

Home Buying Time

The Essential Basics When Considering Purchasing a Home



**Credit Union
of New Jersey**

My Info

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Why Should I Buy A Home

- Homeownership brings a sense of security and belonging that cannot be found elsewhere. Homeownership is also good for our communities, because families who own their homes are more involved in their local communities and participate in local events
- The rewards of homeownership
 - Sense of community
 - Personal Satisfaction
 - Tax Savings
 - Investment in the future
 - Stability for you and your family

Key Players

- Buyer
- Seller
- Realtors (for the Buyer & Seller)
- Lender (Loan Officer & Processor)
- Your Attorney/ Settlement Agent/ Title Agency
- Home Inspector
- Home Appraiser
- Homeowner's Association (Condo, Townhouse, & PUD)

Getting Pre-Qualified

- Takes you through the application process without requiring a sales contract.
- Provides you with a Pre-Qualification Letter which lets Realtors and Sellers know you're serious.
- Provides you with assurance on your spending limit.
- Informs you which program(s) your lender can provide you.

How much mortgage can I afford

- It's all in the PITI- Principal, Interest, Taxes and Insurance
- \$200,000 home with 5% down-(\$10,000 dollars)
- \$190,000 would be your loan amount- est. rate-4%
- Property taxes -\$5,000 and Homeowners insurance - \$700
 - Principal & Interest- \$907.09
 - Taxes- \$416.67
 - Homeowners Ins.- \$58.33
 - PMI- \$120.00
 - Total Payment= \$1,502.09

So... How much can I afford

Income of \$50,000 – divide by 12 = \$4,166.67 monthly income

Monthly debt: \$400 a month

Ratios need to be 29 front/ 45 back

Mortgage PITI- \$1,502.09 divided into income- $\$4,166.67 = 36$ front ratio

Mortgage PITI- $\$1,502.09 + \text{monthly debt-}\$400 = \$1,902.09$ -Total debt

$\$1,902.09$ divided into income- $\$4,166.67 = 46$ back ratio

Loan Qualifies with ratios 36/ 46

Closing Cost

- Lender fees
- Inspections
- Pre-paid interest
- Title
- Escrow
- Attorney
- Survey
- Recording Fees
- Estimated Closing fees range from \$4,500 to \$6,000

Choosing your Mortgage Loan

- Credit Union of New Jersey offers a wide range of mortgage options, including fixed-rate, adjustable-rate, and jumbo.
- Fixed Rates: 30, 20, 15 & 10 year
- Adjustable Rates: 3/1, 5/1, 7/1, 10/1 – available in 30 year term.
- Jumbo Loans for loan amounts above \$424,100, for most counties.
 - Some counties may vary on loan limits.

Choosing your Mortgage Loan

- It is important you consider the following when choosing the right mortgage for you:
 - Down Payment/Equity
 - Credit History
 - Financial Goals
 - Property Goals
 - Loan Terms
 - Closing Costs

Your Credit Score

- The Tri-Merge Bureaus: Experian, Equifax, & TransUnion
- Your Scores and Ranges
- Derogatory History and Timelines

Your Down Payment

- How much do I have to put down?
 - We have programs that will allow you to put as little as 3%
- What sources can I use for my down payment?
 - Gifts
 - Grants
 - DPA- Down Payment Assistance

The Mortgage Process

- Application
- Processing and Documentation
 - Income
 - Assets
 - Credit
- The Home Appraisal
- Underwriting & Approval
- Closing

The Closing

- Generally takes place at a location coordinated between the buyer and their Attorney/Settlement Agent.
- Final transfer and loan documentation will be signed and notarized.
- Transfer of access keys will occur.
- Start backing up the moving truck!!!

Resources

- Credit Union of New Jersey offers both seasoned Home Finance Consultants and award-winning technology to help you thorough the mortgage process.
- Online application with helpful information.
- Home Finance Consultants:
 - Available Monday through Friday from 8 am – 6 pm and from 9 am – 1 pm on Saturdays.
 - In branch, online, or via 800.684.7427.
 - Will help you find the best program to meet your needs now and in the future.

Thank You