays

Bowman & Senate Hart Branch

BOOK YOUR TIME:

MortgageAdvisor@ussfcu.org

conversations & cocktails



Kim Ta
Mortgage Expert



Sharon McDonald
Home Equity Expert



Jeremey Hill
Mortgage Expert



Phil Cefaratti
Real Estate Expert

MORTGAGE & HOME EQUITY AFTER HOURS EVENT

April 26 | 6 pm – 8 pm

Credit Union House | 403 C St NE, Washington, DC 20002

RSVP Required:

ussfcu.org/mortgage

