



Guide to Purchasing a Home

Your journey to homeownership starts at your credit union.

Purchasing your first home is a big decision, and it may even seem overwhelming. Rest assured Beacon Credit Union is here to assist you in understanding the loan process while making your experience a pleasant one.

Get a mortgage approval letter

Before you go shopping for your house, you need to know how much money you have available to spend. Beacon Credit Union can help you determine how much home you can afford, then “put it in writing” in a mortgage approval letter. Even if you contact a real estate agent first, the agent will urge you to have a mortgage approval letter so they know which price range of homes to show you.

Want better buying power? Go a step further and get complete approval for financing before making an offer on a house. Having a full approval in advance can help you get the best deal possible, even if you plan to make a small down payment. Provide a written confirmation of this approval when the offer is made, and you will be perceived as solid as a cash buyer.

Choose a real estate agent

Finding the right home can be more involved than you might expect. A real estate agent will ensure that you receive great service without the tremendous hassle and worry of handling it on your own. If you don't already have an agent, we would be happy to provide you with several trusted recommendations.

A professional real estate agent:

- Listens to you to find the perfect match between what you can afford and the home that best fits your needs.
- Accesses, by computer, all properties for sale in your desired area. “For Sale” and newspaper ads are not always a true reflection of everything in the market. Your real estate agent, however, knows what's available at any given time.
- Helps you negotiate. Once you've found the home you want to buy, your real estate agent will work with you to develop an official offer to be presented to the seller. This gives you the best opportunity to have your contract accepted.
- Gets the price right. Your real estate agent is a specialist who knows the market inside and out so you will get the best price possible.
- Allows you to make your own decisions. A professional agent respects your opinion and won't try to force you into a decision you're not comfortable with.
- Protects your rights. Real estate laws have become increasingly complicated, and your agent will be there to assist you in every way.
- Does not charge you. Your real estate agent's services are absolutely free to you – the seller pays their commission.

Glossary of Mortgage Terms:

To understand the mortgage process, you need to know the lingo. Here are some of the terms you'll want to be familiar with:

Amortization

Means of loan payment by equal periodic payments calculated to pay off the debt at the end of a fixed period, including accrued interest on the outstanding balance.

Annual Percentage Rate (APR)

The interest rate that reflects the cost of a mortgage as a yearly rate. This rate is likely to be higher than the stated note rate or advertised rate on the mortgage, because it takes into account points and other credit costs. The APR allows home buyers to compare different types of mortgages based on the annual cost for each loan, however all lenders do not calculate APR the same way.

Discount Points

Prepaid interest assessed at closing by the lender. Each point is equal to one percent of the loan amount, i.e., one point on a \$100,000 mortgage would cost \$1,000.

Earnest Money

Money given by a buyer to a seller as part of the purchase price to bind a transaction or assure payment.

Index

A published interest rate against which lenders measure the difference between the current interest rate on an adjustable rate mortgage and that earned by other investments (such as one-year, three-year, and five-year US Treasury Security yields, the monthly average interest rate on loans closed by savings and loan institutions, and the monthly average Costs-of-Funds incurred by savings and loans) which is then used to adjust the interest rate on an adjustable mortgage up or down.

Margin

The amount a lender adds to the index on an adjustable rate mortgage to establish the adjusted interest rate.

Origination Fee

The fee charged by the lender for issuing a loan; usually computed as a percentage of face value of the loan.

Title Insurance

A policy usually issued by a title insurance company, which insures a home buyer against errors in the title search. The cost of the policy is usually a function of the value of the property, and is often borne by the purchaser and/or seller.



Guide to Purchasing a Home

Refinancing:

– Unlock your home's equity.

At Beacon Credit Union we feel that the relationship is just beginning when you purchase a home. We are here for you throughout the entire time you own your home.

Right now you could be paying hundreds or even thousands of extra dollars in interest every single year with your current mortgage. With this hard-earned money you could be building additional equity in your home, growing your personal savings or taking a well deserved vacation. We make the process of lowering your interest rate as easy as 1, 2, 3. We will walk you through the entire process of refinancing and keep you informed every step of the way.

Whether you are looking to refinance now or have questions about if this is the right time, our team is here for you. Contact us today for a free mortgage analysis of your current situation.

The Mortgage Loan Process:

Your mortgage will fit your situation, perfectly!

How you can get the best possible mortgage?

Before you apply for a mortgage, consult with Beacon Credit Union. We talk with you and listen to what you are looking to accomplish. After taking your unique situation into account, we present all the mortgage options available to you, whether you're a first-time homebuyer or wanting to refinance your existing mortgage. At Beacon Credit Union we are never looking to fit you into a mortgage product, rather, we want to find out what your needs are and look for the product that is the best fit for your current situation.

Advantages of working with our experienced loan professionals

In today's environment especially, mortgage rates, products and regulations are changing constantly. Keeping up with it all on your own would be a daunting task. You'll find it very comforting to have your own personal industry expert to help you.

Some other advantages to having your own personal loan professional working for you:

- They can size up your financial situation and make recommendations that can save you money every month.
- They have a network of industry referral partners, such as builders, remodelers, Realtors® and financial planners, should you need one.
- They will attend your closing with you, to make sure the loan process concludes smoothly, with no surprises.



Guide to Purchasing a Home

The Mortgage Loan Process (Step by Step)

Whether you're purchasing a home or refinancing your current one, here are the steps involved:

Step 1: Loan Application

As described above, the key to the loan application process going smoothly is us getting together initially for a consultation. At that time, we will obtain all pertinent documents so unnecessary problems and delays can be avoided. Ask us today how to get started.

Step 2: Loan Submission

Once we have discussed loan options and picked the best product to fit your needs and goals, we will submit your file to our underwriters for approval.

Step 3: Loan Approval

Loan approval generally takes anywhere from 24 to 72 hours. All parties are notified of the approval and any remaining loan conditions that must be cleared before the loan can close.

Step 4: Documents Drawn

Approximately 1-3 days prior to your closing date, the loan documents (including the note and deed of trust) are completed and sent to the attorney or title company. The escrow officer will make an appointment for you to come in and sign the final documents. (Home purchasers: you will be told at this time how much money you will need to close the loan. Payment must be made in the form of a cashier's check at closing.)

Step 5: Closing

This is where all loan documents are signed by all necessary parties, and all necessary payments are made. One to two days before closing, we will contact you to review everything related to your home purchase or refinance, to ensure a smooth and satisfying transaction takes place at the closing table.

Step 6: Funding

Once all parties have signed the loan documents, they are returned to Beacon Credit Union who reviews the package. If all forms have been properly executed, a check is issued to fund the loan.

Step 7: Recording the Loan

Upon receipt of the loan funds, the attorney or title company will record the legal documents necessary for the new loan. (Home purchasers: at this time the property will be transferred into your name. At the same time, the deed of trust is recorded to show the new loan on the property.) Escrow is now officially closed.

Congratulations! You've either purchased your new home, or you've refinanced your current one.

Reverse Mortgage Basics:

History of Reverse Mortgages - Use your home to stay in your home!

The Reverse Mortgage Program (HECM) was created for homeowners who are 62 or older by the Housing and Community Development Act of 1987, as part of the U.S. Department of Housing and Urban Development (HUD).

What is a Reverse Mortgage (Home Equity Conversion Mortgage):

The HECM FHA insured reverse mortgage can be used by senior homeowners age 62 and older to convert the equity in their home into monthly streams of income and/or a line of credit to be repaid when they no longer occupy the home. The loan, commonly known as HECM, is funded by a lending institution such as a mortgage lender, bank, credit union or savings and loan association.

How do I qualify?

You do have to:

- be a homeowner 62 or older
- be living in the home as your primary residence,
- have equity in your home.
- Be able to pay your taxes and insurance on the property

You don't have to:

- be debt-free,
- own your home free-and-clear,
- sell your home,
- give up title,
- make monthly mortgage payments.

This sounds too good to be true. How is this possible?

Your home's appraised value, and the amount of built-up equity you have in it, is used as collateral for a Reverse Mortgage loan. That makes it a low-risk loan for the lender, and explains why qualifying is so easy for the borrower. In a sense, you're reversing the flow of money that you've been investing in your house all these years, hence the name Reverse Mortgage.



Guide to Purchasing a Home

How much does a Reverse Mortgage cost?

Many of the same costs associated with a regular mortgage apply to Reverse Mortgages. In most cases these costs are capped and may be financed as part of the loan, so that you incur little out-of-pocket expense. Remember though, that you still will have monthly property tax and mortgage insurance payments to make, which have nothing to do with your Reverse Mortgage loan.

How much money can I get?

The amount you can borrow depends on your age, the current interest rate and the appraised value of your home. Generally, the more valuable your home, the older you are, and the lower the interest rate, the more you can borrow.

Loan Products:

You can trust our products and experience!

At Beacon Credit Union we tailor your loan around your specific needs. We want you to have the best experience and the best loan product to meet your goals.

We offer a number of loan products such as:

- FHA Loans
- VHDA first time home buyer products with no money down
- VA loans for active duty, veterans and reservists
- Rural loan programs with no money down
- Condo loans
- Jumbo loans
- Fixed & Adjustable rates
- Remodeling loans
- Reverse mortgage loans for seniors
- Investment property loans
- Vacation and second home loans
- 15 year, 20 year and 30 year loans

**Contact us today to learn
more about purchasing or
refinancing a home.**

**1.800.868.6655 or
434.237.1566
www.mybcu.org**