



HOMEBUYER'S HANDBOOK



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HOMEBUYER'S HANDBOOK

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WHY SHOULD YOU WORK WITH A REAL ESTATE AGENT?

First and foremost, it's free. More importantly, a good buyer's agent will act as your partner throughout the entire process. Hiring a buyer's agent won't cost you a thing because the seller pays the agents' commission.

An agent will provide you with the knowledge and experience you need so you can get the best deal possible. Partnering with a good agent will ultimately afford you the confidence, experience, and knowledge you deserve, so you can safely navigate the complicated path to buying a home.

MARKET KNOWLEDGE

A well-qualified agent with great market knowledge can help you get the best value through comparing various properties in similar areas — also known as comparables or comps. Understanding the local market is the key to finding the best home at the best possible price.

PROFESSIONAL NEGOTIATION

Making an offer and negotiating with a seller is by far one of the most specialized steps of the home buying process. Having an experienced agent who's adequately prepared and emotionally neutral to negotiate the deal of your future home is vital to getting you the best deal possible.

INSIDER KNOWLEDGE

Wouldn't it be great to know about a home that's going up for sale before it's listed? It's important to recognize that many transactions happen behind closed doors before the property ever hits the market. This is why having a well-networked agent is extremely important to the success of your home buying process.

KNOWLEDGE OF INDUSTRY STANDARDS, LEGALITIES, AND CONTRACTS

Often times, buyers who represent themselves leave money on the table because they don't fully understand disclosures. Due to their lack of experience, they're often unable to negotiate the best deal. More importantly, they don't understand the necessary legalities involved throughout the home buying process, which can open them up to potential lawsuits. This is why it becomes imperative to stay legally protected and get the best value through professional representation.

Your real estate agent is also your professional guide to helping simplify the process and providing technical support. Their insider knowledge and understanding of the market can give you information to make informed decisions.





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WHAT DO YOU WANT OUT OF YOUR NEW HOME?

Everyone wants to live in a home that fits their lifestyle. After taking stock of how you'll want your home to accomplish this, please fill out the following checklist areas so that we can get going and narrow your search.

WISH LIST

DESIRED: Number of Bedrooms: _____ Number of Bathrooms: _____ Square Footage: _____

LOCATION: _____ Preferred School District: _____

TYPE OF HOUSE: Single Family Townhome Condo Rural/Farm

TYPE OF BUILD: New Construction Move-In Ready Renovation

PRICE RANGE: \$50,000-\$100,000 \$100,001-\$200,000 \$200,001-\$300,000 \$300,001-\$400,000
 \$400,001-\$500,000 \$500,001-\$600,000 \$600,001+

OTHER: _____

NOTES: _____



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HOMEBUYER CHECKLIST — EXTERIOR

Features	Must Have	Nice to Have	Don't Care	Maybe Not	Definitely Not	Not Applicable
Yard						
Deck/Patio						
Fenced-in Backyard						
Garage						
Swimming Pool						
Off-Street Parking						
Other:						
Other:						

Notes: _____

HOMEBUYER CHECKLIST — INTERIOR

Features	Must Have	Nice to Have	Don't Care	Maybe Not	Definitely Not	Not Applicable
Updated Bathrooms						
Updated Kitchen						
Eat-In Kitchen						
Updated Appliances						
Washer/Dryer						
Basement						
Bonus Room						
Gas Heat						
Electric Heat						
Walk-In Closets						
Central Air Conditioning						
Open Floor Plan						
Fireplace						
Other:						

Notes: _____



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HOME BUYER CHECKLIST — COMPARISON CHART

GENERAL	House 1	House 2	House 3
Age of House			
Age of Roof			
Age of Heating System			
Age of Water System			
Age of Electrical Wiring			
Number of Stories			
Architectural Style			
	Rate 1 (Good) - 5 (Bad)	Rate 1 (Good) - 5 (Bad)	Rate 1 (Good) - 5 (Bad)
Traffic Volume			
Roof Condition			
Plumbing Condition			
Foundation Condition			
Overall Condition			
First Floor: Floor Plan			
Second Floor: Floor Plan			
Third Floor: Floor Plan			
General Appearance of Area Homes			
	Rate 1 (Good) - 5 (Bad)	Rate 1 (Good) - 5 (Bad)	Rate 1 (Good) - 5 (Bad)
Neighborhood			
Proximity to Shopping			
Proximity to Daycare			
Proximity to Schools			
Proximity to Recreational Facilities			
Proximity to Doctors/Dentists			
Proximity to Church			
Proximity to Fire & Police Stations			
House Value Relative to Area			
Sidewalks			
Parks			
Other:			
Other:			

Notes: _____

TOP 3 HOME BUYING FACTORS



Things to Consider when Buying Your New Home

1

SCHOOLS

Ensure a Solid Educational Foundation

While prices for homes in top-performing school districts are an average 40% higher, they represent an excellent long-term investment. A superior school district adds future value to your home, should you ever decide to sell it.

2

LOCATION

The Old Cliché is True

Does this neighborhood match your lifestyle and future needs? Do your research. And don't be caught off guard after you purchase.

3

COMMUNITY

Know the People and Area around You

Get to know your neighbors and community. Before moving, find out if there have been any public safety incidents in the area.



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13 STEPS TO HOMEOWNERSHIP

We Are Dedicated to Helping You Find Your Way Home

1. FIND A LOAN OFFICER

It's critically important to find a good loan officer as early as possible. PCCU has a great mortgage team to help you. [Visit our website](#) to get in touch with one of our lenders!

2. GET CONDITIONALLY APPROVED

Getting conditionally approved for your mortgage before you shop for homes will put you in a better negotiating position than if you only have a pre-qualification letter. We are one of the few lenders that will fully review your file and give you a conditional approval before you have signed a purchase contract.

3. MEET YOUR AGENT

Once you know how much home you can afford, your agent can provide the most recent data on neighborhoods and sales trends, as well as help you find and screen homes for sale.

4. VIEW HOMES FOR SALE

Review neighborhoods carefully, pick the type of property you want — single family home, townhome, or condo — and screen for the amenities you want. Your agent can help you filter by area, quality, value of construction, price, and lot value to help you find the best options for your price point.

5. USE OUR CHECKLIST TO DETERMINE YOUR FAVORITE HOME

When you see the properties you like, make note of them and get more details on those homes. Be sure to schedule a tour of only 4–6 homes at a time. If you see more than that in your first session, they will start blending together. Pick your favorites and use our checklist and comparison chart to help evaluate which homes have the best value for your money.

6. MAKE AN OFFER

Your agent should provide information on the neighborhood, give you a comparable analysis of recently sold homes, and help provide guidance on pricing.





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7. BEGIN NEGOTIATIONS

Depending on whether it's a seller's or buyer's market, adjust your negotiation style. In a seller's market, the demand is larger than the supply so be very competitive and submit your best offer. In a buyer's market, there are more homes for sale than shoppers, so look for deals. Your agent will be familiar with surrounding neighborhoods and can help negotiate accordingly.

8. FINALIZE TERMS OF SALE

Depending on the market, finalizing the sale terms and conditions of sale typically takes 24 – 72 hours. Items include price, financing, amounts, inspection periods, closing dates, known repairs, and non-realty items. Expect your agent to guide you through the process and protect your interests.

9. PREPARE CONTRACT

The contract is a legal agreement that documents the terms of the sale. Both the buyer and seller have obligations, deadlines, and penalties for missing these obligations. This is why you need a great team of you, your real estate agent, loan officer, inspector, and title company.

10. CONTRACT TIMELINE BEGINS

The real estate contract will typically contain many dates, which include the contract timeline. There may be deadlines set for inspections, earnest money deposits, applying for financing, appraisals, qualifying for your loan, and closing. While your agent will guide you through this process, you are ultimately the one who is responsible for meeting these deadlines.

11. HOME INSPECTIONS

It's in your best interest to ensure that the property is structurally sound and in good general condition. Hire a professional home inspector to check the exterior, interior, structure, roofing, electrical, heating, plumbing, and insulation of your new house. Special inspections such as stucco, foundation, moisture, and pests may be needed depending on the property you're purchasing. Your agent can recommend vendors they work with frequently to help you get a shortlist of qualified resources.

12. FINALIZE FINANCING

Items provided with the loan application are verified to prepare the loan for financing. Your lender will review all documentation submitted with your application, verify employment, analyze credit history, and consider any other conditions necessary to clear the loan for closing.

13. CLOSING

Usually, closing is held at a title company — the firm that guarantees you are purchasing the home free and clear of any debt or encumbrance. The closing is often a one-hour process, where after confirming that all your funds have arrived and all conditions for closing and transfer of title have been met, you are given the keys to your new home.



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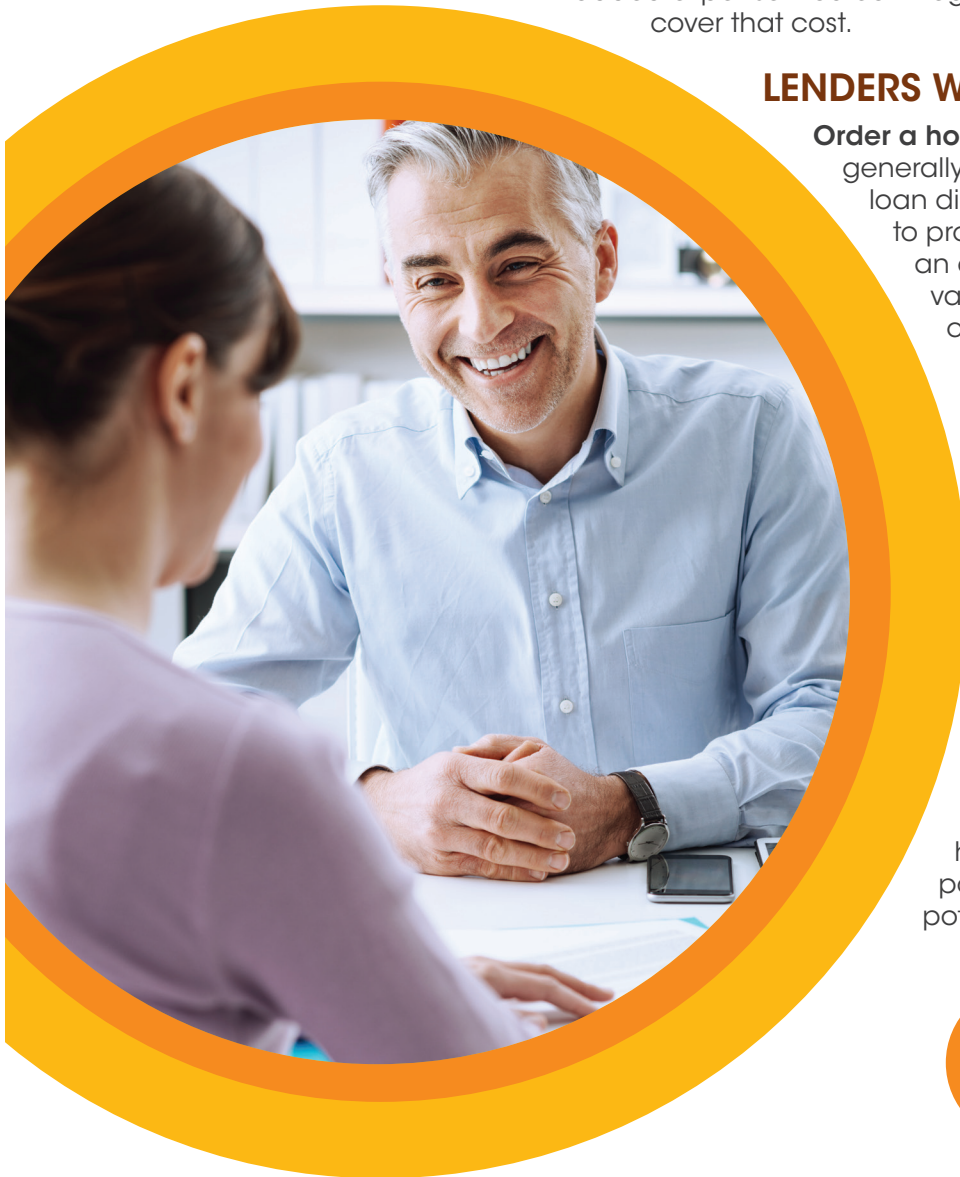
SUCCESSING TOGETHER



REAL ESTATE AGENTS WILL:

Schedule a home inspection — A home inspection will reveal whether there are any significant defects in the construction of the house or any major repairs required. The lender may require this, but if not, you may want to make it a condition of your offer.

Schedule a pest inspection — Separate from the home inspection, a pest inspector will evaluate any level of damage caused by insects, as well as look for other potential problems, such as mold. If the inspector finds a significant infestation, they could recommend extermination, which can be an added expense. You can negotiate with the seller about who will cover that cost.



LENDERS WILL:

Order a home appraisal — Your lender will generally require a home appraisal. After loan disclosures are provided and an intent to proceed is given, the lender orders an appraisal to estimate the home's value using information about the condition of the home and the values of comparable properties nearby. As long as the appraised value supports the loan you've applied for and there aren't significant repairs to be made, it shouldn't delay the loan.

Order title insurance — Your lender will require that you get lender's title insurance, which protects the lender in case someone else turns out to have a legitimate claim to the property, or if there are other defects, liens, or claims against the property. For a small amount, you can also have an owner's title insurance policy, which insures you against potential defects or claims.





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REASONS TO CHOOSE US

- 1 You will have a mortgage professional that cares about you.**
We'll ask you questions to understand your needs and desires.
- 2 You will have a personal mortgage coach.**
It doesn't cost you a thing. We'll take your unique situation into account, and explain all the best financing options available to you.
- 3 You will have a broad range of mortgage options.**
One of our loan officers can present you with a variety of products to fit your needs and monitor the entire process.
- 4 You will close on your home quickly because we're available in your area.**
We understand your housing market and we have long-standing relationships with local agents and industry professionals.
- 5 You will have a lender that cares about your community.**
Because we also live in your community, we are proud to make a great place to live. You can find us involved in many civic organizations and charitable events throughout the community.



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LEARNING THE BASICS OF HOME FINANCING

Key to Making Wise Mortgage Decisions

Securing financing is one of the first steps on your way to owning your dream home. We are here to help you know what to expect during the buying process.

What is a Mortgage?

Technically, a mortgage is a pledge of your property as security for payment of your home loan. Typically paid in monthly increments, your monthly loan payment will be made up of four parts, commonly referred to as PITI.



PRINCIPAL — The amount left on your loan apart from the interest.



INTEREST — The amount paid to your lender in monthly increments for the life of your loan.



TAXES — Your monthly property tax payment. This is approximately 1/12 of the total property tax for the year.



INSURANCE — Referred to as hazard insurance or homeowner's insurance, this coverage protects your home and certain possessions, and can help protect you from liability claims or lawsuits for accidents on your property.



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HAVE QUESTIONS? OUR TEAM IS HERE TO HELP!

Additional expenses may be included depending on what mortgage product you select.

The components of PITI will typically make up your main home expenses each month. When estimating your monthly budget, you might also need to factor in these monthly costs:

PRIVATE MORTGAGE INSURANCE

Private Mortgage Insurance (PMI) is a form of insurance typically required for homebuyers who take out a conventional mortgage loan for more than 80% of the total value of the home. This added insurance protects the lender against loss if the borrower defaults on the loan. As a first-time homebuyer, PMI may allow you to buy a home with a down payment as low as 5%.

MONTHLY MORTGAGE INSURANCE

Homeowners with a Federal Housing Administration (FHA) insured loan, which only calls for a 3.5% minimum down payment, are required to pay monthly mortgage insurance (MI), even if they make a larger down payment.

HOMEOWNER ASSOCIATION (HOA) FEES

A HOA is an organization that enforces covenants and rules for the community and maintains shared property, such as open spaces, parks, and community pools. If you buy a home in a community with a HOA, you'll be responsible for any HOA fees. Investigate the cost of membership before selecting a property to make sure the added expense is within your budget.

ADDITIONAL TAXES

If the home you want to buy is located in a special district, sometimes called a Community Facilities District, you'll pay additional taxes to fund improvements such as schools, parks, and roads.

MAINTENANCE COSTS

One of the main differences between renting and buying is that you become as a homeowner responsible for any maintenance costs on your home. Set aside an amount each month in a home maintenance account so you'll have funds on hand when a need arises.





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MORTGAGE APPLICATION CHECKLIST

Gather the below items in preparation for submitting your loan application. While additional documentation may be requested by your loan officer, this checklist can be used as a guideline to help you prepare for the loan process.

YOUR SOURCE OF QUALIFYING INCOME

- Pay stubs: last 30 days
- W-2 Forms: last two years
- Award letters: social security, pension, disability, etc.
- Child support/alimony: court order and/or 12 months of canceled checks or bank statements showing consistent deposits

YOUR PAYMENT HISTORY AND BORROWING PRACTICES

- Canceled rent or mortgage checks: past 12 months, if not available on credit report
- Credit counseling or bankruptcy discharge paperwork

HOW YOU'LL FUND YOUR DOWN PAYMENT

- Original bank statements: last two months, savings, checking, and investment accounts
- Settlement statement: if using funds from the sale of a property
- Stocks and securities: past two months of account statements
- Sale of assets: proof of ownership, proof of sale, proof of funds transferred to you

IF YOU'RE SELF-EMPLOYED OR OWN RENTAL PROPERTIES

- Tax returns: past two years, personal, partnership and corporate (if applicable), all schedules (if applicable)
- Year-to-date business profit and loss statement, preferably completed by a CPA

ADDITIONAL INFORMATION

- Purchase agreement: including legal property description and any addendum
 - Discrepancies on credit with supporting explanations
-



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THE 5 KEY FACTORS OF CREDIT SCORING

Credit scores are comprised of five factors. Points are awarded for each component and a high score is most favorable.



1

PAYMENT HISTORY — 35% IMPACT

Paying debt on time and in full has the greatest positive impact on your credit score. Late payments, judgments, and charge-offs all have a negative impact. Missing a high payment will have a more severe impact than missing a low payment, and delinquencies that have occurred in the last two years carry more weight than older items.

2

OUTSTANDING CREDIT BALANCES — 30% IMPACT

This factor marks the ratio between the outstanding balance and available credit. Ideally, you should keep balances as close to zero as possible and definitely below 30% of the available credit limit when trying to purchase a home.

3

CREDIT HISTORY — 15% IMPACT

This portion of the credit score indicates the length of time since a particular credit line was established. A seasoned borrower will always be stronger in this area.

4

TYPE OF CREDIT — 10% IMPACT

A mix of loans is better than a concentration of debt from credit cards only.

5

INQUIRIES — 10% IMPACT

This percentage of the credit score represents the number of inquiries made on your credit within a six-month period. Each hard inquiry can cost between 2 to 25 points on a credit score, but the maximum number of inquiries that will reduce the score is 10. In other words, 11 or more inquiries within a six-month period will have no further impact on your credit score. If you run a credit report on yourself, known as a self inquiry, it will have no effect on your score.



DO'S & DON'TS OF THE LOAN PROCESS

Keeping your credit score in good standing is one of the most important things you can do when buying a home. Follow the steps outlined here to ensure you're on the right track.



Do join a credit watch program

Your credit union, bank, or credit card company may provide you with a free credit watch program to alert you to any changes in your credit report. This can be a safeguard to help you intervene before the underwriter sees a problem.



Do continue to use your credit the way you normally would

Red flags are easily raised within the scoring system. If it appears you're diverting from your normal spending patterns, it could cause your score to go down. Make any spending changes after the loan funds.



Do stay current on existing accounts

Late payments on your existing mortgage, car payment, or anything else that can be reported to a credit reporting agency can cost you. One 30-day late payment can cost anywhere from 30 to 75 points on your credit score.



Don't apply for new credit of any kind

If you receive invitations to apply for new lines of credit, don't respond. If you do, that company will pull your credit report, which will have a negative impact on your score. Likewise, don't establish new lines of credit for furniture, appliances, computers, etc.



Don't max out or over charge credit cards

Once you're engaged in the loan process, try to keep your credit cards below 30% of the available credit limit.



Don't pay off collections or charge-offs

Once your loan application has been submitted, don't pay off collections unless the lender specifically asks you to in order to secure the loan. Generally, paying off old collections causes a drop in the credit score. The lender is only looking at the last two years of activity.



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MOVE-IN CHECKLIST

Moving to a new home without any hiccups can be a very involved process. This checklist can help take the stress out of planning your move.

2 MONTHS BEFORE	<input type="checkbox"/>	Get estimates from moving companies and/or storage units.
	<input type="checkbox"/>	Sketch or print your floor plan and start thinking about furniture placement.
	<input type="checkbox"/>	Make a list of people you want to give your new address to when you move.
	<input type="checkbox"/>	Go through each room of your home and designate items for donation, yard sale or garbage.
	<input type="checkbox"/>	Take inventory of your valuable belongings for insurance purposes.
	<input type="checkbox"/>	Reach out to new and existing schools for information on transfers.
6 WEEKS BEFORE	<input type="checkbox"/>	If you're packing yourself, collect boxes and other necessary supplies.
	<input type="checkbox"/>	Start packing the items you don't access often.
	<input type="checkbox"/>	Set an official move date.
	<input type="checkbox"/>	Settle on a moving company and make your reservations.
	<input type="checkbox"/>	Make any necessary travel arrangements (don't forget your pets).
	<input type="checkbox"/>	If you have children, have their records transferred to their new school or daycare.
	<input type="checkbox"/>	Obtain your medical records to give to future medical providers.
	<input type="checkbox"/>	Organize and host a yard sale.
1 MONTH BEFORE	<input type="checkbox"/>	Contact your insurance consultant to research insurance carriers and tailor a policy for your new home.
	<input type="checkbox"/>	Check with your loan officer to make sure you've submitted everything needed for your loan application.
	<input type="checkbox"/>	File with the post office to have your mail forwarded to your new address.
	<input type="checkbox"/>	Call utility companies to cancel services at your current home and activate your services at your new place.
1 WEEK BEFORE	<input type="checkbox"/>	Properly dispose of cleaning solutions, flammable liquids, and other items that can't be moved.
	<input type="checkbox"/>	Call to confirm any travel arrangements.
	<input type="checkbox"/>	Change your address with your financial institutions and other companies.
	<input type="checkbox"/>	Send friends and family your new address.
	<input type="checkbox"/>	Pack a suitcase with a few days worth of clothing, toiletries and any valuables you prefer to keep with you.
	<input type="checkbox"/>	Empty, defrost and clean out your refrigerator, as well as drain your washing machine wand hoses.
	<input type="checkbox"/>	Arrange for childcare/pet care for moving day.
	<input type="checkbox"/>	Confirm your reservation and prepare your payment and tip for the moving company.
MOVING DAY	<input type="checkbox"/>	Print a map and directions to your new address for the movers.
	<input type="checkbox"/>	Supervise any moving company workers as they pack/move your belongings.
	<input type="checkbox"/>	Leave a note to the new residents and include your new address in case the post office doesn't forward mail right away.
	<input type="checkbox"/>	Scout out every room, cupboard and closet to make sure you don't leave anything behind.
	<input type="checkbox"/>	Turn off lights, lock windows and close and lock doors before you leave.



MORTGAGE GLOSSARY

APPRAISED VALUE — An opinion of a property's fair market value, based on an appraiser's knowledge, experience, and analysis of the property. An appraisal is based primarily on comparable sales.

CLOSING — This has different meanings in different states. In some states, a real estate transaction is not considered "closed" until the documents are recorded. In others, the "closing" is a meeting where all of the documents are signed and money changes hands.

CLOSING DISCLOSURE (CD) — A document that provides an itemized listing of the funds paid at closing. Items that appear on the statement include real estate commissions, loan fees, points, and initial escrow amounts. The CD outlines the seller's net proceeds and the buyer's net payment at closing.

CONDOMINIUM — A type of ownership where all of the owners own the property, common areas, and buildings together, with the exception of the interior unit in which they have a shared title.

CONTINGENCY — A condition that must be met before a contract is legally binding. For example, home purchasers often include a contingency that specifies that the contract is not binding until the purchaser obtains a satisfactory home inspection report from a qualified home inspector.

EARNEST MONEY DEPOSIT — A deposit made by the potential homebuyer to show that he or she is serious about buying the house.

EQUITY — Equity is the difference between the fair market value of the property and the amount still owed on its mortgage and other liens.

FLOOD INSURANCE — Insurance that compensates for physical damage resulting from flooding. It's required for properties located in federally designated flood areas.

HAZARD INSURANCE — Insurance coverage that compensates in the event of physical damage to a property from fire, wind, vandalism, and other hazards.

HOME INSPECTION — A thorough inspection by a professional that evaluates the structural and mechanical condition of a property. A satisfactory home inspection is often included as a contingency by the purchaser.

HOMEOWNERS INSURANCE — An insurance policy that combines personal liability insurance and hazard insurance coverage for a dwelling and its contents.

LEGAL DESCRIPTION — A property description, recognized by law, that is sufficient to locate and identify the property without oral testimony.

PURCHASE AGREEMENT — A written contract signed by the buyer and seller stating the terms and conditions under which a property will be sold.

REAL ESTATE SETTLEMENT PROCEDURES ACT (RESPA) — A consumer protection law that requires lenders to give borrowers advance notice of closing costs.

RIGHT OF FIRST REFUSAL — A provision in an agreement that requires the owner of a property to give another party the first opportunity to purchase or lease the property before he or she offers it for sale.



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IMPORTANT CONTACT INFORMATION

You'll be using the phone a lot on your journey to becoming a homeowner. Keep these phone numbers on hand during the process. You aren't the only one who will be calling these numbers; one of your contacts may wish to speak with another. Being able to put them in touch quickly will help you to keep every step as hassle-free as possible.

APPRAISER	Contact: _____ Email: _____ Phone: _____
LOAN OFFICER	Contact: _____ Email: _____ Phone: _____
PROCESSOR	Contact: _____ Email: _____ Phone: _____
REAL ESTATE AGENT	Contact: _____ Email: _____ Phone: _____
TITLE COMPANY	Contact: _____ Email: _____ Phone: _____
BUILDING INSPECTOR	Contact: _____ Email: _____ Phone: _____
CLOSER	Contact: _____ Email: _____ Phone: _____
HOUSE INSPECTOR	Contact: _____ Email: _____ Phone: _____
MOVING COMPANY	Contact: _____ Email: _____ Phone: _____
OTHER	Contact: _____ Email: _____ Phone: _____
OTHER	Contact: _____ Email: _____ Phone: _____



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Information deemed reliable but not guaranteed. All loans subject to credit approval and property appraisal.
Not a commitment to lend. NMLS #518120. Federally Insured by NCUA.