



The Seasons FCU Guide to

First Time Home Buying

Everything you need to know about buying
your first home.





Is this the year?

If you've been thinking about buying your first home, now could be a great time to take the plunge. With interest rates expected to rise, locking in a rate on your mortgage early can be a cost-saving move. Also, as rents continue to climb, you might be ready to invest that monthly check in something that can appreciate in value—not to mention something that gives you a tax break come next April.

But today's first-time home buyers also face a number of challenges—things like rising home prices, decreased housing inventory, increased competition, and financial barriers like student loan debt and limited credit history.

Luckily, these factors don't have to come between you and your first home. If you know how to navigate them, you can land a home you love without breaking the bank.

In this guide, we'll cover the issues that currently impact home buyers looking to buy a first home:

- Evaluating when it's time to buy a home
- Getting started with the home buying process
- Picking the right mortgage
- Choosing a lender
- Navigating the closing process

If not now, when?

Between the current economic environment and the advent of new mortgage products, this could be a great time to take the leap from renter to homeowner. Read on to find out how to make this your home buying year.



Rent vs. Buy

Are you into trendy apartments or a traditional brick home seated in a well-manicured neighborhood? Contemporary studio in the city? or a rustic ranch-style home?! Before figuring out exactly how you want to live, there are many factors that come into play when trying to choose between renting or buying. Some feel in today's economy, renting is more logical but with mortgage interest rates dropping, this may be the best time to seal the deal and buy.

Buying

Owning a home is not just the American Dream but it's also a great investment. The most obvious pros of home ownership are ownership pride, stability, privacy, and being part of a community. Some other advantages of buying a home include:

Tax Advantages

Homeowners experience their biggest tax benefit from their deduction for the interest paid. While you're paying off your mortgage, you'll get to count your mortgage interest as a deduction at the end of year when it's time to file your tax return.

Appreciation can earn you more cash

More than likely, your home will increase in value over time depending on a few factors such as the market and how well you care for your home. What you buy for \$150,000 today could sell for \$200,000 down the road. Cha-Ching!

Every payment brings you closer to ownership

When you pay rent every month, the money is gone—you never get it back. But every time you pay your mortgage, you'll get one step closer to full home ownership. That's more motivation to keep up with your investment.

Renting

Renters have more flexibility than homeowners and it's not a total waste of money, some say. But now that the market is hot and rates are dropping, the question still remains, should I rent or buy?

Relocating is easy

When renting, you're not completely locked into one specific location. Renters can practically move without penalty each time their lease is up. Only downside: if your landlord decides to bump up the rent price beyond your budget, you may be stuck with costly expenses.

You never have to dig in your wallet for maintenance

If anything goes wrong in your apartment, such as a leaky roof or the refrigerator goes out, you won't have to worry about calling a roofer or buying a new fridge. You simply call your landlord. This is one of the biggest perks of renting. No surprise repair costs.

No financial incentives or freedom

Sorry renters, there are no tax deductions, equity, or making plans for renovations when renting. You'll never see the money you pay in rent again and you have little to no say in what your place looks like.



Key Takeaway

Your decision to rent or buy a home should not be solely based on money. A home is a place of security, comfort, and stability. Most of all, it is something that is yours. It can be a hard decision to make and it can require time. That's why it's important to weigh all your options to help navigate your decision.



Get preapproved

What to do first

As you begin the home buyer journey, you need more than paperwork and scheduled appointments to get you through the process. With Seasons FCU, guidance is only a phone call or a click away. Between helpful advice, resources and a personal connection with a Seasons FCU loan officer, you can be sure no questions will go unanswered on your home buying journey.

Know your 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**. We advise working with one of our loan officers to check your credit report to help understand where you stand and avoid multiple inquiries.

Plan your budget

A Seasons FCU loan officer will help you discover how much you'll be able to spend on a home, including what will make up your monthly payment and your debt-to-income ratio. Before you decide to spend the full amount, there are other factors to consider. Some of these unexpected costs to consider are homeowners insurance, utilities, property taxes, association fees, yard maintenance, and home upgrades.

Gather your documents

You don't need many documents for preapprovals, but it's good to get your paperwork in order ahead of time. When you find the right home, you may need to move fast and having your documents in order will help speed the process.

To be prepared, you should gather your documents into an organized folder early on. Some of the documents you'll need once you make an offer 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)

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. We'll pull and review your credit. This is a more extensive review of your finances and credit worthiness.



Why get preapproved?

When it's finally time to make an offer on a home, a preapproval is key. 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.



Choosing a lender

Shop for a mortgage

When shopping for a mortgage, many people instantly think mortgage broker. While mortgage brokers are certainly experts in mortgage loan programs, they are not your only option for funding for your new home loan. Credit Unions, like Seasons FCU, offer the same mortgage programs as mortgage brokers, however, there are a few differences that may make a credit union a better lending option. Consider these differences when shopping for your next home loan.

Leadership direction

Credit unions function similarly for its members as banks and other financial institutions, such as mortgage brokers, do for their customers. However, credit unions are member-owned, not-for-profit organizations, where banks are for profit and shareholder-owned. Credit unions exist to promote the well-being of their members. Governed by a member-elected board of directors, members are represented in the vision and direction of the organization.

Rates and fees

Credit unions provide many of the same services as banks, including savings and checking accounts, auto loans, home equity line of credit and mortgages. Because credit unions focus on serving the members rather than focusing solely on making a profit, they are able to add value to member through often offering better rates and lower fees.

It may seem counterintuitive that a credit union can offer better mortgage loan rates than a big bank. But that's not necessarily so. Credit unions have access to the same government loan programs as mortgage brokers. The difference is in the rates and service. As a not-for-profit, a credit union wants to get members the best possible rate, so its rate mark-up tends to be lower.

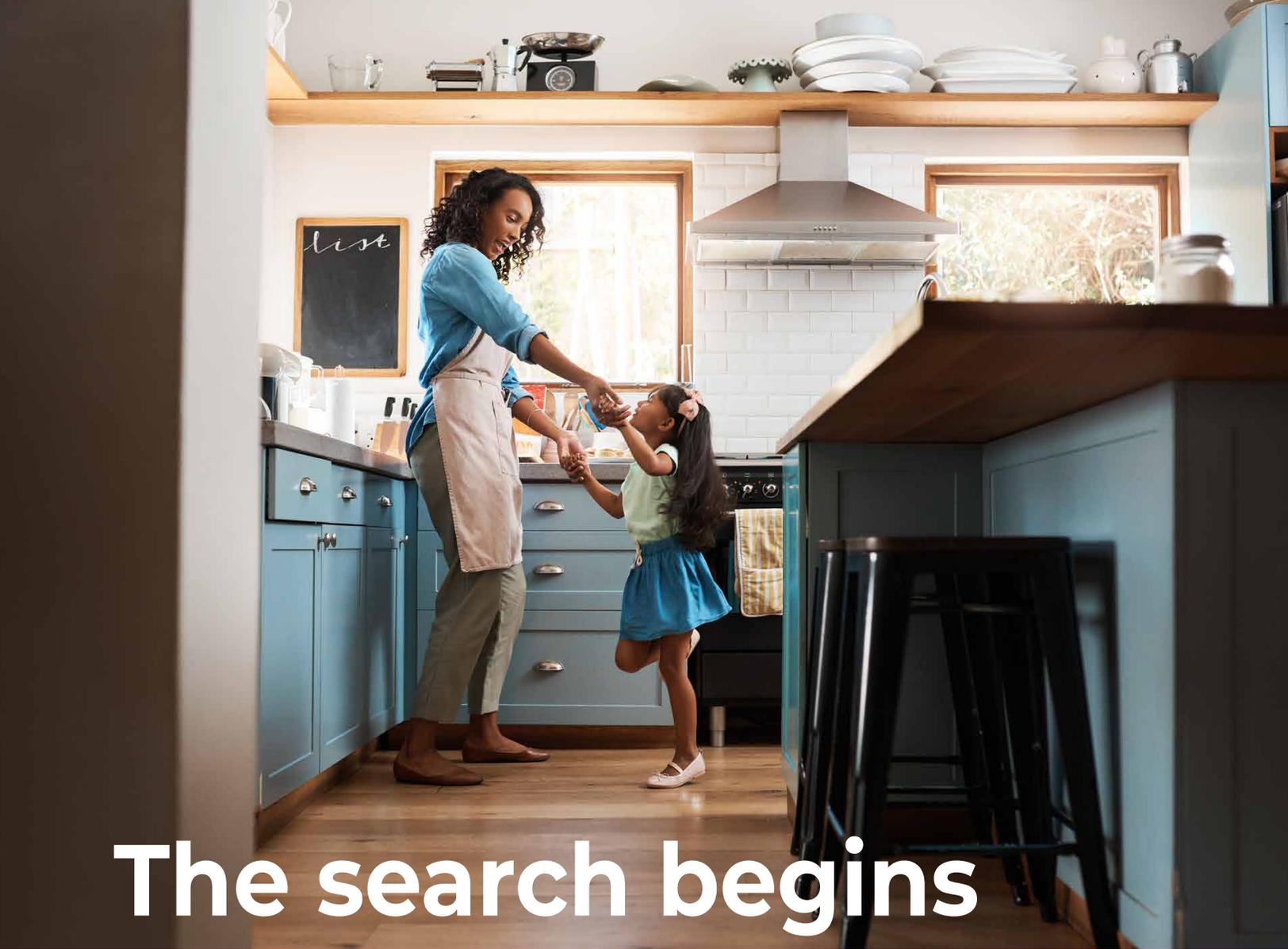
Service

With mortgage loans at big banks, the focus is on volume. As a credit union member, you are going to get a loan personalized for your needs. Our mortgage loan officers at Seasons FCU educate homebuyers on the whole picture of their investment, beyond their monthly loan payment, taking insurance and taxes into account. Seasons FCU isn't going to push a member into a monthly payment that's outside their comfort zone. Seasons FCU wants to ensure the member is ready to take on all the costs associated with owning a home, which will set them up for long-term success.



3% down payment

Many potential home buyers see the down payment hurdle too high to jump. However, it just might be lower than you think! Depending on your financial situation, first-time home buyers may be able to qualify for a mortgage loan from Seasons FCU with as little as a 3% down payment.



The search begins

Finding your home

With the right tools and resources, finding a home that fits your lifestyle, budget and needs can be easy. Seasons FCU is here to offer helpful tips and answer any questions you may have along the way. Before you start your home search, start planning with the tools below.

Prioritize your needs

When it comes to finding your perfect home, you should consider more than what you want. You should also pinpoint what you don't want, as well as what you don't need to feel at home. By knowing these things ahead of time, you'll save time with a more useful home search. Before you start looking for homes, make sure you know what you'll need.

Find your real estate agent

Picking the right home starts with picking the right real estate agent. During your home search, a real estate agent will help you find homes within your budget that reflect your priorities. Once you've found a home you'd like to move into, a real estate agent will help you submit an offer and negotiate price. If your offer is accepted, they will also help to arrange a home inspection. Make sure you choose a real estate agent you can trust.

Start your home search

Once you've prioritized your needs and found a real estate agent, you'll be prepared for a more focused home search. For starters, check out listings in your favorite areas.



Closing On Your Home

Getting ready to snag your dream home

You know when a house feels like home. Once you've found the one, the next step is to make a winning offer and go through the process of purchasing. You'll work with your real estate agent through every step of this process, but Seasons FCU has a few tips to make your next steps a little easier.

Make an offer

Just like you've considered multiple homes, sellers will consider multiple buyers before making a deal. When it's time to make an offer, you'll work with your real estate agent to add details that improve your chances of closing on the home.

Prepare for a home inspection

Even the most beautiful, newly built homes should be inspected to ensure that there are no underlying issues. Be sure your real estate agent arranges a home inspection, even if the seller has the home inspected too.

Get a property appraisal & title search

Once the home is inspected and you're happy with the results, your Seasons FCU loan officer will arrange a property appraisal and title search. This will tell you the home's market value as well as any information about the home found in public records.

It's almost time to call the house a home

As you take the last step of your home buyer journey, stay in touch with your real estate agent and Seasons FCU loan officer. We'll be here to answer questions, simplify steps and keep you on the right track. Here's what to expect when closing day comes.

Schedule closing day

You're almost ready to sign the paperwork and start packing boxes. Before you do, you'll need to review your documents and talk to your real estate agent about scheduling a closing day appointment.

Review your closing disclosure

After you've scheduled your closing day, you'll receive your closing disclosure. This breaks down the final costs you'll owe and all credits you'll receive before moving into your new home.

Close on your home

On closing day, you'll meet to sign documents and make any final payments. Be sure to come prepared on your closing day by reviewing your closing disclosure and bring required payments in hand.

Move into your new home!

Get ready to put a new welcome mat at your front door. Once you've closed and picked up your keys, it's finally time to enjoy life as a homeowner!



Conclusion

Your homeowner journey is just beginning

Congratulations! You've completed the buying process, and this is just the beginning. Now that your pictures are hung and boxes are put away, you can start turning your house into a home. Because you're more than a home buyer and Seasons FCU is more than a mortgage lender, we'd like to help you as you begin this new chapter of your financial journey.

Make mortgage payments easy

With Seasons FCU's Online & Mobile Banking, you can easily manage your finances and automate your mortgage payments through the bill pay feature. Give yourself one less monthly payment to manage.

Our members have unique stories

We're grateful to partner with our members through their home buying journey. With each Seasons FCU member comes a unique story. What will yours be? We can't wait to find out where your new home will take you.

Ready to get started?

Talk to Seasons FCU today. We'll help you discover whether this is the year you make your dreams of homeownership a reality.



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About Seasons Federal Credit Union

We're reaching for more, embracing the future, and continuing our quest to provide trusted financial solutions for our members. Why not join us? With more than 85 years supporting the dreams and goals of our communities, we've got the know how to help you on life's journey. We're passionate about transforming how you experience financial services. Whether looking to buy your dream home, purchase a vehicle, open an account, or simply seek advice, we provide the products and tools to match your ambitions and propel you to new levels of financial greatness. We're your neighbor, stop in and talk with us, or give us a call. For more information, visit seasonsfcu.org.

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