

Home...
Where your story begins.



Home Buyer's Guide

Home Buyer Contact List

Attorney

Firm Name:

Contact Name:

Contact Name (Paralegal or Assistant):

Telephone:

Email:

Mortgage Company

Loan Officer Name:

Company Name:

Telephone:

Cell Phone:

Email:

Home Inspector

Name:

Telephone:

Email:

Firm Name:

Address:

Realtor

Realtor Name:

Telephone:

Email:

Firm Name:

Address:

Title Company

Name:

Telephone:

Email:

Firm Name:

Address:

Survey Company

Name:

Telephone:

Email:

Firm Name:

Address:

This guide provides you:

THE 4 C'S OF HOME BUYING

A quick reference guide to what lenders look for in home buyers.

REQUIRED DOCUMENT LIST

A list of items to collect for your lender to make the pre-approval process smoother.

HOME BUYING PROCESS

An overview of the timeline and process of buying a home.

DO'S AND DON'TS

A list of common mistakes that could impact your approval status.



Commitment. Convenience. *Expertise.*



The 4C's of Home Buying

CREDIT HISTORY AND SCORE

- What is the likelihood that you will repay the loan in a timely manner?
- What is your past payment history with other creditors?
- Is there a reasonable explanation for any challenges in your past?
- What is your current credit score?

CASH

- Can you handle the payments if your income is stopped for any reason?
- Have you saved money for a down payment and closing costs?

CAPACITY TO PAY

- Can you afford the new payment?
- What is the likelihood of being able to continue to afford this new payment?
- If you were to lose your current income stream, would you reasonably expect to replace that same income?

COLLATERAL

- What type of real estate are you buying (condo, townhome, single family, duplex, manufactured home)?
- What is the current market value of the real estate, and how was this determined?

CREDIT. CASH.

You should have:

- No late payments in the last 12 months
- Multiple credit lines with at least 24 months of history
- At least one credit line with a limit over \$1,000

You should have:

- At least 3.00% of your purchase price to put down for Home Possible program (actual down payment needed will vary depending on your credit score, home type, occupancy type and income)
- 2-3 months of house payments in your checking or savings account after closing

You should have:

- Two years in the same line of work
- Total home and credit payments of 43% of monthly, pre-tax income
- Total housing/home payment of 28% of pre-tax income



CREDIT.

CAPACITY. COLLATERAL.

The *5 factors* of your credit score...

35%

PAYMENT HISTORY

How you've paid your bills in the past. A long history of making payments on time and not missing payments can have the most positive impact on your credit score.

30%

OUTSTANDING CREDIT BALANCES

The amount you owe relative to the total amount of credit available. People with the best credit scores tend to keep their balances low.

15%

LENGTH OF CREDIT HISTORY

The age of your open credit lines - the longer your credit history, the better.

10%

TYPE OF CREDIT

Your current mix of credit cards, retail accounts, finance company loans, and mortgage loans - a diverse mix of credit is best.

10%

INQUIRIES

How many credit applications you're filling out. Multiple credit report inquiries can lower your score.



The 4C's of Home Buying

CAPACITY.

How much can you afford to pay monthly?

A TOTAL PRE-TAX MONTHLY HOUSEHOLD INCOME

Income that can be documented.

\$

B TOTAL MONTHLY HOUSEHOLD INCOME × 43%

\$

C TOTAL MONTHLY DEBT PAYMENTS

Cars, credit cards, student loans, etc.

\$

D CALCULATE $B - C = D$

Maximum monthly house payment includes
property tax and insurances.

\$

Our experienced loan officers will help you evaluate your options, explain how to potentially resolve any challenges you may have, and assist you as you prepare for the home ownership experience.



Required Documentation

To obtain a pre-approval letter, you must complete an application.

Upon receipt of application, we will provide you with the required disclosures and loan estimate within three business days. After you receive your disclosures and loan estimate, it's up to you to decide whether to move forward with a mortgage application. If you do intend to proceed with the mortgage application, you must take the next step and tell the lender you want to move forward with the application for that loan.

IF YOU DECIDE TO PROCEED WITH THE LOAN, THE FOLLOW WILL BE REQUIRED:

- A copy of your driver's license
- Last 2 years of W2 statements from your employer
- Last 30 days of recent pay stubs
- Last 2 months of checking, savings & any other accounts demonstrating sufficient liquid assets for down payment & closing costs

THE FOLLOWING ITEMS WILL BE REQUIRED, IF APPLICABLE:

- Last 2 years of individual tax returns - all pages & schedules
- If you are self-employed or commissioned, please include:
 - Last 2 years of individual tax returns - all pages & schedules
 - Last 2 years of corporate tax returns - all pages & schedules
- Last quarter (3 months) of stocks, bonds, mutual funds and 401(k) - all pages
- College transcripts (if graduated in the last 2 years)



Tips for a smooth loan approval...

DO:

- Continue to make your mortgage current payments on time
- Stay current on all your existing accounts
- Keep working at your current employer
- Keep the same insurance company
- Continue living at your current residence
- Continue to use your credit as normal

These do's and don'ts will help you avoid delays in the loan process after submitting your application.

DON'T:

- Make a major purchase (car, boat, jewelry, etc.)
- Apply for or open a new credit card
- Change jobs without notifying your lender first
- Transfer any balances from one account to another
- Pay off any charge-offs without notifying your lender first
- Buy any furniture on credit
- Close any credit card accounts
- Change bank accounts
- Max out or overcharge your credit card accounts
- Consolidate your debt into 1 or 2 credit cards
- Take out a new loan or start any home improvement projects
- Open a new cell phone account
- Join a fitness club
- Pay off any loans or credit cards without notifying your lender first



Here's what you can expect...

COMMUNICATION

We will notify you when we:

- Receive your appraisal
- Submit your loan to underwriting
- Receive your conditions from underwriting
- Obtain a final underwriting approval
- Receive your closing disclosure (CD) from the title company

PROVIDING ADDITIONAL DOCUMENTS

It is very important that you provide all requested documentation in a timely manner.

If you do not, your closing date may be delayed. Within a week from when you sign your loan application, you will need to send us all the requested documentation.

During the underwriting process, you may be asked for additional information referred to as “conditions.” Please be sure to send us any additional information as soon as possible.

SOLIDIFYING YOUR HOMEOWNERS INSURANCE

It is your responsibility to obtain homeowners insurance.

Your homeowners insurance must be in place at least 10 days before your closing date. For refinances, we will require a current copy of your homeowners insurance certificate and your insurance agent's contact information.



Mortgage process timeline:

- Pre-approval
- Accepted offer
- Contract signed
- Mortgage application completed
- Mortgage disclosure provided
- Order appraisal
- Mortgage commitment
- Lock in rate
- Title gets ordered
- Pre-closing conditions
- Purchase Homeowner's Insurance (Hazard Insurance)
- Clear to close/approval
- Closing day!



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Notes

What are your *next steps?*

If you feel you are ready to begin the process, let us help you determine the best way to move forward. We hope to have answered some of your questions, but when you have more, we are here:

Call us at 877.885.4044!

Our website is a great resource for home buyers. We have calculators, helpful videos, a Realtor page, and more to help answer your questions and educate you about the home buying process.

RidgedaleFCU.org



Ridgedale

Federal Credit Union

Main Branch

124 South Ridgedale Avenue
East Hanover, NJ 07936-3190

Phone: 973-947-1000

Email: Info@RidgedaleFCU.org

Loan Department Email: Loans@RidgedaleFCU.org

Ridgedale Teller Email: Ridgedale@RidgedaleFCU.org

Your savings federally insured to at least \$250,000
and backed by the full faith and credit of the United States Government

NCUA

National Credit Union Administration, a U.S. Government Agency



NMLS# 422379