

Buying a Home



Aspire
FEDERAL CREDIT UNION
Your Dream. Our Purpose.

This guide covers:

Things to Do Before Starting Your Search

Searching for Your Dream Home

Making an Offer

The Inspection Process

The Mortgage Process

Closing

Congratulations! You're about to embark on the journey of finding your own home – a significant milestone and investment.

You've come to the right place. Not only can Aspire help you obtain a mortgage, we also have plenty of resources to guide you along the way.

Speaking of guides, this one contains an overview of what to expect at each step in the buying process. Read over it so you know what's to come in the next few months.

Things to Do Before You Begin Searching

While it's exciting to start looking at houses, you need to do a few things first:

1. **Check your credit:** find out if you're in a position to apply for a mortgage. You can get your free credit report online once a year. If you have good credit, you'll know to expect better rates! If there are any mistakes, be sure to report them and have it resolved prior to applying for a mortgage.
2. **Make a budget:** you'll need a special budget for buying a house that includes things like credit check fees, closing costs, inspection, the down payment, etc.
3. **Calculate your down payment:** figure out how much you have to put down on your home.
4. **Get pre-approved for a mortgage:** this isn't necessary, but it's helpful. A pre-approval does not guarantee a loan, but it gives you an idea of what you can reasonably expect, plus some sellers may feel better accepting your offer if you have it.
5. **Pick a real estate agent:** you'll want a buyer's agent to help you find your perfect home and negotiate with the sellers. If you aren't able to get a referral from a friend or family member, look up reviews online and try talking to a few to find someone you click with.

Once you have these steps completed, it's time to start looking!

Searching for Your Home

Make sure you define what's important to you before searching for a new home. For example:

- How many bedrooms do you need? Bathrooms?
- Is central air conditioning a necessity?
- Do you need a lot of storage space?
- What about handicap accessibility?
- Is it in a good school district?

Once necessities are covered, start thinking about your wish list. Have all family members write down what they'd like to have in their favorite rooms or outside. This doesn't mean you'll meet everyone's wishes, but you can create a checklist and determine which houses have the most items on the list.

Some things to consider:

- Will the driveway be easy to shovel in the winter?
- Which kitchen features would you like?
- Are the ceilings high enough?
- Is there enough space outside for a pool or outdoor kitchen?

Once you have your checklist together, you can start looking! You can turn over the list to your realtor and they will be able to put together a list of properties to look at. If you'd like to do some research on your own, you can hop online and enter the criteria you're looking for.

Put together a list of houses you'd like to visit and schedule a day to go out with your realtor to see them.

Making an Offer

The fun part is over once you find a house you like. Your realtor will be able to assist you with making an offer. It's common for negotiation to happen rather than settling on the listed price, so be prepared for it.

Your realtor will begin by looking at what similar houses sold for in the neighborhood. This will allow you to determine if the asking price is above or below the average. When deciding on an offer, you'll need to factor in:

- Contingencies such as your ability to obtain a mortgage, home inspection results and possibly a walkthrough within 24 hours of closing
- Closing date flexibility
- Items such as refrigerators, washer/dryer, dishwasher, etc.

Once the offer is submitted, the sellers can accept, reject or counteroffer. It's not unusual for counteroffers to bounce back and forth a few times before an agreement is reached.

Remember that a deposit may be required after an offer is accepted.

Inspection

Your offer will most likely include a contingency for a home inspection. This is a crucial step where you'll learn if there's anything wrong with the house.

If possible, be present when the inspector is there so you can ask questions. The inspector will do the following:

- Examine every room of the house
- Determine the condition of the roof
- Look for wet spots in the basement and attic
- Inspect pipes and plumbing
- Look over the HVAC system
- Examine electrical components

You'll get a detailed report that you can use to start a new round of negotiations with the seller. Decide what absolutely needs to be fixed by them, what you'd like to have fixed and what you're comfortable with fixing yourself.

Once you settle the repairs or accept the house as-is, you're ready to start the financing portion.

The Mortgage

A down payment of at least 20% of the house's price is considered tradition, but not many people have that much saved up.

New funding opportunities have popped up to meet the needs of potential homeowners who don't have enough saved to cover 20%. These programs only require 5%, or even less in some cases. The Veteran's Administration (VA), Federal Housing Administration (FHA) or private mortgage insurers (PMI) are where you can check out these options.

Get Organized

You should save PDF versions of the following for quick reference:

- Recent pay stubs
- Bank statements
- Most recent tax return
- Canceled checks for rent or utility bills

The mortgage lender may ask for some or all of these.

30-year Mortgage or Hybrid?

If you don't think you'll be in your next home for 30+ years, you may not want to do the traditional fixed rate 30-year mortgage.

Hybrid loans are available for people who think they might sell within a few years. The hybrid loan provides a lower interest rate for a certain period before kicking into a traditional mortgage.

The danger of a hybrid loan is that plans can sometimes change, and this type of loan will end up being more costly if you do end up staying long-term.

Important Reminders

Because your credit is under scrutiny during the mortgage application process, you need to tread carefully with things that will impact your credit.

This means you should not apply for a personal loan, credit card, or any other type of new credit.

Mortgage lenders also like stability. If you've been at your current job for more than a year, it will be a great indicator of financial stability. Regardless of how long you've been at your present employer, now's not the time to look for a new job.

Settlement (Closing)

After the mortgage is locked in, you'll need to wait for closing (the time will fly while you're busy packing).

You should be able to do a final walkthrough before closing. This is to ensure the sellers moved their belongings out and there isn't any new damage.

Settlement itself will most likely be in an office. Sometimes the buyers, sellers and mortgage broker will all be at the same table. Papers are signed and the keys are handed over. The whole process is fairly brief.

Insurance

You will need to make sure you have homeowner's insurance the day of closing. Typical homeowner's insurance covers fire, theft and liability coverage. If you're in a flood zone, the government will have flood insurance available to you as well.

If it's a newer home, there may still be some warranties in place. This will be discussed and transferred to you during closing as well.

Enjoy Your New Home!

Closing day is usually moving day. Be safe moving everything over, unpacking and setting up furniture.

About Aspire FCU

Aspire Federal Credit Union, originally known as FAA Eastern Region Federal Credit Union, was founded in 1948 to serve a small group of Civil Aeronautics Administration employees (currently the Federal Aviation Administration).

Our Credit Union has come a long way since those humble beginnings, which included seven people who pooled together shares of \$5.00 each to initiate the original charter. Today, Aspire FCU is a \$178 million dollar credit union, serving over 20,000 members within many diverse employee groups throughout the northeastern United States. Aspire FCU is a not-for-profit financial cooperative, which means all earnings at the end of the year are returned to our members in the form of better, low-cost financial services.

The decision to change our name to Aspire Federal Credit Union was made because we serve more than just the employees of the Federal Aviation Administration. The name Aspire means to "soar," which is a reflection of our heritage, while at the same time represents our members' dreams and aspirations.

As our tag line states, "***Your Dream. Our Purpose,***" the employees at Aspire FCU are dedicated to helping make your financial goals and dreams a reality. The cornerstone of our existence continues to be our "member first" philosophy. Whatever it is that you aspire for, we want you to believe you can get there and we're going to help you along the way.