

*First-time*  
**HOMEBUYER  
GUIDE**



*Take the first step to find  
your new home.*

# ABOUT THE GUIDE

If you made it here, we're guessing you are running through a million questions about buying your first home. Though there are many different things that go into buying a home, if you gain a little knowledge and build a team around you that understands you and your life, you'll be golden. This guide will help answer questions such as, "How much can I afford?", "How much should I save?", and most importantly, "Am I ready to buy a house?". You can read through it like a novel or jump around for what's most useful to you. This is a resource you can use for your first house, second house, and every home purchase to follow!

## TABLE OF CONTENTS

3

The Terms

4

High-Level Timeline

5

Let's Break It Down

6

Find a Real Estate Agent



# THE TERMS

**AMORITIZATION** | A schedule of your monthly payments for the full length of your loan.

**ANNUAL PERCENTAGE RATE (APR)** | Your interest rate, along with any other fees or expenses, such as PMI, closing costs, discounts, etc.

**CAPACITY** | Your ability to repay a debt, based on your current debt and income.

**CASHIER'S CHECK** | A check written by a bank or credit union with your funds but backed by the institution. During the home buying process, a cashier's check is typically used to pay closing costs.

**CREDIT SCORE** | A prediction of your ability to repay a debt on time, based on your credit history as well as your current financial status.

**DEBT-TO-INCOME RATIO (DTI)** | A comparison of your monthly income and your monthly debt payments.

**DOWN PAYMENT** | Money paid upfront for a loan, as a sign of serious intent and to reduce lending risk for lenders.

**EARNEST MONEY** | Money paid to the seller as a sign of serious intent and commitment to the sale.

**EQUITY** | The portion of your home that you own or have invested into your home. The difference between what you owe and what the value of the home is.

**ESCROW** | A neutral third party who holds assets or funds until all conditions of the sale have been met.

**HOUSING RATIO** | A comparison of the expenses of your desired home (mortgage, interest payments, property taxes, etc.) against your pre-taxed income. Ideally, your housing ratio should be 28% of your income.

**ORIGINATOR** | Mortgage professional who will help find the right type of mortgage for you based on your income, credit, wants, etc.

**PRIVATE MORTGAGE INSURANCE (PMI)** | Typically required when less than 20% of the home's value is paid as a down payment. This protects the lender while allowing the borrower to still make the purchase. PMI is paid until enough equity in the home is earned.

**PROCESSING** | Step where all the appropriate documents about your income, tax returns, and assets are gathered as well as the step in which an appraisal will be done on the home you are interested in.

**UNDERWRITING** | An assessment of you as a financial risk, to help the lender decide whether or not you will be approved for your mortgage.

**WORK ORDER** | An outline of specific work to be done to the property before a loan can be approved.



*Click on any of these words throughout the guide for a definition refresher!*

# PATH TO BUYING

## Prep

1. Build a wants and needs list
2. Save for your down payment
3. Improve your credit score
4. Browse current rates
5. Get prequalified



## Prep

1. Find and hire a real estate agent
2. Find and tour homes
3. Submit an offer



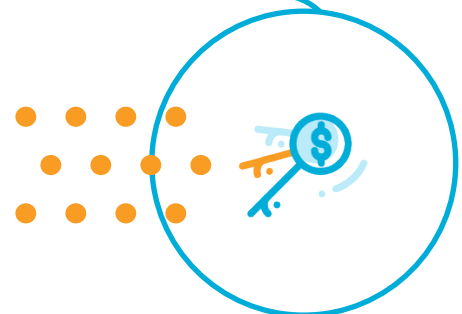
## Closing Time

1. Pre-approval
2. Loan processing
3. Appraisal & inspection
4. Title search
5. Closing day



## Hey, Homeowner!

1. Set up utilities
2. Homestead
3. Change your address



# LET'S BREAK IT DOWN

## 3-6 MONTHS BEFORE YOU WANT TO BUY A HOUSE

### 1. Make a Needs vs. Wants list

**Quick tip:** If your dream home lacks a 'need' and it's still appealing, it's probably a 'want'. This clarity helps your realtor show you more options!



#### Good things to consider on your Needs vs. Wants list:

- Home type (single family, multifamily, condo, townhouse, etc.)
- Neighborhoods / location / school districts
- # of bedrooms
- # of bathrooms
- Garage vs. no garage
- Heating and air system
- Fixer-upper vs move-in ready (and what do you consider a fixer upper?!)
- House layout
- Bedroom placement
- HOA (home owners association) vs. no HOA
- Flooring
- Miscellaneous features (pools, yards, architecture, waterfront, etc.)

### 2. Browse houses online

Check out online listings to get a feel for prices and features. Remember, sometimes a hidden gem is just waiting to be found.

### 3. Start looking into the Money Stuff

Don't let the financial aspect of homebuying stress you out or deter you from considering buying a home. If you start considering the money stuff now you can start to make positive changes to help you buy a home in the future! Here's what you should consider:

#### 1. Check Your Credit Score

If you're an SCCU member, use our app or online banking. Aim for a score above 620.

#### 2. Improve Your Credit Score

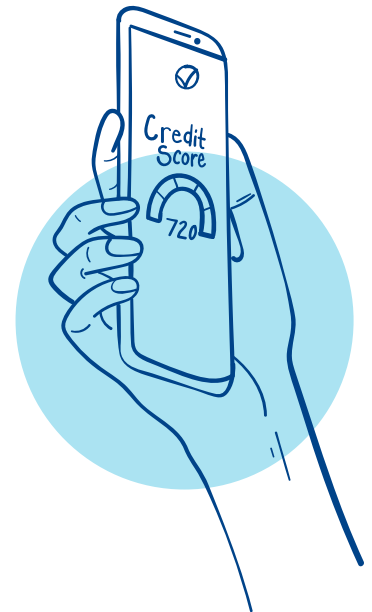
Pay down debts, avoid new loans, and always pay on time.

#### 3. Peek at Current Rates

Keep an eye on them and compare financial institutions for the best deal.

#### 4. Get Prequalified

This gives you an estimate of what you could borrow based on your finances.



## SO NOW YOU'RE READY

### Find a Real Estate Agent

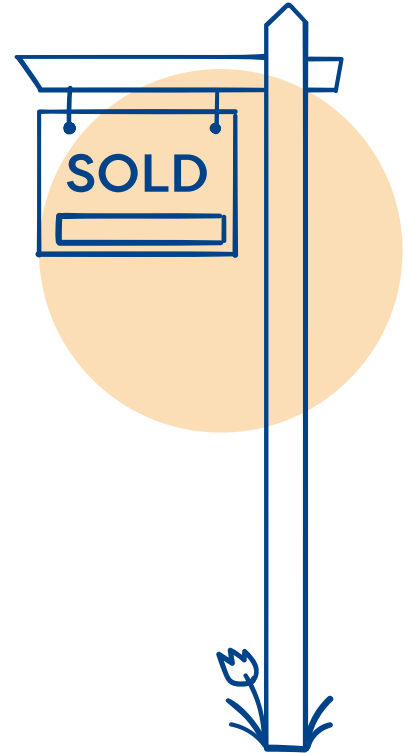
- **Get Recommendations**  
Ask friends or family for realtor suggestions.
- **Choose Wisely**  
Avoid dual representation agents for better negotiation. Compare agents online and meet with at least three.
- **Ask Questions**  
Inquire about the agent's client load, work approach, and references.
- **Clarify Your Goals**  
Discuss your budget and must-haves with your realtor.

### How Realtors Get Paid!

- Typically, the seller pays the realtor's commission.

### Start Shopping!

- Remember, it's okay to switch realtors to find the perfect match for your house hunting journey.



**LET'S GET YOU  
THAT HOME!**  
**COMPETITIVE LOW  
MORTGAGE RATES**



Check out our  
current rates!

APPLY AT:

[superiorchoice.com/home](https://superiorchoice.com/home)

Federally insured by NCUA.

*All loans subject to approval. Payment Example: For a \$160,000 loan for a term of 30 years with a 3.875% Annual Percentage Rate (APR), the monthly payment would be \$752.38. Taxes and insurance premiums are not included in the payment, the actual payment obligation may be greater than what is stated.*

