

BECOME AN HUECU MEMBER



You must be a member to apply for a mortgage with HUECU:

- Membership is available to the staff, students and alumni of Harvard University, Harvard teaching hospitals, Partners HealthCare and affiliated organizations.
- Complete our online membership application to join today at HUECU.org/join.
- You can become a member and open a shared savings account for as little as \$5.



BENEFITS

For First Time Home Buyers from HUECU:

- .125% Rate Discount
- FREE Pre-Approval good for 90 days
- \$500 credit at time of closing
- Additional \$500 credit (if you meet [HUD income limits](#))
- \$25 bonus for attending an HUECU home buying workshop
- Reduced Lender Attorney fee (\$150 value)
- HUECU Staff of Mortgage Loan Originators available 7 days a week, including evenings

Schedule a mortgage consultation at <https://scheduleonce.mortgage-consultation>

THE HOME BUYING PROCESS

Navigating the Real Estate Market



IS IT THE RIGHT TIME TO BUY?





CURRENT MARKET CONDITIONS

- Housing Prices
- Housing Inventory



BENEFITS

- Build home equity
- Mortgage interest is tax deductible – *you may want to discuss the details with a tax advisor*

SELECTING THE RIGHT REAL ESTATE AGENT



REAL ESTATE AGENCY

Agency relationships:

- Designated Sellers Agency
- Designated Buyers Agency
- Facilitation



REAL ESTATE AGENT CONSIDERATIONS

- Full-time, experienced, and knowledgeable
- Based in the community
- Agent who will represent you as a "Buyers Agent"
- Fee is usually covered by the commission that the sellers real estate company is offering on behalf of the seller
- Access to home search resources/technologies

THE SEARCH





While you're looking for a home:

- Make clear to your Agent your list of absolute "Wants and Needs"
- Make your Agent aware of your "Likes and Dislikes"
- If time permits, ask your Agent to preview homes
- Ask your Agent to do an analysis of recently sold properties
 - Establish range of value within which to negotiate
 - Objectively review properties pluses and minuses

CONSIDERATIONS WHEN CHOOSING A COMMUNITY

Location, Location, Location!

- School Districts
 - Visit the Massachusetts State Dept. of Education (www.doe.mass.edu)
 - Review articles in Boston Magazine
- Commuting
 - Visit MBTA to estimate commuting time and the best route (www.mbta.com/rider_tools)
- Market Research

THE PURCHASING PROCESS

- 2-step process in Massachusetts
 - Offer to Purchase
 - Purchase and Sale Agreement

OFFER TO PURCHASE

- Always in writing and includes:
 - Offer Price
 - Closing Date
 - Deposit Monies
 - Mortgage Contingency
 - Home Inspection Contingency
 - Review of Condo documents
 - Review of Condo Association Finances
 - Any items to be included - refrigerator, curtains, swing set, etc.
- Legally binding contract only when signed by both parties
- Agent must be diligent in getting your offer to purchase signed ASAP!



PROPERTY INSPECTIONS

- General Home Inspection
 - Tests the structural and mechanical integrity of the home
- Pest Inspection
- Radon
 - Odorless, colorless gas that seeps into home from basement
- Well/Septic
 - Mandated or customary septic system inspections
 - Well: Test for quality and quantity
- Cost of Inspections
 - Vary based on size of home and scope of inspection
 - Local standard practice usually dictates who pays



PURCHASE AND SALES AGREEMENT

- Includes any changes made as a result of the property inspections
- Mortgage contingency will still be in force for the remainder of the timeframe agreed upon at acceptance of offer
- Accepts deposit requirements
- Remember, everything must be in writing to be a valid contract
- Attorney
 - Contract draft and review
 - Conducts closing



THE HOME FINANCING PROCESS

Navigating the financials when purchasing a new home



HUECU.ORG

WHERE DO I START?



CREDIT REPORT



It's a good place to start!

- Industry standard to accept FICO scores of 620 to 830
- Recommend 720 FICO score or higher
- Joint credit review
- Free Credit Reports at annualcreditreport.com



HOW MUCH CAN I AFFORD?

- Free express pre-approval
- Visit: HUECU.org/pre-approval
- Complete online form
- An experienced and licensed HUECU Mortgage Loan Originator (MLO) will contact you to discuss your needs and product options
- A credit report will be obtained
- A pre-approval will be issued within 48 hours



GENERAL GUIDELINES

- Housing payment includes principal, interest, real estate taxes, homeowners insurance and homeowners association dues for condominiums.
- Recommend that your housing payment not exceed 36% of your gross monthly income (before taxes).
- Your housing payment plus all other monthly credit obligations including credit cards, car payments, student loans, personal loans, child support, alimony and any other debts should not exceed 43% of your gross monthly income.

LOAN LIMIT CONSIDERATIONS

Conforming Loan Limits

- \$603,000 for Single Family and Condo*
- \$772,900 for 2 Family
- \$934,000 for 3 Family
- \$1,161,050 for 4 Family

*Set by Suffolk County, MA

Jumbo Loans

- Loans that exceed these limits based on property type
- May require a larger down payment
- \$2 million maximum loan amount



DOWN PAYMENTS

HUECU down payment requirements:

- Single Family and Condos
 - 5% of the Purchase Price*
 - 3% of the Purchase Price for First Time Homebuyers or under Low to Moderate Income Programs
- Multi-Family Homes**
 - For Fixed Rate Loans:
 - 15% of the Purchase Price for Two Family
 - 20% of Purchase Price for Three or Four Family
 - For Adjustable Rate Loans (ARMs):
 - 5% of the Purchase Price for Two Family
 - 10% of Purchase Price for Three or Four Family

*Conforming limit

** Multifamily properties require 6-month liquid reserves

LESS THAN 20% DOWN PAYMENTS



Private Mortgage Insurance(PMI) required with less than 20% down payment:

- Reduces risk for the lender
- Paid on monthly basis in your mortgage payment
- No upfront cost
- Monthly premium is based on down payment and FICO score

○ As an alternative, HUECU also offers 10% down payment loans combining a first and second mortgage.

WHICH LOAN IS RIGHT FOR YOU?



LOAN OPTIONS

Fixed Rate

- Interest rate and loan terms do not change over the life of the loan
- Principal and Interest portion remains constant
- 30 year amortization is the most common

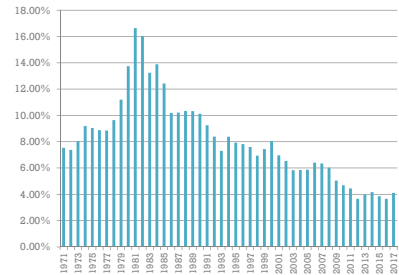
*No prepayment penalties

Adjustable Rate(ARM)

- Initial rate is lower than Fixed Rate Loan
- HUECU offers 5/1, 7/1, and 10/1 ARMs
- Payment adjusts at specified times
- Payment may increase or decrease
- Adjustment Rate is determined by adding the margin to the one year treasury bill depending on product
- There are maximum rate changes per adjustment and lifetime interest rate caps

*Ideal for borrowers who anticipate substantial pay increases or do not plan to be in the home past the first adjustment period.

HISTORICALLY LOW INTEREST RATES



Interest Rate History For 30-Year Mortgages

■ Average Annual Interest Rate

WHAT ARE THE CLOSING COSTS?



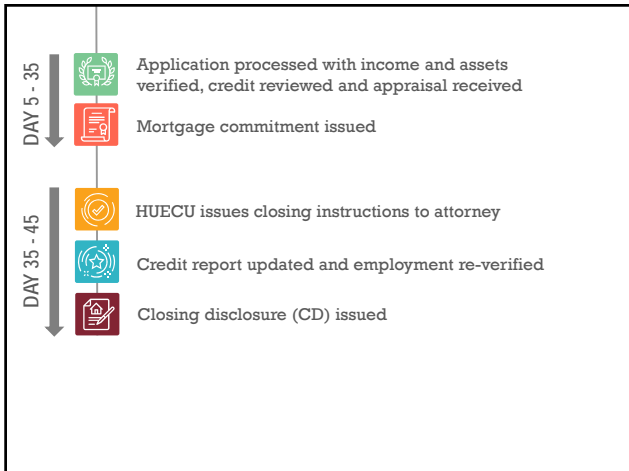
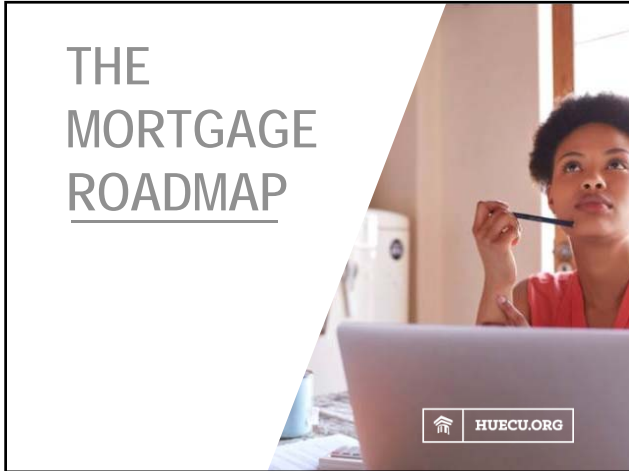
CLOSING COSTS


- A Loan Estimate will be issued when you complete your Mortgage Application. It provides you with the terms, projected payments and fees associated with your loan. It can be used as a comparison tool to shop for the best loan to fit your needs.
- All of the Closing Costs and Escrows associated with your loan are itemized including the following (if applicable):
 - Application Fee
 - Underwriting Fee
 - Points, if applicable
 - Flood Determination
 - Tax Service Fee
 - Closing Attorney (discounted by \$150)
 - Owner's Title Insurance (optional)
 - Lender's Title Insurance
 - Other Title and Closing Fees
 - Survey
 - Recording Fee
 - Homeowners Insurance
 - Tax Escrows
 - Transfer Tax (NH)

*HUECU offers \$500 credit towards closing cost for first-time home buyers

○ HUECU offers a No Points, No Closing Cost option on selected loan programs (interest rate may be higher)







AT THE CLOSING

Checklist:

- Photo ID
- Your Checkbook
- Certified Check
- Insurance Binder

Closing takes about 1 hour



RESOURCES

- Greenpath Financial Wellness (HUECU.org/greenpath)
- HUD Income Data (Huduser.gov)
- Annual Credit Report (annualcreditreport.com)
- Redfin (Redfin.com)
- Zillow (Zillow.com)
- Express Pre-approval (HUECU.org/pre-approval)



THANK YOU FOR ATTENDING



Richard University
EMPLOYEES CREDIT UNION

NCUA
LEADER
Member Since 1970
NMLS License #448121