TODAY’S WEBINAR

- Format
- Reducing background noise
- Using the “Questions” feature
- Handouts & FAQs
NOT-FOR-PROFIT BANKING
EXCLUSIVELY FOR THE HARVARD COMMUNITY

CHECKING
Free access to ATMs nationwide

CREDIT CARDS
Cash back on everyday spending

HOME LOANS
Purchase a new home or refinance

STUDENT LOANS
Refinance your student loans or finance your child’s education

FAMILY MEMBERSHIP
Once you join, membership is open to your entire family

HUECU.ORG
During this trying time, we wanted to share a few of the ways we are here for you.

At HUECU, the well-being and safety of our members, employees, and community is our top priority. We understand the uncertainty you may be experiencing regarding COVID-19 and wanted to provide some of the ways we’re here to assist members.

We are monitoring the latest reports from the Centers for Disease Control and have taken a number of precautionary measures for the health and safety of our members and employees.

We want to assure you that there are contingency procedures in place and members will have uninterrupted access to their accounts.

We want you to be prepared if we are forced to close branches temporarily. Fortunately, very few operations are disrupted during these challenging times.

The following branches are temporarily closed until further notice:

- Charlestown Navy Yard (CNY)
- Longwood Medical Area (LMA)
- Partners, Assembly Row (PAR)

MAIN CONTACT INFO:
- Phone: 617-495-4460
- Email: memberhelp@huecu.org
WELCOME

MIGDALIA GOMEZ
Community Engagement Manager

SARAH SCRUGGS
Community Engagement Specialist

PETER BUCHANAN
Senior Vice President, Real Estate Lending

TOM MONTILLI
Chief Experience Officer
MORTGAGE LOAN EXPERTS

SHARON CUMMINGS
NMLS #1570358

MICHAEL LEVINE
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HELEN LASKARIS
NMLS #1370124

DAISY FAMILIA*
NMLS #669308
*hablo español

www.HUECU.org/home-loans
BENEFITS

For First Time Home Buyers from HUECU:

• .125% Rate Discount
• FREE Pre-Approval good for 90 days
• $500 credit at time of closing
• Additional $500 credit (if you meet HUD income limits)
• Reduced Lender Attorney fee ($150 value)
• HUECU Staff of Mortgage Loan Originators available 7 days a weeks, including evenings
THE HOME BUYING PROCESS

Navigating the Real Estate Market
IS IT THE RIGHT TIME TO BUY?
CURRENT MARKET CONDITIONS

- Housing Prices
- Housing Inventory
BENEFITS

- Build home equity
- Mortgage interest is tax deductible — you may want to discuss the details with a tax advisor
SELECTING THE RIGHT REAL ESTATE AGENT
Agency relationships:

- Designated Sellers Agency
- Designated Buyers Agency
- Facilitation
REAL ESTATE AGENT CONSIDERATIONS

• Full-time, experienced, and knowledgeable

• Based in the community

• Agent who will represent you as a “Buyers Agent”

• Fee is usually covered by the commission that the sellers real estate company is offering on behalf of the seller

• Access to home search resources/technologies
While you’re looking for a home:

• Make clear to your Agent your list of absolute “Wants and Needs”
• Make your Agent aware of your “Likes and Dislikes”
• If time permits, ask your Agent to preview homes
• Ask your Agent to do an analysis of recently sold properties
  • Establish range of value within which to negotiate
  • Objectively review properties pluses and minuses
CONSIDERATIONS WHEN CHOOSING A COMMUNITY

Location, Location, Location!

School Districts
- Visit the Massachusetts State Dept. of Education (www.doe.mass.edu)
- Review articles in Boston Magazine

Commuting
- Visit MBTA to estimate commuting time and the best route (www.mbta.com/rider_tools)

Market Research
THE PURCHASING PROCESS

2-step process in Massachusetts

- Offer to Purchase
- Purchase and Sale Agreement
OFFER TO PURCHASE

Always in writing and includes:

- Offer Price
- Closing Date
- Deposit Monies
- Mortgage Contingency
- Home Inspection Contingency
- Review of Condo documents
- Review of Condo Association Finances
- Any items to be included - refrigerator, curtains, swing set, etc.

Legally binding contract only when signed by both parties

Agent must be diligent in getting your offer to purchase signed ASAP!
PROPERTY INSPECTIONS

General Home Inspection
- Tests the structural and mechanical integrity of the home

Pest Inspection

Radon
- Odorless, colorless gas that seeps into home from basement

Well/Septic
- Mandated or customary septic system inspections
- Well: Test for quality and quantity

Cost of Inspections
- Vary based on size of home and scope of inspection
- Local standard practice usually dictates who pays
PURCHASE AND SALES AGREEMENT

Includes any changes made as a result of the property inspections.

Mortgage contingency will still be in force for the remainder of the timeframe agreed upon at acceptance of offer.

Accepts deposit requirements.

Remember, everything must be in writing to be a valid contract.

Attorney

- Contract draft and review
- Conducts closing
THE HOME FINANCING PROCESS

Navigating the financials when purchasing a new home
WHERE DO I START?
It’s a good place to start!

- Industry standard to accept FICO scores of 620 to 830
- Recommend 720 FICO score or higher
- Joint credit review
- Free Credit Reports at annualcreditreport.com
HOW MUCH CAN I AFFORD?

• Free express pre-approval
• Visit: HUECU.org/pre-approval
• Complete online form
• An experienced and licensed HUECU Mortgage Loan Originator (MLO) will contact you to discuss your needs and product options
• A credit report will be obtained
• A pre-approval will be issued within 48 hours
GENERAL GUIDELINES

- Housing payment includes principal, interest, real estate taxes, homeowners insurance and homeowners association dues for condominiums.

- Recommend that your housing payment not exceed 36% of your gross monthly income (before taxes).

- Your housing payment plus all other monthly credit obligations including credit cards, car payments, student loans, personal loans, child support, alimony and any other debts should not exceed 43% of your gross monthly income.
CONFORMING LOAN LIMITS

Conforming Loan Limits

• $690,000.00 for Single Family and Condo*
• $883,300.00 for 2 Family

*Set by Suffolk County, MA

JUMBO LOANS

Jumbo Loans

• Loans that exceed these limits based on property type
• May require a larger down payment
• Require 6-month liquid reserves
HUECU down payment requirements:

Single Family and Condos
- 5% of the Purchase Price*
- 3% of the Purchase Price for First Time Homebuyers or under Low to Moderate Income Programs

Multi-Family Homes**
- For Fixed Rate Loans:
  - 15% of the Purchase Price for Two Family
  - 20% of Purchase Price for Three or Four Family
- For Adjustable Rate Loans (ARMs):
  - 5% of the Purchase Price for Two Family
  - 10% of Purchase Price for Three or Four Family

*Conforming limit
** Multifamily properties require 6-month liquid reserves
Private Mortgage Insurance (PMI) required with less than 20% down payment:

- Reduces risk for the lender
- Paid on monthly basis in your mortgage payment
- No upfront cost
- Monthly premium is based on down payment and FICO score

As an alternative, HUECU also offers 10% down payment loans combining a first and second mortgage.
WHICH LOAN IS RIGHT FOR YOU?
LOAN OPTIONS

Fixed Rate

• Interest rate and loan terms do not change over the life of the loan
• Principal and Interest portion remains constant
• 30 year amortization is the most common

*No prepayment penalties

Adjustable Rate (ARM)

• Initial rate is lower than Fixed Rate Loan
• HUECU offers 5/1, 7/1, 10/1 & 15/1 ARMs
• Payment adjusts at specified times
• Payment may increase or decrease
• Adjustment Rate is determined by adding the margin to the one year treasury bill depending on product
• There are maximum rate changes per adjustment and lifetime interest rate caps

*Ideal for borrowers who anticipate substantial pay increases or do not plan to be in the home past the first adjustment period
WHAT ARE THE CLOSING COSTS?
CLOSING COSTS

A Loan Estimate will be issued when you complete your Mortgage Application. It provides you with the terms, projected payments and fees associated with your loan. It can be used as a comparison tool to shop for the best loan to fit your needs.

All of the Closing Costs and Escrows associated with your loan are itemized.

*HUECU offers $500 credit towards closing cost for first-time home buyers

HUECU offers a No Points, No Closing Cost option on selected loan programs (interest rate may be higher)
STEP-BY-STEP

1. Express pre-approval
2. Offer to Purchase accepted and Purchase & Sales agreement executed
3. Loan application submitted and option to lock interest rate
4. Loan estimate (LE) and disclosures issued
5. Supporting documents submitted for processing
Application processed with income and assets verified, credit reviewed and appraisal received

Mortgage commitment issued

HUECU issues closing instructions to attorney

Credit report updated and employment re-verified

Closing disclosure (CD) issued
BEFORE YOU CLOSE

Closing Disclosure
- Full accounting of all closing costs to be paid by the buyer and by the seller
- Buyer should receive statement 3 business days prior to closing
- It will itemize exact closing cost and funds needed at closing

Perform a “walk-through” on home when sellers vacate

Obtain an Insurance Binder: One year of pre-paid Homeowners Insurance
AT THE CLOSING

Checklist:
- Photo ID
- Your Checkbook
- Certified Check

Closing takes about 1 hour
RESOURCES

- Greenpath Financial Wellness (HUECU.org/greenpath)
- HUD Income Data (Huduser.gov)
- Annual Credit Report (annualcreditreport.com)
- Redfin (Redfin.com)
- Zillow (Zillow.com)
- Express Pre-approval (HUECU.org/pre-approval)
HUECU is here for you

@myhueecu