

Home Buying 101



At Seasons Federal Credit Union, we know that the journey to a first home can come with twists and turns. That's why we're here to help you every step of the way.

FAQs

What's the minimum Credit Score?

The information contained in your credit report helps to determine your loan eligibility as well as the amount Seasons FCU is willing to lend you for a home. **Most loan programs require a minimum 620 credit score.**

How often do mortgage rates change?

It's common for rates to **fluctuate slightly from day to day**, but those fluctuations could affect your final rate.

What is a rate lock?

A rate lock is our promise to **lock a specified interest rate** while your loan application is processed. During that time, rates may change, but your rate will remain the same. You will be protected against increases, however, if rates drop, we may not be able to renegotiate the deal.

How much money do I need to buy a house?

Many potential home buyers see the down payment hurdle too high to jump. However, depending on your financial situation, first-time home buyers may be able to qualify for a mortgage loan with **as little as a 3% down payment.**

What's the difference between Prequalification vs. Preapproval?

Prequalification

This involves providing us with some basic information—what income you make, what you owe, what assets you have, etc. We'll look at your overall financial situation and be able to provide you with a preliminary **estimate of what loan terms for which you may qualify.**

Preapproval

This involves completing a mortgage application and providing us with your income documentation and personal records. A preapproval is verification that a lender is **willing to loan you a certain amount of money for a home purchase.** This reassures the seller that you're serious about the purchase and able to afford the home.

How long is the prequalification/preapproval good for?

Preapprovals have a **limited shelf life**, so your preapproval could expire before you even find your new home.

Should I get preapproved for a mortgage before shopping for a home?

There are three main benefits to getting preapproved for a mortgage.

- You'll have an **estimate of the amount you can afford** to pay for a house.
- You'll identify **any obstacles to getting approved** for the amount you want to spend.
- You'll have a **competitive advantage** compared to other buyers who haven't been preapproved.

What documents will I need to have?

To be prepared, you should gather your documents early on. Some of the documents you'll need include:

- **Income and employment history** (your most recent 30 days of pay stubs and two years of W-2s)
- **Bank account and loan balances** (have your statements or account numbers)
- **Government-issued identification** (such as a driver's license)

How to choose between 15-year and 30-year fixed?

The shorter the loan term, the less you'll pay in interest over the long run, but the larger the monthly payment will be. A **15-year fixed mortgage will allow you to pay less in interest** over time than a 30-year mortgage. It will also allow you to build equity in your home more quickly.

A 30-year fixed mortgage **could have lower monthly payments** than a 15-year mortgage.

What is an appraisal?

An appraisal is a required **written description and estimate of the value of the property.** Appraisals follow a specific format and are done by licensed professionals in most states. After the appraisal inspects the property, they'll compare the features of your home with other homes that have sold recently in the same neighborhood.



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