



FINDING & FINANCING YOUR

Home Sweet Home

GLOSSARY OF TERMS



Adjustable-Rate Mortgage (ARM): A mortgage that permits the lender to adjust its interest rate periodically on the basis of movement of a specified index, such as a T-Bill.

Closing Costs: Money paid by the borrower to effect the closing of a mortgage loan. This generally includes but is not limited to the cost of the property appraisal, credit report, mortgage tax and recording fees, and title insurance.

Condominium: A real estate project in which each unit owner has title to a unit in a building and an undivided interest in the common areas of the project. The mortgage is placed on the individual units in the project.

Cooperative Project: A residential building wherein a corporation or trust holds title to the property and sells shares of stock representing the value of a single apartment unit to individuals who, in turn, receive a proprietary lease as evidence of title.

Debt-to-Income Ratio: A ratio that is developed for use in determining whether a borrower can qualify for a mortgage. It is derived by dividing the borrower's total monthly obligations, including housing expenses, by his or her gross monthly income.

Escrow Account: An account that is established to hold funds allocated for the payment of real property taxes, hazard and flood insurance premiums.

Fannie Mae: A congressionally chartered corporation that purchases mortgages in the secondary mortgage market.

Fixed-Rate Mortgage: A mortgage that provides for only one interest rate for the entire term of the mortgage.

Freddie Mac: A congressionally chartered corporation that purchases mortgages in the secondary mortgage market.

Hazard Insurance: Insurance coverage that compensates for physical damage, by fire, wind or other natural disasters, to the property.

Manufactured Home: A residential unit that is constructed in a factory in sections, with the sections then transported to the site and joined together on a pre-built foundation. This home has a structural frame, and the underneath part of the home has running gear (wheels, axels, brakes).

Mortgage: The security instrument that is evidence of the debt, tied to the subject property.

Note: Proof of indebtedness for a mortgage loan.

Points: Interest that is pre-paid to the financial institution in order to obtain a lower interest rate.

Underwriting: Risk assessment review of the loan package.

PROTECT YOUR DREAM



- » Your home is more than just four walls and a roof. It's the place where families are raised and memories are made. With such an important investment, you deserve superior protection you can trust – and that's where CFCU Insurance Services comes in.

Our three-step process will help you secure affordable protection while saving you time and stress. Here's how it works:

- 1. We Shop.** Our insurance professionals work with you to understand your needs and then begin their search.
- 2. We Compare.** We review a variety of national carriers to find the absolute best quotes for you.
- 3. You Save.** You choose the quote you like best, and we do the rest!

So turn to CFCU Insurance Services for expert guidance in protecting your home sweet home. Contact us today for a FREE quote!

CLICK mycfcu.insuranceaisle.com | **CALL** 844-835-7646

Insurance Products are not insured by NCUA or any Federal Government Agency; are not a deposit of, or guaranteed by, the Credit Union or any Credit Union Affiliate; and may lose value. Use of CFCU Insurance Services is optional and not required as part of the loan approval.



COMPREHENSIVE COVERAGE

**Along with home insurance,
we also offer protection for:**

• Auto • Life • Pet • Business • And More!

Dear Member,

We're thrilled to be considered for the financing of your new home! Our goal for mortgage loan applicants is threefold:

- Provide you with the most knowledgeable, reliable and efficient service
- Get you into your new home as quickly as possible
- Deliver a simple and convenient mortgage process from start to finish

At CFCU Community Credit Union, we work hard to exceed your expectations. We're committed to providing the best financial services and look forward to working with you to help finance your home.*

» **Please contact us today to begin the process of applying to finance your home!**

Our Mortgage Loan Sales Associates:

Kimberly Rozell

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Kingdom Plaza Location

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[607] 257-8500 x3310
CFCU NMLS#: 299582

» **Call or email today to make your appointment, or apply online at www.mycfcu.com/mortgage.**

*All loans subject to approval.



» FOLLOW THE PATH TO

HOMEOWNERSHIP

Get a mortgage pre-approval from a CFCU Mortgage Loan Sales Associate and obtain great information about different mortgage programs.



Shop for a home; obtain a signed and accepted purchase offer.



Both the buyer's and seller's attorneys approve the purchase offer.



You may want a home inspection; schedule it now.



Meet with your CFCU Mortgage Loan Sales Associate, complete your formal application and select your loan program.



CFCU will order the property appraisal and verify income, employment and assets.

Your loan is approved! CFCU will issue a Commitment Letter; you will satisfy any conditions of that commitment.



CFCU will clear the loan to close.



Choose your homeowners insurance company (please consider CFCU Insurance Services) and provide CFCU with a paid receipt and a binder.*

Seller's and buyer's attorneys will review title documents and then forward them to CFCU for review.



After the CFCU title review, your loan will be scheduled to close.



CFCU will prepare your Closing Disclosure and provide this to you at least three days prior to closing.

It's your closing day! You will sign documents and obtain the keys to your new home!



*Use of CFCU Insurance Services is optional and not required as part of the loan approval or closing process. Insurance Products are not Insured by NCUA or any Federal Government Agency; are not a deposit of, or guaranteed by, the Credit Union or any Credit Union Affiliate; and may lose value.



WHAT TO BRING TO YOUR CFCU MORTGAGE APPLICATION



1. Paystubs

Covering the most recent 30-day period.

2. W2s

Covering the most recent two-year period.

3. Tax Returns

From the most recent two years complete with all schedules if you are self-employed, including rental income or commission income. If you own a corporation or partnership, you will also be required to provide the most recent two years' business returns with all schedules.

4. 1099s & Award Letters

Covering the most recent two-year period for Social Security or pension and retirement income.

5. Bank Statements

Covering the most recent two-month period (full 60 days). Statements must include all pages, including any blank pages. Your Mortgage Loan Sales Associate can print your CFCU statements for you.

6. Real Estate Owned

If you own any real estate that you are not selling, please provide your most recent mortgage statement, property tax receipts and proof of your homeowners insurance premium. If you are selling property, please provide a copy of the purchase offer.

7. Separation Agreement & Divorce Decree

To provide proof of property buyouts, child support payments or income and alimony payments or income.

8. Valid Identification

Can include a state-issued driver's license or passport.

9. Non-U.S. Citizens

Must provide Green Card or visa paperwork.

10. Purchase Contract

For the property, signed by all parties.

THINGS TO CONSIDER

W H E N P U R C H A S I N G

A HOME



THINK ABOUT THE FUTURE

If you're going to start a family soon, purchasing a one-bedroom condo probably isn't the best option. Instead, consider how your family or perhaps your lifestyle will change over the next several years and look at homes that will accommodate those needs.



THINK ABOUT YOUR LIFESTYLE

Put thought into your lifestyle and purchase a home that really fits. If you don't think you want to mow a large lawn, consider purchasing a condo. If you don't like long commutes to work, purchase a home closer to your office. Do you like the downtown/urban lifestyle or a more rural one? If you like to walk to work or to shop, purchase in an urban area, perhaps near public transportation. If you want some space, look outside the downtown areas.



WHAT ARE YOUR NEEDS VS. YOUR WANTS

Prioritize your needs; then consider what you want. You may want a home with three bathrooms, but maybe you're only finding houses with two bathrooms in your price range. Can you make do with only those two bathrooms? Probably. You will not find the absolute perfect house that has everything you want, but you will find homes that have everything you need.



PRE-QUALIFICATION VS. PRE-APPROVAL

A pre-qualification means we've given you an estimate of the loan amount you're qualified for based on information you have provided us about your debts, income and assets. We have not pulled credit and have not verified any additional information.

» **A pre-approval means you have provided us with documentation to support your income, employment and available assets, and we have reviewed your credit. Most REALTORS® will only allow you to view homes when you have a pre-approval letter.**

ALL ABOUT » CREDIT

Your credit score is a snapshot of your risk at a particular point in time. Scores change as new information is added to your credit file. These changes are gradual! Over a short period of time, you will see slight changes to your score, either up or down. You will see bigger differences in your score over a long period of time.

WHAT IS FICO?

FICO® is the abbreviation for Fair Isaac Corporation, which introduced the first credit risk score in 1981. FICO is one of three scores used by mortgage lenders. In addition to FICO, many mortgage lenders also use the scores provided by Equifax® and TransUnion®.

KNOW YOUR SCORE

You can obtain your credit score by requesting a free credit report at websites such as www.annualcreditreport.com. Credit scores range from 300 [poor] to 850 [excellent].

KNOW THE DIFFERENCES

Credit scores vary depending on the type of report obtained. There are many different scores and ranges of scores. A mortgage credit report will have three scores, one from each major credit repository. These scores are used for the purpose of mortgage lending and will be different from what we would call a consumer credit score, which is the score given by credit monitoring services. The algorithms used to determine the score referenced for mortgage lending are different from what's used for credit monitoring. However, your consumer credit score will give you an overall picture of your credit health.

KNOW THE UNDERLYING CREDIT FACTORS

There are five pillars behind the FICO scoring model, each weighted to determine the score:

1. Payment history [35%]
2. Credit utilization [30%]
3. Average credit age [15%]
4. New inquiries [10%]
5. Account mix [10%]

As you can see, the payment history makes up the largest percentage of the score. Paying your full payment by the due date is critical to a good credit score!



» LOOKING TO PURCHASE A HOME, BUT STRUGGLING TO SAVE FOR THE DOWN PAYMENT?

We have six loan options that require 3.5% or LESS down.

	HomeReady®	FHA	VA	USDA	SONYMA	CFCU 100%
Minimum Down Payment*	3%	3.50%	NONE	NONE	3%	NONE
Minimum Credit Score	620	620	620	620	620	720
Seller Concessions Cap	3% Maximum	6% Maximum	4% + Closing Costs	6% Maximum	3% Maximum	3% Maximum
PMI Required**	Yes	Yes	NONE	NONE	Yes	Yes
How much has to be own funds?	0%	0%	0%	0%	1%	\$1,500
How much can be a gift?	100%	100%	100%	100%	99%	None

*Borrower responsible for payment of closing costs and pre-paids. For an estimate, contact a CFCU Mortgage Loan Sales Associate.

**PMI required with less than 20% down payment.

All loans subject to approval. Other requirements and terms may apply.



MORTGAGE PRODUCTS



Fixed-Rate Mortgage

Rate is fixed for the life of the loan.
Good choice for long-term ownership.



Construction Loans

Build your new home with our one-loan, two-step construction program.



Adjustable-Rate Mortgage

Rates will change over the life of the loan. Good choice for short-term ownership.



USDA Rural Development

100% financing, purchases only.



No Closing Cost Mortgage

Fixed or adjustable rates and no closing costs (special terms apply).



Jumbo Loans

For loan amounts greater than \$484,350.



Federal Housing Administration (FHA)

Fixed rates, low down payment option.



State of New York Mortgage Agency (SONYMA)

Low down payment options for first-time buyers.



Veterans Administration (VA)

100% financing for veterans.



Land Loans

For the purchase of vacant, unimproved land.



THE APPLICATION & Approval Process

Once you have a signed and accepted purchase offer, you can make your formal application for a mortgage with CFCU. You may already have a pre-approval from CFCU; if that is the case, we will update your information and start the process.

Once you have signed the application and the required disclosures and have given us your intent to proceed, we will begin processing your application. A Mortgage Processor will verify your employment, income and assets; order the property appraisal; and work with you to satisfy any outstanding requests for documentation to support your application. Once we have received the property appraisal, an underwriter will review your loan file and provide a decision. Once the underwriter has approved your loan, CFCU will issue a Mortgage Commitment Letter. Your Mortgage Processor will continue to work with you to help you satisfy any outstanding conditions of that commitment. Any missing documentation that is required by the underwriter becomes a "condition" of the loan. [Our convenient system allows member agents to see your status upload.] Once we have received any outstanding conditions, we will clear your loan to close, which means the legal part of the process will begin and you will now work toward a closing date.



» Please note the more promptly
you provide documentation to
us, the quicker the approval!

THE CLOSING PROCESS



Your attorney will be provided with a copy of your Mortgage Commitment and will communicate with the seller's attorney to obtain the necessary title documents. Your attorney is responsible for providing all of the title documentation to CFCU no less than 15 business days prior to closing.

Once CFCU has reviewed the title work, we will communicate with your attorney regarding a closing date and time. Your attorney will contact you directly regarding the date and time and will also coordinate the date and time with the seller's attorney.

Your loan will generally close at one of our offices, in either Tompkins or Cortland County.



COMMON QUESTIONS

ABOUT THE CLOSING PROCESS

01

I need to bring funds to closing. How should I bring them?

If the required funds are in your CFCU account, we complete a check-free internal transfer at closing. Without funds in a CFCU account, you need to bring a certified check made payable to CFCU. We only accept personal checks for amounts under \$1,000.00. Your attorney will communicate the dollar amount of the check to you.

02

A No-Closing Cost Loan means I won't need to bring any funds to closing, right?

Not necessarily. A No-Closing Cost Loan covers closing costs anyone would incur. This may include mortgage recording fees and mortgage taxes. Costs that are unique to you and your property, such as your escrow account or taxes coming due, are costs that are not covered and may require that you bring funds to closing.

03

When is my first payment due?

When you pay your monthly mortgage payment, you are paying the interest for the prior month. This means that if you close any time after the first day of the month, you won't have a mortgage payment due until a full calendar month has passed. CFCU will collect short-term interest (STI) at closing. STI is interest that accrues from your date of disbursement through the end of the month of your closing. This is the only time you will pre-pay interest.

Here is an example of your first payment due date, using February 15 as your closing date:

Due at Closing:

STI Collected at Closing for February 15 - February 28 » Full Month of Interest Accrues for March 1 - March 31 » Includes All of March Interest Due April 1

04

I have an escrow account with my current mortgage. Will the current balance be applied to my new escrow account at closing?

No, your escrow account is property specific and will not transfer to the new mortgage. Even if you refinance, we will close the existing escrow account and open a new one.

05

I waived the requirement for an escrow account. Why is an amount being collected for my taxes at closing?

When closing, CFCU is required to collect and pay for any costs that could become a lien against your property. This includes tax bills, water bills and homeowners insurance, flood insurance or association dues. If any of these are due before your first mortgage payment date, CFCU will collect and pay them.

SOLD.



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► **VISIT** any CFCU branch ► **CALL** 800-428-8340 ► **CLICK** mycfcu.com/mortgage