



HOME BUYERS SEMINAR NOTES

I. Straight Talk About Loan Lingo

A. Investors and Their Return

Investors expect a return on their money and they can receive it in two ways:

The interest rate you are paying **OR** Prepaid Finance Charges (better known as Lender's Closing Fees or Lender Costs) at closing.

The higher your interest rate, the lower the closing costs will be. Since the investor is earning more on your interest rate, the higher rate is offered with what is called "Premium", which can either translate into a lender credit toward your closing costs or profit in the loan officer's pocket.

Conversely, if the rate is "market" or "par" it will be lower, but you will be charged certain lender closing costs.

Moving in the other direction, if you wish to "buy" a lower rate, you can do so and pay discount points at closing.

A "discount point" is 1% of the loan amount, and are calculated by 1/8% increments.

Let's take a look at how interest rate and premiums can affect your closing costs and monthly principal and interest payment.

These rates and costs are indicative of the market on March 19,2003 but are **only used as an example**. Payments are based on a \$100,000 loan, fixed interest rate and a 30 year amortization.

Interest Rate	Cost or Premium	\$ Amount	Monthly Payment	Comments
5.125%	2%	(\$2000)	\$544.49	You pay \$2000 plus closing costs
5.250%	1.5%	(\$1500)	\$552.20	You pay \$1500 plus closing costs
5.375%	1.25%	(\$1250)	\$559.97	You Pay \$1250 plus closing costs
5.500%	.75 %	(\$750)	\$567.79	You Pay \$750 plus closing costs
5.625%	PAR	-0-	\$575.65	You pay normal closing costs
5.750%	+.5%	+\$500	\$583.57	You receive \$500 credit toward closing costs

**University Federal Credit Union
Home Buyers Seminar Notes**

5.875%	+1%	+\$1000	\$591.53	You receive \$1000 credit toward closing costs
6.000%	+1.25%	+\$1250	\$599.55	You receive \$1250 credit toward closing costs
6.125%	+1.5%	+\$1500	\$607.61	You receive \$1500 credit toward closing costs

NOW: Some Possible Scenarios:

This is your first home and you only plan to stay in it for 5 years.

Rate Choice	Monthly Payment	\$ You Paid/Received at Closing	# Years to Recoup \$ Received VS \$ Paid	Loan Balance at End of 5 Years
5.625%	\$575.65	-0-		\$93,448
5.125%	\$544.49	(\$2000)		\$92,886
Difference	\$31.15	-\$2000	5.3 Years	\$562.00

This is a home you plan to stay in for 10 years.

Rate Choice	Monthly Payment	\$ You Paid/Received at Closing	# Years to Recoup \$ Received VS \$ Paid	Savings Years 5-10	Loan Balance at End of 10 Years	Total Savings Over 10 Years
5.625%	\$575.65	-0-			\$83,938	
5.125%	\$544.49	(\$2000)			\$82,804	
Difference	\$31.77	-\$2000	5.3 Years	\$1,810.	\$1,134	\$2944.

➤ A Question to Consider: Is it wise to invest \$2000 today to save \$2944 in ten years?

Here is an extreme example:

Rate Choice	Monthly Payment	\$ You Paid/Received at Closing	# Years to Recoup \$ Received VS \$ Paid	Savings Year 4.8- Year 5	Loan Balance at End of 5 Years	Total Savings After 5 Years	Savings Years 4.8 -10	Loan Balance at End of 10 Years	Total Savings Over 10 Years
6.125%	\$607.61	+\$1500			\$93,974			\$85,018	
5.125%	\$544.49	(\$2000)			\$92,886			\$82,804	
Difference	\$60.12	-\$3500	4.8 Years	\$120.24	\$1,088.	\$1208.	\$3,727	\$2,214.	\$5,941.

B. UNDERSTANDING CLOSING COSTS

Closing Costs are actually broken into 4 Categories:

Lender Fees:	Av. Cost	Fees Paid to Others	Av. Cost	Title Company Fees	Av. Cost	Pre-Paid and Escrow Items	Av. Cost
Origination Fee 1%	1% of loan amt.	Appraisal Fee	\$325-375	Closing Fee	\$200	Homeowners Insurance	.68 -.85% of Sales Price: 1 Year Premium at closing
Processing Fee		Credit Report	\$16/Borrower	Document Preparation	\$200	Tax Escrow	2.5% of Home Value: 3 months
Funding Fee		Recording Fees	\$35	Lender's Title Insurance	\$125	Insurance Escrow	2-3 Months of Premium
		Inspection Fees	\$200+-	Courier, Mailing	\$50-100	Pre-Paid Interest	Interest from the date of closing to the end of the month
Underwriting Fee	\$225	Termite Inspection	\$65-\$100.				
		Survey	\$400 Seller May have One				

Remember When You are Shopping for A Loan:

- ***The interest rate affects the lender's closing costs: higher rate, lower costs.***
- ***The lender only controls the first column.***

C. Pre Paid Items:

To Escrow or Not To Escrow

If you make a down payment lower than 20%, or if you have an FHA or VA loan, the lender will require that you set up an escrow account for the payment of property taxes and homeowners hazard insurance. At closing you will pay for 1 year of homeowner's insurance, plus put an additional two month's of insurance payments and 3 month's of tax payments into your escrow account. This deposit serves as a cushion for the lender should your homeowners insurance or property taxes increase.

Then, each month, you will pay the following items in your payment:

Principal and Interest on the Mortgage
1/12 of your homeowner's insurance
1/12 of your property taxes.

When taxes as due at the end of the year, the lender will pay them from your escrow account. And, a year after closing when your homeowners insurance is due, that premium will be paid from your account as well.

Why do lenders require escrow accounts? Very simply, when you have an investment in your home that is less than 20%, the lenders want to be certain that your taxes are paid on time and that your home remains insured. They are simply protecting their investment in the property.

The Plus Side of Escrows: You are simply "saving" each month for the payment of the taxes and insurance and someone else takes care of the details. Putting aside the money each month on your own requires financial discipline.

The Minus Side of Escrows: The lender is keeping your money, both at closing and throughout the year, and is earning interest on it that you do not receive. On our same \$100,000 home, your costs at closing increase by about \$800.00 to establish your escrow account.

Remember When You are Shopping for A Loan:

- ***Different lenders use different insurance rates and taxes. If the factors used are low, the bottom line may look like a better deal, but it will not accurately reflect your real costs at closing.***

Pre-Paid Interest:

The day of the month on which you close can greatly affect your costs at closing:

Mortgage Payments are made in arrears: The payment made on September 1 is for the month of August.

Closing in the month of September and using a \$100,000 loan at 6%:

You Close on	Your Pre-Paid Interest Through the End of the Month	Your First Payment is Due
25 th	\$119.91	November 1
30 th	\$19.99	November 1
October 1	\$619.55	December 1

Remember When You are Shopping for A Loan:

- ***The closing date will be the one both you and the seller agree upon: Check the number of days of pre-paid interest to be sure it is accurate. An estimate with 1 day of pre-paid interest will appear to be \$599 cheaper than one using 30 days!***

D. Mortgage Insurance: You give, the Lender receives.

Mortgage insurance is required on all loans with less than a 20% down payment and on FHA and VA loans. You pay it monthly, and the premium is determined by the size of your down payment.

This insurance protects the lender in the event of default. Should you fail to make your payments and the lender forecloses, the mortgage insurance is paid to the lender to offset some of their losses.

On a \$100,000 loan: here is the monthly payment you will be making for mortgage insurance:

Loan Amount	Down Pmt.	Monthly Mortgage Ins.
100,000	5%	\$51.67
	10%	\$31.67
	15%	\$30.83

[Double Click](#) on the spreadsheet to change the loan amount and see how it affects the monthly Mortgage Insurance.

As a credit union, our Mortgage Insurance Rates are significantly lower than those charged by commercial banks and mortgage companies.

E. Types of Loans:

Basic Glossary:

Conventional Loan

Loan under \$300,700. Also known as "Conforming"
Down Payment can be from 5% to any amount.

Jumbo Loan:

Loans Over \$300,700.

Tandem Loans

Two Loans: The first lien is at 80% of the sales price at market rate for 30 Years. The second is a 15 year note for 5, 10, or 15% at a higher rate. Since the first lien is at 80%, no mortgage insurance is required. There are credit score requirements for these loans.

My Community Mortgage

If your total household income does not exceed the Austin medium income, \$66,900, or if you are buying a home east of IH 35 in Austin, you may qualify for a My Community Mortgage. These are 3% down or 0% down loans at competitive interest rates. All you need is \$500.00 of your own money, you can borrow the remaining cash needed or receive it as a gift, and non-traditional forms of income are considered in the qualification. You'll need to take a homeowner's training class when you get this mortgage, but it is a great way to buy your first home!

VA

VA Loans are available for qualifying Veterans. These loans are 100% loans and the seller, if accepting a contract with a VA loan, pays about \$900 of the buyer's closing costs.

97-100% financing is available to borrowers with very good credit.

97% and 100% Flex Loans

Fixed Rate Mortgages

Fixed Rate Mortgages have an interest rate that is fixed for the term of the loan.

Adjustable Rate Mortgages

Adjustable Rate Mortgages or ARMs. These loans can be either Conventional or Jumbo, and have a set interest rate for the first 1, 3, 5 or 7 years. The initial rate is lower than the market rate for fixed rate mortgages. After the initial fixed term, these rates can adjust upward or downward, depending upon the mortgage market at the time. An often

used index for ARM rate adjustment is the US 10 Year Treasury Bond, often known as the "T Bill" or the "Long Bond". The yield on the Treasury Bond drives the mortgage interest rates. Another, more stable index is called the LIBOR. At UFCU we use the LIBOR index plus a margin to price our adjustable rate mortgages.

"Caps": The normal maximum your rate can go up or down in one year is 2%, with a lifetime cap of 5-6%.

There are many different types of ARMs and many different indexes and caps. Approach with caution.

**Interest First
Interest First**

For those with top notch credit and assets, an Interest First mortgage might make sense. With this loan, you can pay Interest Only for the first 5, 10 or 15 years. During that time you can make payments directly to the principle, and when that occurs, the loan is "recast", meaning the interest payments change to reflect the lower principle amount. At the end of the interest only period, the loan is amortized at the original note rate for the remaining period of time. For example, If you chose an Interest First loan, fixed rate at today's rate of 5.75%, you would pay interest only for the first ten years. At the end of that time, the loan would be amortized for 20 years, the payment would increase, and the loan would be paid in full at the end of the remaining 20 year period.

Amortization Period:

Amortization Period: Most mortgage loans have a 15 or 30 year amortization period, but there are 10 and 20 year loans available as well.

Loan Type	Down Payment	Advantages	Disadvantages
Conventional 30 Year Fixed Rate	5-15%	Down Payment is relatively low. Your payment is fixed for 30 Years.	<ul style="list-style-type: none"> ➤ Mortgage Insurance is Required. ➤ You must escrow your taxes and insurance with the lender and must deposit monies equal to 2 months hazard insurance and 3 months of property taxes at closing.
Conventional 15 Year Fixed Rate	5-15%	<ul style="list-style-type: none"> ➤ Down Payment is relatively low. ➤ Your payment is fixed for 15 Years. ➤ The interest rate is generally .5% lower than the 30 year rate. ➤ At the end of 10 years you would have paid \$26,000 	<ul style="list-style-type: none"> ➤ Mortgage Insurance is Required. ➤ You must escrow your taxes and insurance with the lender and must deposit monies equal to 2 months hazard insurance and 3 months of property taxes at closing.

**University Federal Credit Union
Home Buyers Seminar Notes**

		more in monthly payments, but your loans balance would be \$41,000 lower.	➤ Your monthly payment is about 36% higher than on a 30 year mortgage.
--	--	---	--

**University Federal Credit Union
Home Buyers Seminar Notes**

<p>My Community Mortgage</p>	<p>3-0%</p>	<ul style="list-style-type: none"> ➤ Very low down payment. ➤ Qualifying for the loan is easier. ➤ You must have at least \$500 in down payment money our your own. The remaining down payment and closing costs could be paid by a gift or a loan from a relative or from a variety of other sources. ➤ Income from non-traditional sources, like a boarder, can also be used. 	<ul style="list-style-type: none"> ➤ Mortgage Insurance: You pay mortgage Insurance.
<p>VA Loans</p>	<p>-0-</p>	<ul style="list-style-type: none"> ➤ No down payment makes this a great way to get into a home. ➤ The seller, in accepting a VA contract, agrees to pay about \$900 of your closing costs. ➤ Interest rates are favorable: about the same or a tad lower than prevailing conventional rates. 	<ul style="list-style-type: none"> ➤ You must satisfy certain requirements in length of continuous military service to be eligible. ➤ There is a VA "funding fee" of 2% of the loan amount that is added to the loan at closing (3% if you have used your VA entitlement previously), so you end up with a 102% mortgage. This is fine as long as the market is good and values are increasing, but can be troublesome in a declining market when you might actually owe more on your home than it is worth when time to sell.
<p>Tandem Loans</p>	<p>5%, 10% or 15%</p>	<ul style="list-style-type: none"> ➤ An 80% first lien and a 15%, 10%, or 5% second lien allows you to avoid mortgage insurance, and decide, if you wish, not to escrow with the lender. ➤ The payment is generally lower than a comparable loan with mortgage insurance. ➤ Since the second lien is for 15 years, you are paying off the principal faster, and can develop equity sooner than you would if spending the money on mortgage insurance. 	<ul style="list-style-type: none"> ➤ You must have good credit scores and adequate income to qualify for this type of loan, since the second lien holder has virtually no security.

**University Federal Credit Union
Home Buyers Seminar Notes**

Jumbo Loans	Minimum of 5% Down	<ul style="list-style-type: none"> ➤ Allows you to borrow over the \$300,700 level 	<ul style="list-style-type: none"> ➤ Interest Rates are Higher, from .5% to .625% ➤ Credit Requirements are stiffer. ➤ With less than 20% down, you pay mortgage insurance and escrow with the lender.
97-100% Financing		<ul style="list-style-type: none"> ➤ You need little or no money to get into a home. ➤ This is great if you either do not have the money or wish to use it in another way. 	<ul style="list-style-type: none"> ➤ Interest rates are higher (normally ½ of 1%) ➤ Mortgage Insurance is Higher. ➤ You must have excellent credit.
Adjustable Rate Mortgages ARMS	Minimum 5% Fixed to 1, 3 5 or 7 years, then adjusts annually thereafter .	<ul style="list-style-type: none"> ➤ Initial Interest rate is considerably lower than any of the conventional products. ➤ Based on the lower rate, a buyer can qualify for a larger mortgage with the ARM. ➤ If you are with a company that routinely transfers you every 3-5 years, this is an excellent product. ➤ Normal adjustment maximums are set: 2% per year and 5-6% for the life of the loan. ➤ Questions to Ask: ➤ What is the Index? ➤ What is the Margin? (normally 2.75% over the prevailing index rate) ➤ What are the annual and lifetime caps? 	<ul style="list-style-type: none"> ➤ Uncertainty is the biggest drawback. ➤ An interest rate that started at 4.5% for the first year could climb to 6.5% the second, 8.5% the third and to 10.5% the fourth. ➤ If your income and other debts are such that you could not withstand a \$125.00 per month increase from Year One to Year Two, or a \$262 increase from Year One to Year Three, this is not a good loan for you.

This is by no means all of the mortgage products available, but should give you a working knowledge. A competent and fair loan officer will ask the right questions and guide you to the best product based on the down payment you have, the size monthly payment you are comfortable with, and the number of year you plan to live in the house.

F. Qualifying: How Much Home Can You Afford?

A lender looks at three things to determine how large a mortgage you can afford: Income, Monthly Debts, and Credit Scores.

The following Worksheet will give you a good idea of how the process works:

✓ Double Click on the Chart to fill in your own numbers:

**University Federal Credit Union
Home Buyers Seminar Notes**

		EXPLANATION
Annual Income		5% Down Payment
Monthly Income	#VALUE!	
% Income for Housing Payment	#VALUE!	Two methods are used to qualify you for a loan. The first is that your housing expense should be about 30% of your gross monthly income. Housing expense includes principal, interest, property taxes and homeowners insurance
%for Debt	#VALUE!	In addition, your total debt each month should be about 40% of your monthly gross income.
Other Debt		This is other listed monthly obligations: credit cards, car payments and the like.
Qualify For: Monthly PITI	#VALUE!	PITI: Principal, Interest, Taxes and Insurance. You qualify on the lesser of the two ratios.
INTEREST RATE		Based on Today's Rate for Conventional Fixed Rate 30 Years with no Discount Points.
Approx Loan Amount	#VALUE!	
Down Payment	#VALUE!	Assuming a 5% Down Payment. Let me know what your plans are in this area and we will adjust the numbers.
Sales Price		
Taxes @	#VALUE!	2.5% of the value is typical. Your REALTOR will be able to give you the specific rates in the area.
Homeowners Hazard Insurance	#VALUE!	Normally about \$8.50 per \$1000 in value. I am estimating high based on the mold problems in Texas
P&I	FALSE	Principal and Interest
P&I Insurance and Taxes	#VALUE!	Total Payment Before Mortgage Insurance
Mortgage Insurance for 95% Loan to Val	#VALUE!	Mortgage Insurance is paid to the lender to protect their investment. Required on all loans with less than 20% down
TOTAL MON THLY PITI 95% LO	#VALUE!	Total Payment with Mortgage Insurance
ANOTHER APPROACH:		
80/15/5 First Lien Amount	#VALUE!	A way to avoid Mortgage Insurance is to split the loan into two loans: One for 80% 30 years, and a second lien for
First Lien Monthly P&I	FALSE	
Second Lien of 15% for 15 Years	#VALUE!	
Interest Rate of 8.25%	#VALUE!	10% for 15 years. The interest rate on the second lien is normally about 8.25% to 8.75%. By splitting the loans,
TOTAL 80/15/5 P&I	#VALUE!	you avoid the Mortgage Insurance, the interest on both loans is deductible, and the second loan is paid off faster,
TOTAL PITI 80/15/5	#VALUE!	building equity in your home. This is, in my opinion, a better plan that delivers the best value to you.
		You can choose, with 20% down, to have the lender to escrow your taxes and homeowner's
		insurance and taxes each month or you can pay them yourself when due. The first year's
		- 10 -
		homeowners insurance in due at closing. Taxes are paid at the end of the year.

G. Pre-Approval:

At this point, your credit union loan officer will review your credit scores, income, debt level and determine the appropriate loan for you. Once this is done, she will give you a **pre-approval letter**. This letter tells a seller, when you make an offer, that you are a serious and qualified buyer. A pre-approval letter makes a huge difference in the way a seller will view your offer on their home.

II. Enough of Loans: Let's Go Find A Home!

A. Determining Needs, Wants and Desires:

Time to call a family meeting and talk about everyone's needs, wants and desires. Take notes, then organize the list into three categories:

Must Have Needs: These are the things that, if absent in a home, you would not consider buying it. Yards, number of bedrooms, baths, garages, basements normally fall into these categories.

Really Want It Wants: These items are top priorities, but the absence of some of these items could be lived with. Examples of wants could be an extra bedroom to use as a study, a fireplace, additional baths beyond the "gotta have" number. Also in this category might be one vs. two story (unless health or ability makes a one story a necessity).

Wouldn't It Be Great Desires: These are the desires, the luxury items that you would love to have but, added to your list, would probably exceed your budget. Swimming pools, specialty countertops, whirlpool tubs fall into this category. Put them on your list. IF they luckily happen to be in a home, so much the better!

B. Do I Need A Realtor?

Examine the facts and decide

Purchasing a home is the single largest investment you will make in your lifetime. A contract to purchase is a legally binding contract with some pretty stiff penalties if either party defaults. Values in neighborhoods are dependent upon closed comparable sales, competition and market trends. A good Realtor can provide valuable insight, information and interpretation of the information.

When you step out into the market, it is a good idea to have someone on your side who knows the market and knows how to protect your interests. Not only can your Realtor find the property, they can:

- ✓ Evaluate the price
- ✓ Help you determine your offer and terms
- ✓ Negotiate with the seller on your behalf
- ✓ Recommend a good inspector to help determine the condition of the property
- ✓ Re-negotiate repairs if they are needed
- ✓ AND
- ✓ Oversee the entire closing process.

C. Buyers' Agency

Representation:

Your Realtor represents your interests. Working with a good Realtor is much like beginning a canoe trip on an unfamiliar river. The real estate professional has taken that trip many times before, and knows where the hidden rocks are and how to navigate the white water rapids. Their experience gives them the ability to guide you on your home buying trip and make certain that the overhanging branch does not capsize you.

Needs Analysis:

We talked earlier about your lists of needs, wants and desires. After communicating this list with your Realtor, they can provide a great reality check. They have seen the available homes in the surrounding neighborhoods, and know how much of your list can be reasonably obtained. They can, based on market knowledge, help you prioritize that list and show you homes that fit your needs.

Neighborhood Information and Interpretation:

The Web is filled with information on homes for sale. A good site is Realtor.com which has listings of homes all over the US. You can see pictures, prices and room sizes. Your Realtor, however, can interpret that information for you. He or she will know which areas hold value, which areas might be declining in condition or value, and what recent sales have been. Advise on new home upgrades, locations that might be problems in the future (is there a new, busy street in the future at the back of your lot?), and overall real estate trends can make the difference between a good buying decision and one you will regret when you must sell.

Market Analysis:

Once you have found the home that fits your needs, has some of your wants and even a few of your desires, you need to know how much you should pay for that home. Your Realtor will provide a written market analysis of the property, comparing it to recent sales and competing properties that are on the market. With this information in hand, you will be prepared to make a reasonable offer and will know the limitations on what you should spend on that particular home.

Negotiation/Offer and Counter Offer:

Once you have formulated an offer, your agent will present that offer to the seller and the seller's agent. Your Realtor is skilled in the presentation of the offer in the best light, as well as able to explain the math and comparable sales that were used in determining a fair offer. Many factors go into the negotiation, including time to close, terms, move in dates and who is paying what closing costs. It is your agent's job to "sell" your offer effectively, and, if the seller counters your offer, to make recommendations to you on how you should respond.

Inspections/Repairs/Appraisal/Survey/Closing:

Inspections:

Once an offer is accepted and escrowed, there is still work to do. You should have the home inspected by a competent, recommended and licensed inspector. Even if the home is new construction, you need someone looking out for your interests checking the functionality of the home you are purchasing. If substantial repairs are needed, it is time to re-negotiate with the seller on those costs. Decisions need to be made about who will make those repairs and when they should be made.

Appraisal:

An appraisal will be done on the home on behalf of your lender. The true purpose of the appraisal is to verify to the lender that there is enough value in the home to justify the loan.

Title Insurance:

Title insurance will be issued to protect you in the future from any title claims against the property. This is normally a seller's expense.

Survey:

A survey will be done to show just where the home sits on the property, where the property lines are, and what electrical, telephone, and utility easements exist and where they are. The seller can provide for you (if they have it) a previous survey and certify that nothing has changed since that time.

Closing:

Prior to closing, the title company will issue a settlement statement. This will outline your costs as a buyer, as well as the seller's costs, and will determine how much money you will need to bring to closing. Your credit union loan officer and Realtor will review this, correct any discrepancies, and advise you of the amount of money (in certified funds which means a cashier's check made payable to the title company) you will need to bring to the closing.

During this process, your Realtor will know the ropes and take care of your questions and the direction of the transaction. Remember the image of the canoe trip down the river and feel confident that a good Realtor is safely guiding you.

D. New Homes:

Model homes are designed to get you emotionally involved. The on site sales person works for **the builder**, not for you! You need an agent on your side to ask the hard questions, and negotiate price, lot location and possible upgrades to your best advantage.

Items to consider when buying a new home:

- ✓ Where does my home fall in the product line up the builder is producing? Am I at the top price and size in the neighborhood?
- ✓ How many lots are going to be developed?
- ✓ Is there any history of re-sale values, or is the neighborhood too new?
- ✓ How long do I plan to live in my home? If I need to sell in the upcoming few years, will I be competing with the builder?
- ✓ What items are included in the price, and what are the upgrades?
- ✓ How do the prices compare with similar resale properties?

- ✓ What additional costs will I have to cover after moving in? Such items could include fencing, landscaping, sprinkler systems, and drapes.

E. Disclosure: Material Facts that Would Affect The Decision to Purchase

It is a seller's obligation to disclose any information about the home that would affect your decision to purchase. Such disclosures would include foundation problems, roof leaks, or lead based paint. As a buyer, you should receive a the sellers disclosure notice before you enter into a contract. Review it carefully with your Realtor and make sure you understand all the comments in the notice. As a seller, TELL EVERYTHING! It is much better to deal with condition problems before the sale than with a lawsuit after.

F. Representations: Sources

If any repairs have been done to a home, the seller should have copies clearly stating who did the work and what the warranty (if any) covers. If a roof has been repaired, a buyer should have a copy of the repair bill and the guarantee. All representations as to condition or repairs should be in writing and the prospective buyer should be able to contact the source of the information. If a seller represents that the home is a certain size, the source of that information (appraisal, tax records) should be spelled out.

G. Err on the side of Safety

QUESTION every piece of information that influences your decision to buy. As a seller, disclose everything, even if you think it would be unimportant to the purchaser.

H. Home Protection Plans: Are they worth It?

YES. American Home Shield will provide this warranty for about \$350 for the first year. They will insure the mechanical items in your home. A hot water heater may be inspected and functioning perfectly the day you close, and choose to die the very next day. With these plans appliances, heating and air conditioning systems, plumbing and some electrical systems will be repaired or replaced with a \$55.00 deductible. Email HomePlus at homeplus@swbc.com and we will sign you up!

Throughout this entire article, we have spoken about the service rendered by a professional, competent and experienced Realtor. You should hire a Realtor with as much caution as your would hire an attorney or a financial planner. After all, you are placing your single largest investment in their hands.

At University Federal Credit Union, we have a program called Members Home Advisor. Local Realtors have been interviewed, references checked, and levels of service established for our credit union members. Our Realtors are the top folks in the area. They have agreed to provide a very high level of service, and, in return for the privilege of being referred to our members, have also agreed to reduce the commission they normally receive. We pass those savings along to you in the form of a check equal to your first month's mortgage payment. There is a program participation fee due at closing of \$200.00, but your savings will always be more than four times that amount or no fee is due.

At your credit union, we can meet all your mortgage needs with a variety of programs, find a good Realtor to guide you through the process, make sure you are being well represented, and save you money. For more information, email us at realestate@ufcu.org.