



YOUR QUICK START HOMEBUYING GUIDE

Buying a home can feel like the most stressful thing you've ever done.
But it doesn't have to be.



Federally Insured by NCUA

DETERMINE HOW MUCH YOU CAN AFFORD

Creating a monthly budget with all of your income and expenses can help you: pay down debt, save for a major purchase or simply gain a better understanding of your finances. It may be helpful to keep track of what you spend over the course of a few weeks to ensure you are capturing all your expenses in your budget.

Monthly Expenses

Rent/mortgage	\$
2nd mortgage	\$
HOA (association dues)	\$
Property taxes	\$
Homeowner's/renters insurance	\$
Gas/electric (average)	\$
Water/sewer/garbage	\$
Telephone/cell phone	\$
Groceries	\$
Household items	\$
Health insurance	\$
Prescriptions/doctor visits	\$
Daycare/babysitting	\$
Alimony/child support	\$
Tuition/lessons/student loans	\$
Taxes (monthly repayment)	\$
Life insurance	\$
Union dues	\$
Storage fees	\$
Beauty/barber	\$
Movies/video rentals	\$
Internet access	\$
Cable/satellite	\$
Dining out	\$
Sports/hobbies/clubs/gym	\$
Vacations/travel	\$
Books/music/dvds	\$
Clothing purchases	\$
Laundry/dry cleaning	\$
Home maintenance	\$
Pool/hot tub service	\$
Gardening	\$
Gifts/cards	\$
Pet care	\$
Banking fees/postage	\$
Cigarettes/alcohol	\$
Religious/charity	\$

Monthly Expenses

Car payment #1	\$
Car payment #2	\$
Gasoline	\$
Maintenance/repairs	\$
Auto insurance	\$
Auto registration	\$
Tolls/parking/mass transit	\$
Other	\$
Other	\$
Other	\$
Other	\$
Other	\$
Other	\$
Other	\$
Other	\$
Total monthly expenses	=

Monthly Income

Job	\$
Spouse's job	\$
Part-time job	\$
Rental/room & board received	\$
Commissions/bonuses	\$
Tax refunds	\$
Investment income	\$
Government benefits	\$
Unemployment insurance	\$
Child support/alimony	\$
Support from family/friends	\$
Other	\$
Total monthly income	=

Net

Total monthly payments	\$
Total monthly expenses	- \$
Over/under	= \$

MORTGAGE FAQs

Do I need to have 20% down?

No! It's a persistent misconception that you need 20% to buy a house. While having a larger down payment helps, there are many programs and mortgage types available today to make homeownership more affordable. Some programs require \$0 down payment!

How long does it take to buy a house?

The process varies by lender but typically takes anywhere from 30 to 60 days. The process can be held up by delays from outside agencies such as municipalities, issues with the title, delayed paperwork, inconsistent income information, and other factors. Your lender should communicate with you at least weekly on the status of your mortgage application.



How much money do I need to bring to closing?

Closing costs can vary widely depending on your credit, the residence type, the mortgage type, your down payment and other factors. Keep in mind that NY is on the higher end when it comes to closing costs. Expect to pay at least 2.45 of your purchase price.

Will my mortgage payment ever change?

Even if you have a fixed interest mortgage, your monthly payment can change. If you have an escrow account, which many homeowners do, your deposits into that account are rolled up with your mortgage payment. So as taxes and insurance premiums increase, your deposit must increase. This will in turn increase your mortgage payment.

What is escrow?

Escrow is an account held in your name by your lender. You make deposits into this account via your mortgage payment. Your lender then pays your property and school taxes as well as your homeowner's insurance from the funds you have in escrow.

What's PMI?

PMI is private mortgage insurance and is required if you have a conventional mortgage and are putting less than 20% down. Your PMI can be added to your mortgage payment or paid upfront at the closing.

Are there different kinds of mortgages?

Yes! People are often aware of the traditional fixed-rate mortgage and adjustable-rate mortgages (ARMs). But there are other variations and programs. Including the State of New York Mortgage Agency (SONYMA) programs and Federal Housing Administration (FHA) loans. Not all mortgages are suitable for all property types, which is one reason it's important to shop for the best mortgage lender.

Why do I need to shop for lenders?

Even if your current bank pre-approves you, you should shop for lenders. Lenders can vary on fees and mortgage types. You may also qualify for a better rate at a different lender. This is likely the biggest purchase you'll ever make – it's worth it to make sure you get the best mortgage possible.

What's the difference between a mortgage from a bigger bank and one from a local bank or credit union?

The biggest advantage with local lenders is their availability. A mortgage through a national bank may be processed and underwritten by people in different parts of the country. This can make communication difficult and delayed. It's easier to establish a relationship with a local lender, and many realtors already have a network of local lenders they work with.

THE DOS AND DON'TS OF BUYING YOUR HOUSE



DON'TS

CUT SAVINGS TO AFFORD A HOME

You can trick yourself into thinking you can afford a certain price range if you cut the amount of money you're putting into savings. But doing so jeopardizes your ability to afford an emergency.

OPEN/USE ADDITIONAL CREDIT

No matter how sweet that car deal is or how much you want the new sofa, wait until after your mortgage is complete. Opening or using credit will impact your credit score – and that will impact the rate you get or even whether you qualify for the mortgage.

SKIP THE PRE-APPROVAL

Gone are the days when you could start looking at homes before getting pre-approved. Many sellers want to know you have that before you can see the home.

EXPECT THE PROCESS TO BE QUICK

It's exciting! It's your home! But now's the time to be patient. Mortgages have a lot of steps, and a lot happens behind the scenes with appraisals, title searches, municipality clearances, and other factors.

WAIT TO GET STARTED

You may feel like buying a home is a far-off plan. But waiting creates more pressure – and potential roadblocks – for you. Realtors and mortgage originators appreciate a generous lead time to help you prepare.

DOS

CONTINUE TO BUILD SAVINGS

You're going to need money set aside for closing costs, unexpected repairs, and the general unexpected costs life likes to throw at us. Keep building your savings. If you can't afford a home without cutting savings, then you can't afford that home right now.

PAY DOWN DEBT

Any additional debt you can pay down before applying for a mortgage will improve your debt-to-income ratio (DTI). Your DTI is one factor lenders look at when qualifying you for a mortgage and determining your rate.

GET PRE-APPROVED BEFORE YOU SHOP

Shop around, and once you find a lender that meets your needs go ahead and get pre-approved. This tells you exactly how much home you can afford and assures sellers you can complete the purchase.

ASK QUESTIONS

It's important that you understand everything you're signing or being asked to provide. Your lender should be open to communicating with you and making the process as clear and seamless as possible.

START PLANNING NOW

Early planning can help uncover potential issues with your credit, such as a mistake on your credit report. It also gives you time to pay down debt which can help you secure a better rate.



Turn over for more dos and don'ts



DON'TS

FORGET TO CHECK YOUR CREDIT

Your credit is a huge piece of qualifying for a mortgage. And mistakes on credit reports do happen. Take advantage of your annual free credit report to ensure the information is accurate and your credit score is where it needs to be to qualify for a mortgage.

FORGET ABOUT TAXES

Your mortgage isn't the only payment you'll make. You'll also have to pay property and school taxes, which fluctuate each year. If you have an escrow account, these taxes will be incorporated into your monthly mortgage payment and that can impact how much house you can afford.

DOS

CHECK YOUR CREDIT EARLY

Use annualcreditreport.com to check your credit report. Look at the reports from all 3 major bureaus to ensure they are all accurate. If your credit score is lower than you'd like, work on paying down debt. Keep older cards open, though, as length of credit impacts your score.

ASK FOR TAX INFORMATION

Your realtor should have general information on the historic tax cost of a property. If not, they can connect you with the assessor. You'll want to include this amount when you estimate your monthly mortgage payment.

HOMEBUYER PROGRAMS

Program	SONYMA* DPAL (Down Payment Assistance Loan)	Home Buyers Dream Program	Fannie Mae Home Ready	SONYMA Neighborhood Revitalization Program	Fannie Mae 3% Down Program
Benefit	This grant provides up to 3% of purchase price for your down payment	This program provides up to \$9,500 towards the down payment or closing costs of your first home. Can be combined with DPAL.	This program, offered through Fanny Mae, allows for a 3% down payment.	This grant provides up to \$20,000 to fix up a home, if work is needed. Can be combined with DPAL and Home Buyers Dream Program.	This program allows for a 3% down payment. Unlike the Home Ready program, there are no income restrictions.
Criteria	The amount is forgiven if you stay in your home for at least 10 years	Must be enrolled in a First Time Homebuyers Education course. Must have a fully executed sales contract before applying. Funds are available on first-come, first-served basis and may be exhausted later in the year	The borrower does not have to qualify on their own and any co-signer does not have to reside in the home.	The amount is forgiven if you stay in your home for at least 10 years	At least one borrower must be a first time homebuyer
Income Qualifications	✓	✓	✓	✓	
Exclusive to First Time Homebuyers	✓	✓			

MHV MORTGAGE PRODUCTS

Mortgages aren't one-size-fits-all. Sometimes a conventional mortgage will work. Sometimes a house won't qualify for an FHA loan. Some people have a good amount of money to put down. Others need a low-down payment option. **And you may not know which mortgage type is best for you until after you find the home of your dreams.** Here are the mortgage products available with MHV.

MORTGAGE PRODUCT	PROPERTY TYPE
CONSTRUCTION - NEW BUILD	A new primary residence constructed on land which you will have title to at or prior to closing. Can be a Fixed loan, 5/1 ARM, 7/1 ARM, or a 10/1 ARM (no biweekly).
CONVENTIONAL MORTGAGE: PURCHASE + REFINANCE	<ul style="list-style-type: none"> • 1-4 unit primary residence • Second homes – 15 year term maximum • No co-ops • Condos and Planned Unit Development (PUD's) are eligible
ADJUSTABLE RATE MORTGAGE (ARM): PURCHASE + REFINANCE	1-4 unit primary residence Second homes – 15 year term maximum Condos and PUD's are eligible • No co-ops Manufactured homes, double-wide, must be on own land, on a foundation, not piers and slab
BIWEEKLY: PURCHASE + REFINANCE	1-4 unit primary residence Second homes – 15 year term maximum Condos and PUD's are eligible • No co-ops Manufactured homes, double-wide, must be on own land, on a foundation, not piers and slab
SONYMA (STATE OF NEW YORK MORTGAGE AGENCY) LOAN	Existing 1-4 family home • Newly constructed 1-2 family Must be primary residence Exclusive to first-time homebuyers Income and purchase price limits may apply
HLPR: AN MHV LOAN	For buyers of modest means • Includes income limits Purchase only (no refinances) • Exclusive to first-time homebuyers
FIRST TIME HOMEBUYER: AN FHA LOAN	1-4 unit primary residence Additional restrictions for townhomes and condos Down payments as low as 3.5%
LAND LOAN: PURCHASE OF LAND	Financing the purchase of a single lot or parcel of land on which you plan to construct an owner occupied primary or secondary residence for your exclusive personal use.

JOURNEY to HOMEOWNERSHIP



STEP 1: Get Pre-Approved

Contact an MHV Mortgage Expert to determine how much you can afford and which mortgage works for you.



STEP 2: Start your Home Search. Start searching online and reach out to a local Realtor to assist you.

STEP 4: Work with your Realtor + Attorney

to have the Contract of Sale completed and signed by all parties.



STEP 3: Find a Home + Make an Offer! Contact your MHV Mortgage Expert to complete your application. See page 2 for required documents.



STEP 5: Submit Your Application

Your Mortgage Expert will forward your application to the Mortgage team. You will be assigned a Processor who reviews your application and will contact you if additional information is needed.



STEP 6: Order Appraisal + Title MHV will order the appraisal for you. Contact your attorney to confirm the title has been ordered.

STEP 8: Review your Commitment

Letter Outstanding conditions needed will be listed on the Commitment Letter. Submit conditions to the Processor. Allow approximately 5-7 business days between steps 7 and 8.



STEP 7: Begin the Underwriting Process.

Your Processor submits your application to an Underwriter, who reviews your file and makes a determination on your loan. Allow approximately 5-7 business days between steps 5-7.



STEP 9: Get Ready to Close once all conditions are received. Your attorney will review the title report. You will need to reach out to your insurance agent for a binder and paid receipt with mortgagee clause listing MHVFCU as 1st lien holder. Allow approximately 3-4 weeks for steps



STEP 10: Schedule your Closing Date! A closing date will be scheduled by the attorneys. You will receive a Closing Disclosure to be signed at least 3 days prior to the closing date.



CONGRATULATIONS!! WELCOME TO YOUR NEW HOME!!

MORTGAGE APPLICATION CHECKLIST

INCOME:

- 2 most recent paystubs
- 2 most recent year's W2's
- Social Security, Pension or Retirement Award Letters (if applicable)
- Proof of alimony or child support (if applicable)
- If self-employed – provide 2 most recent years of personal and business tax returns – all schedules

INFORMATION:

- Social Security Numbers for all borrowers to be listed on the application
- Home Address for the past 2 years
- Employment history for the past 2 years

ASSETS:

- 2 months most recent bank/retirement statements – all pages

INFORMATION ABOUT YOUR NEW HOME:

- Home Purchase Price
- Loan Amount Requested – How much money do you plan on putting down on the transaction.
- Type of Property – single family, condo etc
- Property Address

IF YOU CURRENTLY OWN A HOME, INFORMATION NEEDED:

- Property School and General Tax receipt
- HOA, Condo Fees
- Current mortgage statement
- Provide a copy of your homeowner's insurance policy evidencing the yearly premium

DO'S:

- Keep copies of all documents submitted for processing.
- Continue to pay all of your debts and loans on time

DON'TS:

- Don't make any large purchase on your credit card
- Don't take out or co-sign on a loan for anyone
- Don't establish any new debt

PREPARE FOR CLOSING COSTS

You'll need more than a down payment to buy a house. At closing – the point at which your mortgage is finalized, the documents are signed, and the house becomes yours – you will need to pay additional fees.

An example of some of these fees are listed below. It is important to note that fees vary according to mortgage type, lender, attorney, etc. This list is provided for illustrative purposes only. Talk to your mortgage originator for a better understanding of what fees you'll be expected to pay at closing.

APPLICATION FEE

The fee lenders collect to start and manage your mortgage application.

PROCESSING FEE

The fee charged by your lender for completing your mortgage application.

LOAN LEVEL PRICE ADJUSTMENTS

A government-mandated, variable fee determined by credit, loan-to-value, and occupancy type.

ORIGINATION FEE

A fee a lender charges for making the mortgage loan.

APPRAISAL FEE

This fee pays for the professional appraiser who valued the home you're purchasing.

ATTORNEY FEE

Your attorney will charge for his/her services.

CREDIT REPORT

DOCUMENT VERIFICATION FEE

Lenders often use a service that verifies information provided on the application. This fee may then be collected at closing.

FLOOD CERTIFICATION FEE

Some lenders and insurance companies require a third party to verify that your property does not reside in a flood zone.



TITLE

The cost associated with a title company's review, adjustment, and insurance of the title of the property. This review is necessary because it can uncover potential issues, such as liens.

TAXES

You may be required to pay school and other taxes up front.

PMI

PMI is private mortgage insurance and is required if you have a conventional mortgage and are putting less than 20% down.

INSURANCE

You will be required to pay your first month's homeowner's insurance premium at closing.

PRE-PAID INTEREST

Prepaid interest charges are charges due at closing for any daily interest that accrues on your loan between the date you close on your mortgage loan and the period covered by your first monthly mortgage payment

MORTGAGE TAX

A state-imposed tax that pays for the documentation of the loan transaction.

RECORDING FEE

Charged by state and local governments, this is the fee for legally recording your deed and mortgage.

DON'T FORGET THESE

Additional costs of owning a home

FURNITURE:

\$10,000 – \$25,000 to furnish a living room



LAWN MAINTENANCE:

\$100 – \$200 per month



UTILITIES:

\$400/month



REPAIRS/MAINTENANCE:

1% of purchase price/year



PROPERTY TAX:

\$4,208/year



HOMEOWNERS INSURANCE:

\$1,383/year



Federally Insured by NCUA

Sources: **Furniture:** <https://www.circlefurniture.com/blog/cost-furnish-living-room#:~:text=In%20general%2C%20the%20cost%20of,living%20room%20will%20vary%20greatly.> **Lawn:** <https://www.thisoldhouse.com/lawns/reviews/average-lawn-care-cost#:~:text=Average%20Lawn%20Care%20Cost,-Lawn%20care%20pricing&text=Some%20lawn%20care%20plans%20have,mowing%20services%20or%20weed%20control.> **Maintenance:** <https://www.amfam.com/resources/articles/at-home/average-home-maintenance-costs#:~:text=The%201%20percent%20rule%20is,or%20about%20%24209%20per%20month.> **Heating:** <https://www.nyseda.ny.gov/Researchers-and-Policymakers/Energy-Prices/Natural-Gas/Monthly-Average-Price-of-Natural-Gas-Residential> **Utilities:** <https://www.inspirecleanenergy.com/blog/clean-energy-101/average-cost-utilities-for-house> **Tax:** http://www.tax-rates.org/new_york/ulster_county_property_tax **Insurance:** <https://www.bankrate.com/insurance/homeowners-insurance/homeowners-insurance-cost/>