



DESERET FIRST
CREDIT UNION

First-Time Homebuyer

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- ▶ What we'll cover:
 - ▶ The Process & Key People
 - ▶ Finding the Right Property
 - ▶ Your Budget
 - ▶ Your Credit
 - ▶ Pre-approval
 - ▶ Your Mortgage
 - ▶ Questions



The Process & Key People

Buying your Home

1. Find a **Mortgage Lender**
2. Get pre-approved
3. Make a mortgage loan application. Application is sent to an **Underwriter**
4. Lender will help you schedule an **Appraiser** to visit the home and make a detailed report on its value
5. Lender will arrange with a **Title Company** to handle all the paperwork at “closing”
6. Closing: sign the closing documents and bring cash to close

The Process & Key People

Finding your Home

1. Find a **Real Estate Agent**
2. Discuss desired features & budget, find properties that match your search, visit properties (“showings”)
3. Make offers, final offers
4. Make a purchase contract. Pay earnest money.
5. Optionally, hire a **Home Inspector** to visit the home and make a detailed report on its condition
6. Find an **Insurance Agent** to provide your home insurance
7. Amend the contract, if needed

Finding the Right Property

- ▶ Property Types
- ▶ SFR – Single Family Residence
 - ▶ Home on their own lot
 - ▶ Required to maintain it
- ▶ Condo
 - ▶ HOA (Home Owners Association) involved
 - ▶ Do not own the land
- ▶ Townhome
 - ▶ HOA usually involved
 - ▶ Own the land
- ▶ Duplex/Tri-Plex/Four-Plex
 - ▶ More than one unit connected. Can live in one, rent out the others



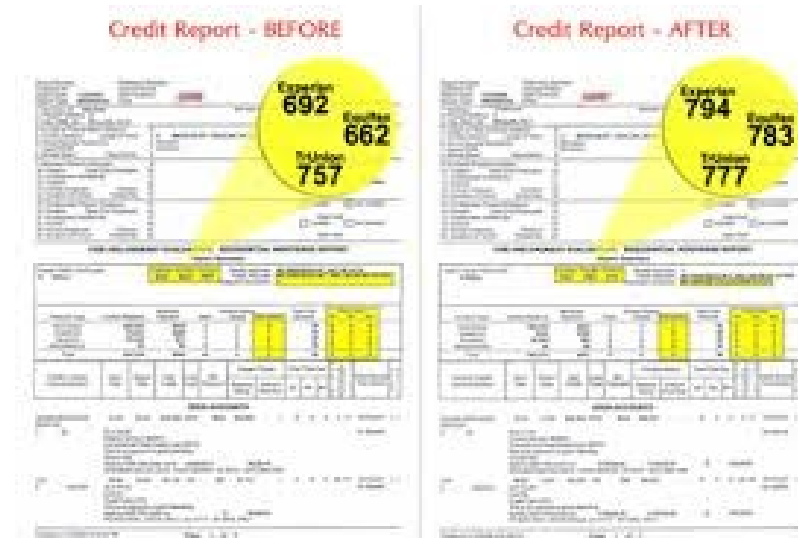
Your Budget

- ▶ HOW MUCH CAN I AFFORD?
 - ▶ Identify your expenses
 - ▶ Homeownership Expenses:
 - ▶ Property Taxes
 - ▶ Property Insurance
 - ▶ Utilities (Gas, Power, Water, Sewer, etc.)
 - ▶ Maintenance
 - ▶ Monthly HOA dues, if applicable
- ▶ Budgeting doesn't have to hurt: Think ahead. Get it down in writing. Make simple, logical changes



Your Credit

- ▶ WHAT DOES A CREDIT REPORT CONTAIN?
 - ▶ Personal Information
 - ▶ SSN
 - ▶ Birthdate
 - ▶ Addresses
 - ▶ Employment History
 - ▶ Account or Credit History
 - ▶ Inquiries



Your Credit

- ▶ WHAT CAN YOU DO?
 - ▶ Check your credit report
 - ▶ Correct mistakes
 - ▶ Stay on top your credit

- ▶ WHY DOES IT MATTER?
 - ▶ Difference between a 740 and 675
 - ▶ .375% or \$41.56 per month (on a \$190,000 loan)
 - ▶ \$14,961 for 30 years
 - ▶ \$96.58 per month in mortgage insurance (MI) savings or \$9,271 for 8 years
 - ▶ \$138.14 in monthly savings

Pre-Approval

- ▶ WHAT YOUR LENDER WILL NEED.
 - ▶ Credit Report
 - ▶ Employment History
 - ▶ Income
 - ▶ Down Payment Information (bank statements)

- ▶ Note: If you don't pursue pre-approval, these items still apply for a loan application



January 30, 2018

To Whom It May Concern,

John and Suzanne SAMPLE have been preapproved to purchase a home as presented in the offer of \$275,000. Income and credit have been reviewed. AUS Findings- APPROVE/ELIGIBLE.

This commitment will be subject to the appraisal report, a title company being willing to insure the property.

Regards,

Pre-Approval: Employment

- ▶ EMPLOYMENT HISTORY
 - ▶ 2 Year work history required (Education can count)
 - ▶ Same line of work, if there have been job changes
 - ▶ Type of Employment
 - ▶ Self Employed – 2 years tax returns including business
 - ▶ Commission or Bonus – Paystubs, W2's, tax returns
 - ▶ Salaried – Paystubs, W2's
 - ▶ Hourly – Paystubs, W2's
- ▶ Providing 1040's will make it easier
- ▶ Note: Lenders will do verification of employments

Pre-Approval: Income

- ▶ Debt to Income Ratio – DTI
 - ▶ Monthly Expenses divided by Monthly Income
 - ▶ Maximum it can be is 45%
 - ▶ Use this with your budget to help determine what you can afford
- ▶ Example:
 - ▶ Monthly Income - \$4000
 - ▶ Car Loans - \$200
 - ▶ Student Loans - \$100
 - ▶ Credit Cards - \$50
 - ▶ New Mortgage Payment - \$1200
 - ▶ Total Expenses - \$1550
 - ▶ DTI - $\$1550 / \$4000 = 38.75\%$

ACCOUNT	DEBIT	CREDIT	T-T-D	DEBIT	CREDIT	NET PAY
MEDICAL-S	80.00	3200.00	3280.00	80.00		
OT-STOP	1.00	84.00	85.00			
VACATION	0.00	0.00	100.00			
VOLUNTY-S	0.00	0.00	271.00			
FED TAXES	31.25		342.25			
FICA	74.71		317.54			
AD. INS. 300	0.75		316.79			
MEDICAL W	17.44		300.00			
APLIC 1	0.00		300.00			
APLIC 11	7.00		293.00			
INSURANCE	140.00		153.00			
401K	149.00		38.00			
TOTAL						256.89

EMPLOYEE #: 000417 DATE: 11/14/2009

FRANK JOHNSON
4411 ELM STREET
DALLAS TX 75246

VOID

Pre-Approval: Down Payment

- ▶ How much are you going to put down?
 - ▶ 20% or more will eliminate mortgage insurance
 - ▶ Can put down as little as 3% for Conventional loan; 0% for some Government products
 - ▶ Mortgage insurance – protects the lender from default, but is required if the down payment is less than 20%

- ▶ Where are the funds coming from?
 - ▶ Savings accounts
 - ▶ Gifts
 - ▶ Down Payment Assistance
 - ▶ Retirement Accounts
 - ▶ Cannot be from: cash or credit cards or other unsecured loans

- ▶ Documentation: seasoned 60 days & a paper trail

Pre-Approval: Down Payment

- ▶ FHLB Home\$tart Grant:
- ▶ \$5,000 that can be used towards:
 - ▶ Closing cost and prepaids
 - ▶ Down payment
 - ▶ Income Limitations
 - ▶ Purchase Price Limitations
 - ▶ Home Buyer Education required for 1st time homebuyers



Your Mortgage

Conventional Loans	FHA	VA	USDA
Fannie Mae & Freddie Mac	Government issued	For veterans	For rural properties
<ul style="list-style-type: none">• Fixed rate VS Adjustable rate (ARMs)• PMI (borrower- VS lender-paid) (Credit unions are cheaper)	<ul style="list-style-type: none">• Min 3.5% down payment• PMI for the life of the loan• Condos have to be approved	<ul style="list-style-type: none">• Min 0% down payment• For current military, reserves or veterans• Condos have to be approved	<ul style="list-style-type: none">• Min 0% down payment• Must be located in rural area• Upfront and monthly PMI

Your Mortgage



----- Monthly Payment -----

Pmt #	Pmt Date	Int Rate	Payment	Principal	Interest	MI	Balance
1		4.250	1,185.83	287.33	738.61	159.89	208,262.67
2		4.250	1,185.83	288.34	737.60	159.89	207,974.33
3		4.250	1,185.83	289.36	736.58	159.89	207,684.97
4		4.250	1,185.83	290.39	735.55	159.89	207,394.58
5		4.250	1,185.83	291.42	734.52	159.89	207,103.16
6		4.250	1,185.83	292.45	733.49	159.89	206,810.71

Closing Costs

- ▶ Origination Fee / Points
- ▶ Admin Fee/ Underwriting / Processing
- ▶ Appraisal
- ▶ Credit Report
- ▶ Title Fees (you can shop for these)
- ▶ 1 Year Hazard Insurance
- ▶ Escrow Account

First-Time Homebuyer

- ▶ If you have questions, please contact us at:

Mortgage Department

Ph. 801-456-7070

mortgages@dfcu.com