Home Financing

A guide to
Selecting the right lender
Choosing the right loan
Applying for your mortgage
Understanding the mortgage process
Choose wisely because the right lender makes all the difference.
When it comes to buying a home, deciding who will finance your mortgage is an important decision. Selecting a mortgage lender should be based on more than just the lowest rate. You want a lender who’s a good fit—the right match for you as a borrower. Mortgage lending should be a collaborative process between you and your lender.

You don’t have to apply for a loan to ask questions. You can find out a lot by simply calling to ask about loan programs that are available. One of the most important questions to ask is about turnaround time from application to closing. Ask who will service your loan—because you’ll want to have someone easily accessible to help with any issues that may come up later. Also ask what happens if the appraisal comes in too low or your rate lock expires before closing, or other issues that could happen last minute. Your lender should be able to help you set expectations and commit to getting you to settlement.

A good lender can qualify you for a loan and should talk to you about mortgage payments in context with the rest of your financial plan. In return, you may be asked about your long-term plans for homeownership and overall financial goals. That’s a good thing, because you want someone who focuses on you, not on your loan.

An appraisal is a report indicating the value of a property at a given date as compared to recent sales in the market.

PITI stands for principal, interest, taxes, and insurance, the components of your monthly mortgage payment. Mortgage Insurance (PMI) is also included in this figure when it is required.
The right mortgage is more than just an interest rate
Choosing the right loan

We know that when it comes to home financing, everyone’s needs are different. Your stage in life, the size of your family, your income, budget, and savings all come into focus when you’re buying, refinancing, or building a home. It’s important to educate yourself and shop wisely when financing a home. Even a small difference in points, fees, payment type, or down payment can add up to thousands of dollars, affecting your monthly payment or your ability to finance. We offer a number of options, including fixed and adjustable rate mortgages; land loans; government loans such as VA, FHA, and SONYMA; loans for second homes; and one-to-four unit investment properties.

What’s Included With Your Mortgage?

- Low rate*
- Free pre-approval
- Fast turnaround
- Low closing costs
- No pre-payment penalty
- In-house account servicing
- Local decision making

*Mortgage rates and program information are available at hvfcu.org.

The Annual Percentage Rate (APR) is a measure of the cost of credit expressed as a yearly rate, which includes interest and specific, prepaid expenses required to close a loan.

Real or Tangible Property is land, as well as anything permanently attached to, embedded in, or growing on it.
The journey begins with a pre-approval
Applying for your mortgage

Applying for a mortgage before you begin shopping is a smart choice. Use our enhanced online application, which allows you to complete an application in as little as fifteen minutes!

A pre-approval allows you to get a picture of how much home you can afford. You’ll save valuable shopping time because you will know which homes are within your budget.

You can use your pre-approval status to assure brokers and sellers that you are a qualified buyer. Having a pre-approval for a mortgage can give you more negotiating power for any purchase offer you make. When you find the right home, simply call your Mortgage Loan Officer to complete the processing of your application.

A conversation with a Mortgage Loan Officer can help you compare your options and understand your choices to ensure you select the right mortgage for your needs. Our Mortgage Loan Officers are expertly trained on the financial implications of various mortgage and real estate investment strategies.

- **Debt-to-income ratio** is the percentage calculated when comparing your actual minimum monthly liabilities to your gross monthly income.

- **An origination fee** is a charge based on several loan characteristics such as the FICO score, loan to value (LTV), and loan term.

- **Points** are a fee charged at closing. The fee is equal to a percentage of the loan amount. For example, one point equals 1%. Points are typically paid to reduce the interest rate.
We’re here for you
to ensure a worry-free experience
After we receive your completed application and documentation, your income, credit history, and other factors are reviewed to determine if you are eligible for a mortgage commitment.

An underwriter will first review your application for completeness and may request additional documentation needed to make a credit decision. A processor will then order an appraisal and follow up with you to obtain any additional documentation or information until all the items necessary to receive final loan approval are received. Once all your supporting documentation and loan arrangements are in place, you will be ready for closing. At the closing, you will sign documents that pledge your property as security and affirms your commitment to repay the loan.

**Steps to Mortgage Financing**

- Submit your application & supporting documents.
- Application is assigned to an HVFCU employee for review. If needed, we may require additional documentation.
- Appraisal ordered & received.
- Commitment letter issued.
- Final loan review, once all documents are received.
- Loan approval.
- Final loan approval.
- Mortgage closing scheduled and closing disclosure sent to you for acknowledgement.
- Closing.

**A rate lock or lock-in** is the lender's guarantee of an interest rate for a specific period of time. The lock protects the applicant against rate increases between application and closing.

**A Mortgage Commitment** is a written agreement from a lender to extend credit based on specific terms and conditions.
A little preparation helps the process go smoothly
Listed below are some documents that you will be asked to supply in order to process your application. There is also a possibility, depending on your situation, that you will be asked to provide additional documents or clarification/explanations.

- If you’re financing the purchase of a home, a signed purchase contract is required (specifying down payment, sale price, and a proposed closing date).
- Most recent pay stubs.
- Past two years of W-2 statements.
- Past two months of deposit account statements.
- Most recent Federal tax return, signed and dated, with all schedules (if you are in commission sales or self-employed).
- Most recent stock statements (if liquidating for closing costs or down payment).
- Stock information (number of shares, type of stock, approximate value, and institution).
- Copies of checks/receipts verifying any large deposits over the last two months.
- Appraisal and credit report fees (if applicable).
- Employment information (name and phone number) for last 24 months.
- Deposit account information, including investments (institution, mailing address, account number, and balance).

After you submit your application, you will receive a Loan Estimate. The Loan Estimate tells you important details about the loan you have requested.

You can also lock your rate in at application time. A rate lock is not required.

**A Loan Estimate** is a written statement of all charges that the borrower will likely incur for obtaining the mortgage.
Enjoy the feeling that comes from a well-informed decision
Questions to consider

How long do you plan on staying in the house (or with the loan)? This may determine what type of loan you should consider. For example, fixed rate versus adjustable rate, or whether you should pay points to “buy down” the interest rate.

What monthly payment can you comfortably afford? Your Mortgage Loan Officer can work with you to help determine how much fits in your budget. Consider future plans (such as moving from a two income to one income household) that may impact the affordability of your payment.

How much do you have for a down payment? This is an important question. With a smaller down payment, you may have to pay Private Mortgage Insurance (PMI) - an added expense to consider. You also need to look at whether you will have funds after purchasing the home. When owning a home, it is a good idea to plan ahead and have financial backup should the unexpected occur.

Is paying off the mortgage early important to you? Everyone is in a different place in their life when they take out a new mortgage loan. Whether you plan to retire in five years or twenty, or you’ll have children down the road, it is important to consider how a mortgage payment factors into these plans.

Is your income likely to remain stable, increase, or decrease over the life of the loan? This is a significant point to consider. Once you take on a mortgage payment you are committed to paying the loan on time. Income that is expected to change in the future may impact the affordability of your payment.

PMI (Private Mortgage Insurance) is insurance to protect the lender in case of a borrower’s default and foreclosure. It is usually required when more than 80% of the home’s value is financed.
Enjoy peace of mind
knowing your home is protected
Insuring your assets

**Homeowners Insurance** Your home is one of the biggest investments that you’ll ever make. When evaluating your insurance needs, include coverage for valuables such as jewelry, artwork, antiques, collectibles, computers, and other items.

**Personal Umbrella Policy** A severe accident on your property could cost you millions. Personal liability protection, also known as an umbrella policy, protects your assets from large verdicts or settlements as a result of a covered loss, with additional coverage beyond the limits on your other policies.

**Get a Quote from Hudson Valley Federal Credit Union Insurance Services**

- Go online to hvfcu.org
- Call 845.463.5646, Monday through Friday, 8 am–8 pm ET

**For Faster Service**

Have the following information ready when requesting a quote for homeowners insurance:

- Date of birth and Social Security Number
- Real estate listing (new purchases)
- Current insurance declaration pages (refinances)

**Save Even More**

By bundling your auto and home insurance you can take advantage of a multi-policy discount. In addition, members of HVFCU are eligible for exclusive discounts.

Insurance Products:
Are not NCUA/NCUSIF Insured | Are not obligations of HVFCU | Are not guaranteed by HVFCU
If you live, work, worship, volunteer, or attend school in Dutchess, Orange, Ulster, or Putnam County you can belong to Hudson Valley Federal Credit Union.

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