

HOME BUYER'S GUIDE

THE ESSENTIAL GUIDE TO BUYING & FINANCING YOUR NEW HOME





WELCOME TO THE BELLWETHER COMMUNITY CREDIT UNION HOME BUYER'S GUIDE

Whether you're a first-time buyer or a seasoned pro, you'll find everything you need right here to streamline the lending and purchasing process. From savvy tips about rate shopping to helpful information about credit reports and more, this book is designed to make you feel right at home - the entire time you're buying one.

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*ANNUAL PERCENTAGE RATE



SHOPPING FOR THE BEST RATE

AN ESSENTIAL PART OF AFFORDING THE BEST HOME YOUR MONEY CAN BUY IS SHOPPING AND QUALIFYING FOR THE BEST RATE AVAILABLE. THE FOLLOWING INFORMATION WILL HELP YOU BETTER UNDERSTAND THE PROCESS AND HOW THE BELLWETHER COMMUNITY CREDIT UNION MORTGAGE TEAM CAN BE YOUR BEST RESOURCE FOR GETTING EXCEPTIONAL RATES.

Do Your Homework - Things to Consider

BE WARY OF ADVERTISED TEASER RATES THAT DISAPPEAR ONCE YOU'RE IN THE DOOR.

ARTIFICIALLY LOW RATES CAN INCLUDE POINTS AND OTHER FEES THAT MAKE THEM FAR LESS ATTRACTIVE. IN ADDITION, MAKE SURE YOU UNDERSTAND THE DURATION OF YOUR LOAN'S LOCK AND THAT IT PROVIDES YOU WITH ENOUGH TIME TO COMPLETE YOUR TRANSACTION. AT BELLWETHER, WE PROVIDE YOU WITH A CLEAR UNDERSTANDING OF YOUR INTEREST RATE AND FEES FROM THE START.

GET YOUR FINANCES IN ORDER BEFORE APPLYING FOR A LOAN.

MOST LENDERS REQUIRE A MINIMUM CREDIT SCORE OF 620 TO 640, BUT ONE AT 740+ PUTS YOU IN THE DRIVER'S SEAT, MAKING YOU ELIGIBLE FOR THE VERY BEST RATES. VISIT ANNUALCREDITREPORT.COM TO ACCESS REPORTS FROM THE BIG THREE CREDIT BUREAUS (EXPERIAN, EQUIFAX AND TRANSUNION) SO YOU KNOW WHERE YOU STAND BEFORE YOU BEGIN. DON'T LET MULTIPLE LENDERS PULL YOUR CREDIT REPORT, AS IT WILL LOWER YOUR SCORE.

KNOW THE DIFFERENCE BETWEEN AN INTEREST RATE AND ANNUAL PERCENTAGE RATE (APR).

UNLIKE THE BASIC INTEREST RATE, APR ADDS MANY OF THE COSTS OF THE LOAN TOGETHER (INTEREST RATE PLUS POINTS, BROKER FEES AND OTHER CLOSING COSTS) INTO ONE FIGURE, SO YOU KNOW WHAT YOU'RE REALLY PAYING.

GET THE LOAN THAT'S RIGHT FOR YOU.

HOW LONG DO YOU INTEND TO BE IN YOUR NEW HOME? IF IT'S FOREVER, THEN A 30-YEAR FIXED MIGHT BE RIGHT FOR YOU. BUT IF YOUR JOB IS TRANSIENT OR YOU PLAN TO ACQUIRE A BIGGER PLACE IN THE FUTURE, AN ADJUSTABLE RATE MORTGAGE (ARM) MIGHT BE THE SMARTER OPTION BECAUSE THEY TYPICALLY OFFER LOWER RATES. OUR LOAN EXPERTS CAN HELP YOU DECIDE ON THE PERFECT OPTION FOR YOU.

AT BELLWETHER, WE PROVIDE YOU WITH A CLEAR UNDERSTANDING OF YOUR INTEREST RATE AND FEES FROM THE START.



ALTHOUGH THE LOAN DOCUMENTATION PROCESS CAN BE TEDIOUS, BE SURE TO PROVIDE THE REQUESTED INFORMATION IN A TIMELY FASHION. DELAYING COULD MOVE YOU BEYOND YOUR LOCK PERIOD RESULTING IN A HIGHER INTEREST RATE OR CAUSE YOU TO MISS PURCHASE CONTRACT DEADLINES.

BE PREPARED TO ANSWER QUESTIONS

HOW MUCH CAN YOU AFFORD FOR YOUR DOWN PAYMENT?

THE LARGER THE DOWN PAYMENT, THE MORE LIKELY YOU ARE TO GET THE BEST MARKET RATE.

ARE YOU LOOKING AT A SINGLE-FAMILY HOME OR A CONDOMINIUM?

CONDOS CAN CARRY UP TO A 0.125 PERCENT HIGHER INTEREST RATE, BUT IF YOU CAN SWING 25 PERCENT DOWN, YOU'LL TYPICALLY AVOID THIS ADDITIONAL COST.

DO YOU PLAN TO PAY YOUR TAXES AND INSURANCE, OR WILL YOU ESCROW THEM?

SOME LOANS REQUIRE ESCROWS (E.G., LOANS WITH MORTGAGE INSURANCE), AND SOME LENDERS CHARGE A FEE TO WAIVE ESCROWS - IT'S BEST TO SORT THROUGH YOUR OPTIONS UPFRONT.

IS PAYING POINTS AN OPTION?

DEPENDING ON THE LENGTH OF YOUR LOAN, IT MAY MAKE SENSE TO SPEND MORE UPFRONT TO REDUCE YOUR LONG-TERM, CUMULATIVE EXPENSE.

**OUR LOAN EXPERTS CAN
HELP YOU DECIDE ON
THE PERFECT LOAN OPTION.**



MAKING AN OFFER

FEW PURCHASES ARE AS EXCITING, OR AS COMPLEX, AS BUYING A NEW HOME. WE'VE INCLUDED SOME OF THE IMPORTANT ITEMS INVOLVED TO HELP GUIDE YOU THROUGH THE PROCESS.



PRE-APPROVAL

SELLERS ARE LOOKING FOR SERIOUS BUYERS. AS A PRE-APPROVED BUYER, YOU ENJOY GREATER NEGOTIATING POWER BECAUSE YOU HAVE PROOF THAT YOUR OFFER IS LEGITIMATE. IN HOT MARKETS LIKE NEW HAMPSHIRE, A PRE-APPROVAL LETTER CAN TIP THE SCALES IN YOUR FAVOR, ESPECIALLY WHEN MULTIPLE BIDS ARE INVOLVED.

NOTE: PRE-QUALIFICATION IS NOT THE SAME, NOR AS STRONG, AS PRE-APPROVAL.

MAKING A SMART OFFER

HOW LONG HAS THE HOME BEEN ON THE MARKET? HOW HOT IS THE MARKET? WHY IS THE OWNER SELLING? WHAT ARE THE RECENT SALES PRICES IN THE NEIGHBORHOOD? WHAT IS THE MAXIMUM YOU'RE WILLING TO SPEND? AFTER ALL, IT MAY OR MAY NOT BE YOUR FIRST OFFER. ONCE YOU HAVE ANSWERS TO THESE QUESTIONS, YOU AND YOUR AGENT CAN DRAW UP A SAVVY OFFER.

THE PURCHASE CONTRACT AND CONTINGENCIES

ONCE YOUR OFFER HAS BEEN ACCEPTED, YOU WILL PLACE A DEPOSIT IN AN ESCROW ACCOUNT. THIS DEPOSIT, CALLED "EARNEST MONEY," DEMONSTRATES YOUR COMMITMENT TO PURCHASING THE HOME "CONTINGENT" ON A NUMBER OF ITEMS SPECIFICALLY OUTLINED IN THE CONTRACT. TYPICALLY A BUYER HAS 15 TO 30 DAYS TO COMPLETE FINANCING. SHOULD YOU EXTEND BEYOND THE AGREED UPON TIME, YOU PUT YOUR EARNEST MONEY IN JEOPARDY, SO IT IS IMPORTANT TO CAREFULLY REVIEW THESE CONTRACT DEADLINES WITH YOUR LENDER AND REAL ESTATE AGENT.



IN HOT MARKETS LIKE NEW HAMPSHIRE, A PRE-APPROVAL LETTER CAN TIP THE SCALES IN YOUR FAVOR, ESPECIALLY WHEN MULTIPLE BIDS ARE INVOLVED.

CONTRACT PERIOD

THERE ARE A NUMBER OF DIFFERENT ITEMS THAT MUST BE COMPLETED PRIOR TO A SUCCESSFUL PURCHASE AND DURING THE ALLOTTED CONTRACT PERIOD, WHICH IS TYPICALLY 30 TO 60 DAYS. THESE INCLUDE:

INSPECTION

A COMMON CONTINGENCY IN A PURCHASE CONTRACT IS THE HOME INSPECTION. IF THE INSPECTION TURNS UP DEFECTS, AND THEY TYPICALLY DO, THE BUYER AND SELLER MUST REACH AN AGREEMENT REGARDING REPAIRS OR THE CONTRACT CAN BE VOIDED. MAKE SURE YOU ATTEND THE INSPECTION AND ASK PLENTY OF QUESTIONS. ONCE YOU GET THE RESULTS, CONSIDER THEM CAREFULLY AND PRIORITIZE WHAT YOU NEED THE OWNER TO TAKE CARE OF (EITHER DOING THE ACTUAL REPAIRS OR REDUCING THE ASKING PRICE ACCORDINGLY) BEFORE YOU'LL MOVE FORWARD WITH THE PURCHASE.

SUPPLEMENTAL INSPECTIONS

PEST AND MOLD CONCERNS ARE ALSO PART OF THE INSPECTION PROCESS, ALTHOUGH NOT ALWAYS REQUIRED OR NECESSARY. IF YOUR PRIMARY HOME INSPECTOR RAISES CONCERNS IN A “SPECIALTY AREA” SUCH AS TERMITE DAMAGE, FOUNDATION PROBLEMS OR MOLD ISSUES, BE SURE TO HAVE A SPECIALIST CONDUCT AN ADDITIONAL INSPECTION. IT MAY COST EXTRA NOW, BUT COULD SAVE YOU A FORTUNE IN REPAIR COSTS DOWN THE ROAD.

APPRAISAL

BECAUSE YOUR HOME SECURES YOUR LOAN, THE HOUSE MUST APPRAISE, OR BE VALUED, AT OR ABOVE THE AMOUNT OFFERED. THE APPRAISAL IS CONDUCTED BY A PROFESSIONAL TYPICALLY SELECTED BY THE LENDER. ASSOCIATED FEES ARE PART OF YOUR CLOSING COSTS. IF THE HOME DOES NOT APPRAISE FOR A SUFFICIENT AMOUNT, YOU CAN OFTEN RENEGOTIATE OR REVOKE THE OFFER WITHOUT LOSING YOUR EARNEST MONEY.

SELLER RENT BACK

OCCASIONALLY, THE CLOSING DATE MAY BE EARLIER THAN A SELLER IS PREPARED TO LEAVE. IN THIS CASE, THE SELLER MAY NEGOTIATE PAYING “RENT” TO THE BUYER FOR THE TIME NEEDED TO VACATE THE PROPERTY.

SELLER CONTRIBUTIONS

AN EAGER SELLER MAY OFFER TO HELP WITH CLOSING COSTS OR OTHER ITEMS. TYPICALLY A SELLER CAN CONTRIBUTE FROM THREE TO NINE PERCENT OF THE PURCHASE PRICE, NOT TO EXCEED ACTUAL CLOSING COSTS AND PRE-PAIDS.



THERE ARE STILL MANY OPPORTUNITIES TO ACQUIRE A HOME IN PRE-FORECLOSURE (VIA A SHORT SALE) OR REAL ESTATE OWNED PROPERTIES (REO). SUCH PURCHASES HAVE PROS AND CONS.

MAKING AN OFFER ON A DISTRESSED PROPERTY

SHORT SALES

WHEN AN OWNER IS INCAPABLE OF PAYING THE MONTHLY MORTGAGE AND THE PROPERTY VALUE IS LESS THAN THE AMOUNT OWED, A FINANCIAL INSTITUTION WILL OFTEN ASSIST THE OWNER IN CONDUCTING A SHORT SALE. THE UPSIDE OF THIS TYPE OF SALE IS THAT YOU OFTEN GET A PROPERTY FOR LESS THAN YOU MIGHT PAY IN A TRADITIONAL TRANSACTION. THE DOWNSIDE IS THAT THERE ARE A LOT OF PEOPLE INVOLVED IN THE APPROVAL PROCESS – THE OWNER, THE LIEN HOLDER, YOUR FINANCIAL INSTITUTION AND YOU. IRONICALLY “SHORT” SALES TAKE LONGER TO COMPLETE. BE SURE TO USE A REALTOR WELL VERSED IN THE PROCESS TO AVOID ASSOCIATED PITFALLS.

REOs

REAL ESTATE OWNED (REO) PROPERTIES ARE HOMES THAT A FINANCIAL INSTITUTION HAS TAKEN OVER DUE TO FORECLOSURE ON A LOAN. WHILE YOU CAN OFTEN GET A REDUCED PRICE, KEEP IN MIND THAT THE ASSET MANAGER AT THE FINANCIAL INSTITUTION IS TASKED WITH SHELTERING THE FINANCIAL INSTITUTION WITH AS LITTLE LOSS AS POSSIBLE. IN ADDITION, THIS TYPE OF PROPERTY IS TYPICALLY SOLD AS-IS, LIMITING FINANCING OPTIONS FOR THE BUYER. IF THIS TYPE OF PROPERTY IS YOUR GOAL, BE SURE TO SELECT A REALTOR WITH FORECLOSURE EXPERIENCE.



THE LOAN ESTIMATE

YOU WILL RECEIVE MANY DOCUMENTS THROUGHOUT THE LOAN PROCESS, BUT NONE IS MORE IMPORTANT TO REVIEW THAN THE LOAN ESTIMATE (LE). THE LE OUTLINES ALL OF YOUR ANTICIPATED COSTS IN ONE PLACE INCLUDING YOUR LOAN TERMS, MONTHLY PAYMENT, MONEY REQUIRED AT CLOSING, CLOSING COSTS AND ADDITIONAL INFORMATION ABOUT YOUR LOAN.

LOAN TERMS

YOU'LL FIND THE BASIC TERMS OF YOUR MORTGAGE OUTLINED IN THIS SECTION, INCLUDING LOAN AMOUNT, RATE AND INITIAL MONTHLY PAYMENT. IT ALSO CONTAINS IMPORTANT DETAILS SUCH AS THE POTENTIAL FOR RATE INCREASES, PREPAYMENT PENALTIES AND MORE.

ESCROW ACCOUNT INFORMATION

MANY LENDERS REQUIRE BUYERS TO PAY IN ADVANCE, OR ESCROW FUNDS, FOR ONGOING REQUIRED ITEMS - TYPICALLY HOMEOWNER'S INSURANCE PREMIUMS AND PROPERTY TAX ESTIMATES. IF YOUR LOAN WILL HAVE AN ESCROW ACCOUNT, THE TOTAL AMOUNT OF YOUR MONTHLY PAYMENT WILL BE INCLUDED HERE.

ORIGINATION FEES

THE LENDER CHARGES FEES FOR "ORIGINATING" OR COMPLETING THE APPLICATION AND UNDERWRITING YOUR LOAN. IF YOUR LOAN INCLUDES ORIGINATION POINTS, YOU'LL FIND THE INFORMATION INCLUDED HERE. POINTS CAN BE USED UPFRONT TO REDUCE YOUR LOAN'S LONG-TERM INTEREST RATE AND ARE TYPICALLY A REDUCTION OF 0.125 TO 0.375 PERCENT. IF YOU'RE PLANNING TO STAY IN THE HOME FOR A LENGTH OF TIME, PAYING POINTS TO REDUCE THE LONG-TERM COST OF THE LOAN MAY MAKE SENSE. THE EXPERTS AT BELLWETHER CAN HELP YOU DECIDE THE MOST BENEFICIAL CHOICE FOR YOU. FOR REFERENCE, ONE POINT EQUALS ONE PERCENT (1%) OF YOUR MORTGAGE AMOUNT, SO IF YOU'RE BORROWING \$250,000, ONE POINT WOULD EQUAL \$2,500.

LENDER AND BUYER SELECTED SERVICES

SOME SETTLEMENT SERVICE PROVIDERS ARE SELECTED BY THE LENDER INCLUDING APPRAISALS AND CREDIT REPORTS. OTHERS – TITLE INSURERS, INSPECTION SERVICES AND HOMEOWNERS INSURANCE – OFFER YOU THE OPPORTUNITY TO SHOP AROUND.

APPRAISAL FEE

WHILE THE LENDER SELECTS THE PROFESSIONAL APPRAISER TO DETERMINE THE FAIR MARKET VALUE OF YOUR PROPERTY, YOU'RE RESPONSIBLE FOR PAYING FOR THE SERVICES. THIS ITEM WILL BE INCLUDED ON THE SUMMARY OF FEES.

CREDIT REPORT FEE

BY NOW, YOU'VE DONE YOUR HOMEWORK AND KNOW YOUR CREDIT SCORE. THE LENDER, HOWEVER, WILL ALSO VERIFY YOUR CREDIT SCORE DURING THE UNDERWRITING PROCESS AND THE ASSOCIATED FEES WILL BE INCLUDED IN YOUR CLOSING COSTS.

TITLE SERVICES

A TITLE COMPANY SEARCHES COUNTY RECORDS TO VERIFY THE TITLE TO YOUR PROPERTY IS FREE OF ANY DEBTS OR LIENS AND INSURES YOU HAVE "CLEAR" TITLE.

RECORDING CHANGES

BUYING A HOME REQUIRES THE FILLING OF A NUMBER OF OFFICIAL GOVERNMENT DOCUMENTS TO REGISTER THE PROPERTY UNDER YOUR NAME AND RECORD THE MORTGAGE OR DEED OF TRUST.

HOMEOWNERS INSURANCE

PROTECTING YOUR PROPERTY AGAINST LOSS FROM FIRE, FLOODS AND STORMS IS NOT ONLY IN YOUR BEST INTEREST BUT ALSO REQUIRED BY THE LENDER. DEPENDING ON LENDER REQUIREMENTS, YOU MAY CHOOSE TO ESCROW THESE FUNDS AS PART OF YOUR MONTHLY PAYMENT OR PAY THE PREMIUMS DIRECTLY.

INITIAL ESCROW DEPOSIT

IF YOU CHOOSE TO ESCROW YOUR HOMEOWNER'S INSURANCE AND PROPERTY TAXES, YOU'LL SEE A LINE ITEM REFLECTING THE AMOUNT REQUIRED INITIALLY TO FUND THE ACCOUNT.

PRIVATE MORTGAGE INSURANCE (PMI)

PRIVATE MORTGAGE INSURANCE MAY BE REQUIRED IF YOU HAVE A DOWN PAYMENT OF LESS THAN 20 PERCENT OF THE PURCHASE PRICE. IT PROTECTS THE LENDER AGAINST LOSS SHOULD YOU DEFAULT ON THE LOAN. TYPICALLY, YOU'LL BE ABLE TO ELIMINATE THE PMI ONCE THE EQUITY IN YOUR HOME EQUALS APPROXIMATELY 78 PERCENT. THIS CAN BE ACCOMPLISHED THROUGH THE PAYMENT PROCESS AS WELL AS MARKET VALUES INCREASING OVER TIME.

IF YOU ARE REQUIRED TO PAY PMI, YOU WILL SEE THIS FEE INCLUDED ON THE LOAN ESTIMATE, AND IT MAY BE INCLUDED AS PART OF YOUR ESCROW ACCOUNT.

APR, PAYMENT AMOUNT AND TIP

THREE OTHER VERY IMPORTANT ITEMS – THE APR, THE PROPOSED PAYMENT AMOUNT AND THE TIP – ARE ALSO INCLUDED HERE.

ANNUAL PERCENTAGE RATE (APR)

UNLIKE THE INTEREST RATE, THE APR EXPLAINS THE TRUE COST OF BORROWING WITH ALL OF THE ASSOCIATED FEES ROLLED IN, AND THEREFORE IT IS TYPICALLY A HIGHER AMOUNT THAN THE BASE INTEREST RATE.

PROPOSED PAYMENT AMOUNT

THIS FIGURE REPRESENTS THE ANTICIPATED DOLLAR AMOUNT OF YOUR PAYMENTS AND THEIR FREQUENCY.

TOTAL INTEREST PERCENTAGE (TIP)

THE TIP IDENTIFIES HOW MUCH INTEREST YOU WILL PAY OVER THE LIFE OF YOUR MORTGAGE BY COMPARING IT TO THE BORROWED AMOUNT. THE PERCENTAGE REPRESENTS THE SUM OF ALL OF THE SCHEDULED INTEREST PAYMENTS DIVIDED BY THE LOAN AMOUNT.

GLOSSARY OF TERMS

ADJUSTABLE RATE MORTGAGE (ARM): INITIAL RATES AND PAYMENTS ARE LOWER FOR A PERIOD OF TIME BUT THEN PERIODICALLY ADJUST.

AMORTIZATION: THE PAYMENT OF A LOAN VIA INSTALLMENTS, OVER TIME, WITH THE DETAILS OF THE AMOUNTS PAID TOWARD INTEREST VS. PRINCIPAL.

ANNUAL PERCENTAGE RATE (APR): THE ACTUAL YEARLY COSTS OF BORROWING MONEY INCLUDING RATE, FEES AND OTHER COSTS ASSOCIATED WITH THE LOAN.

APPRAISAL: AN EXPERT ASSESSMENT OF YOUR HOME'S VALUE BASED ON CURRENT COMPARABLE SALES IN THE AREA AND NUMEROUS OTHER VALUATION FACTORS.

BALLOON MORTGAGE: TYPICALLY A SHORT-TERM MORTGAGE THAT OFFERS THE BUYER SMALL PAYMENTS OVER THE COURSE OF THE LOAN (SOMETIMES INTEREST ONLY) UNTIL THE FULL BALANCE COMES DUE.

BRIDGE LOAN: A SHORT-TERM LOAN TO "BRIDGE" THE INTERVAL BETWEEN TWO TRANSACTIONS AND FINANCE THE PURCHASE OF A PROPERTY UNTIL THE OTHER IS SOLD.

BUY-DOWN: A FINANCING TECHNIQUE WHERE THE BUYER SECURES A LOWER INTEREST RATE BY PROVIDING PAYMENTS TO THE LENDER (TYPICALLY FUNDED BY THE BUILDER OR SELLER WHO RECOVERS THE COST BY INCREASING THE PURCHASE PRICE).

CAPS: THE MAXIMUM AMOUNT THAT AN ADJUSTABLE INTEREST RATE CAN INCREASE IN A DESIGNATED PERIOD OF TIME.

CLOSING: THE FINAL STEP IN FINANCING A HOME THAT INVOLVES THE SIGNING OF ALL NECESSARY DOCUMENTS AT AN ESCROW OR TITLE COMPANY.

CLOSING COSTS: THE AMOUNT PAID TO CLOSE A HOME LOAN, INCLUDING TAXES, TRANSFER AND LENDER FEES AND ANY OTHER THIRD-PARTY CHARGES.

CLOSING DISCLOSURE: A STATEMENT OF FINAL LOAN TERMS AND CLOSING COSTS THAT SHOULD BE COMPARED WITH YOUR LOAN ESTIMATE. THE CLOSING DISCLOSURE MUST BE PROVIDED TO THE CONSUMER AT LEAST THREE BUSINESS DAYS PRIOR TO CLOSING.

CONFORMING LOAN: A LOAN THAT MEETS GSE* (FANNIE MAE AND FREDDIE MAC) GUIDELINES THAT FALLS UNDER A CERTAIN LOAN AMOUNT.

*REFER TO FANNIE MAE AND FREDDIE MAC BELOW.

CONSTRUCTION LOAN: A SHORT-TERM LOAN GIVEN DURING THE BUILDING PROCESS THAT IS DUE UPON COMPLETION OF THE PROJECT.

CONVENTIONAL MORTGAGE: UNLIKE FHA, VA AND USDA, CONVENTIONAL MORTGAGES ARE NOT INSURED OR GUARANTEED BY THE FEDERAL GOVERNMENT.

CREDIT REPORT/FICO: A CREDIT RISK ASSESSMENT TOOL USED BY LENDERS TO EVALUATE YOUR ABILITY TO REPAY DEBT, WHICH INCLUDES FICO CALCULATED CREDIT SCORES.

DEBT-TO-INCOME RATIO: A RATIO USED BY LENDERS, ESSENTIALLY ALL YOUR MONTHLY EXPENSES DIVIDED BY YOUR GROSS MONTHLY INCOME, THAT HELPS MEASURE YOUR ABILITY TO REPAY A LOAN.

DELINQUENCY: A HOME LOAN IN WHICH THE BUYER HAS FAILED TO MAKE PAYMENTS IN A TIMELY FASHION, WHICH CAN LEAD TO FORECLOSURE.

DOWN PAYMENT: THE INITIAL AMOUNT PAID TOWARD THE PURCHASE OF A PROPERTY WITH THE REMAINING COST COVERED BY A MORTGAGE LOAN AMOUNT.

EARNEST MONEY: A DEPOSIT PAID TO THE SELLER DEMONSTRATING THE BUYER'S COMMITMENT TO PURCHASE THE HOME, HELD IN ESCROW AND APPLIED AT CLOSING.

EQUAL CREDIT OPPORTUNITY ACT: FEDERAL LAW THAT PROHIBITS LENDING DISCRIMINATION BASED ON RACE, RELIGION, SEX, AGE, MARITAL STATUS OR INVOLVEMENT IN PUBLIC ASSISTANCE PROGRAMS.

ESCROW ACCOUNTS: AN ACCOUNT IN WHICH FUNDS ARE COLLECTED WITH EACH MONTHLY PAYMENT FOR ANNUAL PROPERTY-RELATED EXPENSES, TAXES AND INSURANCE

FANNIE MAE AND FREDDIE MAC: CREATED BY CONGRESS, THESE GOVERNMENT-SPONSORED ENTITIES (GSE) PROVIDE LIQUIDITY BY PURCHASING MORTGAGES FROM LENDERS AND ADDING THEM TO THEIR PORTFOLIOS OR SELLING THEM AS MORTGAGE-BACKED SECURITIES (MBS).

FHA LOAN: CREATED DURING THE GREAT DEPRESSION, FHA LOANS HELP FACILITATE MORTGAGES FOR LOWER INCOME BORROWERS THAT MEET SPECIFIC FEDERAL HOUSING ADMINISTRATION CRITERIA.

FIRST-TIME HOMEBUYER PROGRAMS: OFFERS A VARIETY OF FINANCIAL ASSISTANCE TO BUYERS WHO HAVE NEVER OWNED PROPERTY OR HAVE NOT OWNED A HOME IN THE PAST THREE YEARS.

FIXED-RATE MORTGAGE: A LOAN WITH AN INTEREST RATE THAT WILL NOT CHANGE FOR THE FULL TERM OF THE LOAN.

FLOOD INSURANCE: COVERS YOUR PROPERTY IN THE EVENT OF WATER DAMAGE TO THE STRUCTURE AND CONTENTS DUE TO FLOODWATERS. IF YOUR HOME SITS IN A FEMA-DESIGNATED FLOOD ZONE, FLOOD INSURANCE IS REQUIRED BY THE LENDER. THE MOST COMMON FLOOD INSURANCE IS OFFERED THROUGH THE FEDERALLY-REGULATED PROGRAM KNOWN AS THE NATIONAL FLOOD INSURANCE PROGRAM (NFIP).

FORECLOSURE: THE LEGAL PROCESS THROUGH WHICH A LENDER TAKES POSSESSION OF A PROPERTY AFTER A BORROWER FAILS TO MEET THEIR REPAYMENT OBLIGATIONS.

HAZARD INSURANCE: PART OF THE STANDARD HOMEOWNERS' INSURANCE POLICY THAT PROTECTS AGAINST FIRE, WIND, HAIL, THEFT, VANDALISM AND OTHER DAMAGES.

HOME EQUITY: THE CURRENT MARKET VALUE OF A HOME VS. THE REMAINING MORTGAGE BALANCE. IF A BORROWER OWNS A PROPERTY WORTH \$300,000 AND HAS LIENS OF \$200,000, THE EQUITY IS \$100,000.

INTEREST ONLY: A LOAN THAT ALLOWS THE PAYMENT OF JUST THE INTEREST PORTION OF THE MORTGAGE EACH MONTH, TYPICALLY RESULTING IN A BALLOON PAYMENT AT THE END OF A DESIGNATED TERM.

JUMBO LOAN: A LOAN AMOUNT THAT SURPASSES CONFORMING LOAN LIMITS.

LOAN ESTIMATE (LE): A WRITTEN ESTIMATE OF SETTLEMENT CHARGES AND TERMS OF A LOAN THAT A LENDER IS REQUIRED TO PROVIDE WITHIN 3 DAYS OF A SUBMITTED LOAN APPLICATION.

LOAN OFFICER: ALSO KNOWN AS A "MORTGAGE LOAN ORIGINATOR," HE OR SHE OFFERS EXPERTISE REGARDING HOME MORTGAGES, GUIDING THE LOAN APPLICATION PROCESS TO A SUCCESSFUL CONCLUSION AT CLOSING.

LOAN ORIGATION: THE BEGINNING OF THE HOME LOAN PROCESS WHERE A BORROWER PROVIDES KEY INFORMATION TO A LENDER TO QUALIFY FOR A MORTGAGE.

LOAN PROCESSOR: THE INDIVIDUAL RESPONSIBLE FOR PREPPING AND ORGANIZING THE CORRESPONDING PAPERWORK REQUIRED TO LOAN APPROVAL.

LOAN-TO-VALUE (LTV): THE LOAN AMOUNT DIVIDED BY THE LESSER OF THE SALES PRICE OR APPRAISED VALUE; LTV DETERMINES YOUR RATE AND ACCESS TO SOME LOAN PROGRAMS.

MARGIN: THE AMOUNT ADDED TO THE ACCOMPANYING MORTGAGE INDEX THAT SETS THE INTEREST RATE FOR AN ARM.

MORTGAGE: A BINDING AGREEMENT WHERE MONEY IS LOANED WITH INTEREST IN EXCHANGE FOR TITLE OF THE BORROWER'S PROPERTY UNTIL THE LOAN AMOUNT IS PAID.

MORTGAGE LENDER: INSTITUTIONS THAT WORK ON BEHALF OF CONSUMERS TO OBTAIN MORTGAGE FINANCING.

MORTGAGE RATE: THE AMOUNT OF INTEREST ASSOCIATED WITH YOUR LOAN.

MORTGAGE RATE LOCK: RATES MAY FLUCTUATE; WHEN YOU "LOCK," YOU GUARANTEE YOUR LOAN AT THAT RATE FOR A SET PERIOD OF TIME.

MORTGAGE TERM: THE AGREED UPON LENGTH OF TIME YOU HAVE TO MAKE PAYMENTS ON YOUR LOAN.

ORIGINATION FEE: A CHARGE BY A LENDER FOR COMPLETING THE LOAN PROCESS TYPICALLY QUOTED AS A PERCENTAGE OF THE TOTAL LOAN.

NON-WARRANTABLE: A CONDO OR TOWNHOME PROJECT THAT DOES NOT MEET THE GOVERNMENT STANDARDS FOR LENDABILITY.

PIGGYBACK MORTGAGE: A SECOND MORTGAGE THAT CLOSES SIMULTANEOUSLY WITH THE FIRST, FREQUENTLY USED TO LOWER THE LTV OF THE PRIMARY MORTGAGE TO UNDER 80 PERCENT, AND ELIMINATE THE NEED FOR PRIVATE MORTGAGE INSURANCE.

PRINCIPAL, INTEREST, TAXES AND INSURANCE (PITI): THE SUM OF MONTHLY MORTGAGE EXPENSES INCLUDING PRINCIPAL, INTEREST, TAXES AND INSURANCE.

POINTS: ONE POINT EQUALS ONE PERCENT OF THE LOAN AMOUNT; DISCOUNT POINTS WILL REDUCE THE RATE OF THE LOAN, WHILE ORIGINATION FEES COVER LOAN PROCESSING EXPENSES.

PRE-APPROVAL: TYPICALLY A LENDER'S LETTER STATING YOUR ABILITY TO QUALIFY FOR A MORTGAGE BASED ON YOUR INCOME AND CREDIT INFORMATION.

PRE-QUALIFICATION: THE INITIAL STEP IN OBTAINING A MORTGAGE WHERE A LENDER EVALUATES YOUR FINANCIAL POSITION, GIVING YOU AN IDEA OF HOW MUCH YOU CAN AFFORD TO BORROW.

PREPAYMENT PENALTY: A FEE IMPOSED IF A BORROWER PAYS BACK A LOAN PRIOR TO AN AGREED UPON TIME FRAME. NOT ALL MORTGAGES INCLUDE THIS RESTRICTION.

PRINCIPAL: THE BALANCE OF WHAT YOU OWE ON YOUR MORTGAGE.

PRIVATE MORTGAGE INSURANCE (PMI): IF A DOWN PAYMENT IS LESS THAN 20 PERCENT, A LENDER WILL OFTEN REQUIRE PMI UNTIL YOUR EQUITY MEETS THE 20 PERCENT THRESHOLD.

SECOND MORTGAGE: A MORTGAGE TAKEN OUT IN ADDITION TO A FIRST MORTGAGE, EITHER CONCURRENTLY OR AFTER THE FACT.

SHORT SALE: A SALE ON A PROPERTY IN PRE-FORECLOSURE WHERE A PROPERTY IS SOLD FOR LESS THAN THE BALANCE OF THE EXISTING MORTGAGE.

TEASER RATE: A LOW INITIAL RATE USED TO ENTICE BORROWERS INTO SELECTING A CERTAIN LOAN PROGRAM THAT TYPICALLY INCREASES AFTER A SHORT TIME.

TITLE INSURANCE: PROTECTS THE LENDER AND BUYER AGAINST CLAIMS TIED TO A TITLE ON A PROPERTY.

UNDERWRITER: THE PROFESSIONAL ASSIGNED THE TASK OF DECIDING THE RISK OF EXTENDING CREDIT ON A SPECIFIC PROPERTY TO A BORROWER BASED ON A NUMBER OF CRITERIA INCLUDING EMPLOYMENT, CREDIT, LOAN AMOUNT, ETC.

USDA RURAL HOME LOAN: A ZERO-DOWN MORTGAGE FOR ELIGIBLE RURAL AND SUBURBAN HOME BUYERS ISSUED THROUGH THE USDA LOAN PROGRAM AND THE US DEPARTMENT OF AGRICULTURE.

VA LOAN: MORTGAGES OFFERED TO VETERANS AND THEIR FAMILIES GUARANTEED BY THE VETERANS ADMINISTRATION.

CONTACT US

Your perfect home is out there, don't wait any longer to find it! Reach out to Bellwether today and we will get to work on making your dream home a reality.

BRANCH LOCATIONS



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MANCHESTER, NH 03104



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NASHUA, NH 03063



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