HOME OWNERSHIP

Harris County FEDERAL CREDIT UNION

The American Dream Begins At Your Credit Union

A home loan is one of the most important financial decisions you'll ever make, and choosing a lender you can trust is just as important. As your credit union, we would like to help you make this process as smooth and easy as possible.

Whether you are looking for that first home, wanting to move-up, or down-sizing, it is important that you start early in the process by being pre-qualified. Determining what you can afford, how much down payment will be required, and what the transaction will cost you are essential items to know before signing a contract. Once you have pre-qualification letter, sellers are more inclined to negotiate with you and possibly help your offer win over others.

The dream of homeownership is not as difficult as you might think. We're happy to walk you through the whole process and our experts know just what it takes to make your dreams a reality. There are many options available for just the right fit for your financial objectives and because you're a member of the credit union, you can take advantage of great low rates only available for members. Visit us online at www.hcfcu.com/loans/mortgages or give us a call today to begin making your dreams come true. Thank you for your interest in home ownership. We hope the following information helps you with your decision.

WONDERING IF YOU PRE-QUALIFY?

These are some things you need to consider:

Credit Profile: Need to have a 620+ credit score. However, 620 is going to require compensating factors so of course the higher the better for eligibility. You will also need at least 3 credit histories that cover 12 months of on-time payments

Assets: Savings, checking, 401K will be needed to verify funds for down payment & closing costs. Sellers can also contribute towards costs.

Job History: A 2 year complete work history should be submitted.

Eligible Property: Is one without any hazardous or integrity issues.

Debt to Income Ratio: This is what your income is versus your required monthly payments to creditors + your new house payment.

Steps to Homeownership Made Easy

We know that purchasing a home can seem complex, but we believe a mortgage shouldn't be.

1. Homebuyer obtains pre-qualification or pre-approval from lender.
2. Homebuyer purchases desired home assistance of Real Estate Agent.
3. Contract is accepted. Home is placed in escrow.
4. Loan application is submitted to your credit union mortgage consultant.
5. The title and property appraisal are ordered on the property.
6. Loan materials are reviewed and processed.
7. Loan submitted to underwriting for approval.
8. Closing agent coordinates insurance, prepares transfer of final materials.
9. Loan documents are signed.
10. The loan is funded and recorded.
11. Homebuyers get the keys to move into their new home.

CU MEMBERS Mortgage

EQUAL HOUSING LENDER

Harris County FCU (NMLS#458547) provides mortgage loans by partnership with CU Members Mortgage, a division of Colonial Savings, F.A. NMLS#401285

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What you need to know before you apply for a home loan:

Review your monthly income and expenses. Typically, your monthly house payment should be around 28 to 30 percent of your total monthly gross income (income before taxes). Your total monthly debt (including your house payment, car payment, minimum credit card payments, loans etc) should not typically be more than 36 to 40 percent of your gross income.

Review your credit report. Almost all lenders use the FICO credit score system to evaluate the risk of a borrower. In most cases, a minimum credit score of 620 is required for a home loan. To review your credit report check out www.annualcreditreport.com to view accuracy. It will not give you a credit rating, but will help you asses your current credit status.

Evaluate your down payment options. Your down payment for the purchase of a home is the difference between the purchase price and the loan amount, and is due at the time of closing. It can be as little as 3.5% of the purchase price. The larger the down payment the less interest you will pay on the mortgage. Money for the down payment may come from your savings, the sale or financing of another house, or a gift from a family member. Your loan officer will advise you about the regulations regarding the down payment.

What you will need when you apply for a home loan:

- Picture ID
- Proof of Social Security Number
- Address for the last two years
- Names and Addresses for employers for the last 2 years
- W-2's from last two years or last two pay stubs
- Checking & Savings account information including the name of the financial institution, address, account numbers, balances, and last two statements.
- Current lending information including name of each lender, address, account number, balance, and monthly payments.
- Loan information for all real estate owned
- Estimated value of other assets
- Divorce decree if applicable
- Payment for credit report and appraisal
- Other documents may also be required

Understanding Your FICO Credit Score

Your credit score is a number based on the information in your credit file that shows how likely you are to pay a loan back on time. The higher your score the less risk you represent. The credit score that lenders often use is called a FICO score.

What makes up your credit score? 35% payment history; 30% amount owed; 15% length of credit history; 10% new credit (accumulation of debt in the last 12-18 months; number of inquiries); 10% mix of credit (installment debt raises your credit score and revolving credit lowers it.)

What doesn't affect your credit score? Debt ratio, income, length of residence, length of employment.

What actions will hurt your credit score? Missing payments, maxing out your credit cards, closing credit cards out (lowering available credit), shopping for credit excessively, opening up numerous trades in a short time period, having more revolving loans in relation to installment loans, and borrowing from finance companies.

How can you improve your credit score? Pay down credit cards, do not close credit card accounts, always make payments on time, slow down opening new accounts, acquire a solid credit history with years of experience, and move revolving debt to installment debt.