



# A Guide to Home Ownership

**NW**  
NORTHWEST  
FEDERAL CREDIT UNION

YOUR LIFETIME FINANCIAL PARTNER



# A Guide to Home Ownership

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If you're like most Americans, owning your own home is an essential part of the American dream. At Northwest Federal Credit Union, we want to help you achieve that dream.

To get started, we have created this guide to assist you with the home buying process and to help you learn more about the resources we have available every step of the way.

## **We're a Trusted Mortgage Lender**

Northwest Federal is a full service financial institution offering a variety of financial products and services. Since 1947, we've been working to meet the needs of our members, including programs specifically designed for home buyers and first time home buyers. Through these mortgage programs and our no-hassle application process, we have the tools you need to open the door to your new home.

## **We're a Direct Lender**

Not all lenders are created equally. Northwest Federal is a direct lender with a proven record of service and integrity. We handle every aspect of the mortgage process—from application through closing—giving us more flexibility and helping us to provide you with personalized service and peace of mind throughout the process.

## **We're Here for You**

Buying a home can be a rewarding experience—especially when you're armed with all of the information you need. We look forward to helping you open the door to your new home!

# Frequently Asked Questions

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## **Q: How is Northwest Federal Credit Union different from other lenders?**

**A:** Our lending representatives work to find the mortgage loan that best fits your individual needs. Sound underwriting standards and traditional mortgage products reflect our focus on your financial stability and security. And, since we retain the servicing of all of our mortgage loans we're able to help you throughout the duration of your mortgage and provide a continuity of service.

Our commitment to borrowers also differentiates us from other lenders. From free webinars to inform and empower along with mortgage products and services which provide real value, Northwest Federal is committed to making the home buying process seamless and satisfying.

Finally, Northwest Federal is committed to providing you with exceptional service. Visit a branch or give us a call and you'll see why our members rave about us. We're a national lender but we pride ourselves in our hometown feel. Since 1947, Northwest Federal has been committed to being a safe and sound place for members of the community to borrow and save. We're dedicated to delivering consistent service to every member, every day, every time.

## **Q: I'm thinking of buying a home. What should I do first?**

**A:** The first step is to obtain a mortgage pre-approval. Becoming pre-approved means that you have submitted a loan application and the lender has reviewed your credit. Pre-approval shows the seller you're a serious, qualified buyer and ready to make a purchase. It may also give you additional negotiating leverage, especially if the seller has offers from other buyers who aren't pre-approved.

## **Q: How do I choose an agent?**

**A:** We offer valuable services, including HomeAdvantage® Cash Rewards. This free program helps you select a real estate agent who'll guide you through the process, provides the tools you need to make an informed decision, and provides you Cash Rewards when you buy and/or sell a home.

## **Q: When is the best time to buy?**

**A:** It's a simple question with a not-so-simple answer. In terms of the market, the spring real estate market is a very busy time for home buyers and sellers as more homes are up for sale or are sold during the spring time than any other period of the year. But while there's more to choose from in terms of inventory, there's also more competition from other potential buyers.

Although fall and winter are typically slower in terms of home sales, the slow season means because there is less competition amongst buyers, it may give your offer a better chance of getting accepted or with more amenable terms. Buying earlier in the year like January or February may also create a greater tax benefit for you as you have more mortgage interest to deduct. Consult your tax advisor for details.

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Ultimately, this is really a personal question as it depends on your unique reasons for buying a home. Whether it is more space, a place of your own, or tax benefits, it really depends on when you're ready to do so.

**Q: How long does the buying process take?**

**A:** Home searches typically take 45–60 days. Once you find the home you wish to purchase, the process takes approximately 30 days. Most people should allow up to four months to find a home. The length of the process can vary depending upon the borrower's specific needs, such as price, size/location of the home or time constraints.

**Q: How much money should I have to purchase a home?**

**A:** Depending upon the size of your loan, the minimum down payment amount can vary from 0% to 20% of the purchase price. Keep in mind, your credit profile and other factors will also play a role in the down payment required.

In addition to the down payment, you'll also need to have money saved to cover the settlement or closing costs. These costs will vary but are generally 3% of the sales price of the home. In some cases, you can receive a gift to help with the down payment from a family member. Alternatively, your agent may be able to negotiate with the home seller to have a portion of the settlement costs paid by the seller as part of your overall offer. HomeAdvantage Cash Rewards can also be used toward these finance charges at settlement.

**Q: What is the best way to search for homes?**

**A:** A convenient, efficient way to do this is through HomeAdvantage. You can enroll at no cost and enjoy unrestricted access to the home listing database real estate agents use, learn more about the neighborhood you're considering, find a professional agent, and receive 20% of your agent's commission in Cash Rewards when you buy and/or sell a home. To enroll, visit [www.nwfcu.org](http://www.nwfcu.org).

**Q: Should I get a home inspection?**

**A:** Although the home inspection is optional, it is highly recommended. The general price range for an inspection is \$350–\$550—well worth the peace of mind you'll get from knowing your home doesn't have any major structural flaws.

**Q: How do I make sure my new home will maintain its value in the future?**

**A:** There's no way to predict future value. However, once you are in the home, upgrades you make will help to maintain and increase the value. Keep in mind that housing market trends ultimately dictate the value of the house.



# 8 Steps to Homeownership

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## 1 Save for down payment and closing costs.

Make savings a regular habit since the earlier you start, the more cash you will have for a home. You'll need to come up with enough money to cover these expenses: earnest money deposit, down payment, settlement/closing costs, and funds in reserve (typically two months' worth of principal, interest, tax and insurance).

## 2 Build your credit.

Lenders have credit requirements for mortgage loans. If you've had credit problems in the past, making payments on time in the future, lowering your credit card balances and paying off collection accounts can boost your score and make it easier to get a mortgage. Order your credit report from [www.annualcreditreport.com](http://www.annualcreditreport.com) and review it for any inaccuracies. Keep in mind, the credit score you purchase may not be the exact same score a lender will see.

## 3 Get pre-approved.

Being pre-approved helps you determine what you can afford and strengthens your offer. Visit [www.nwfcu.org](http://www.nwfcu.org) to open your account and apply for a free pre-approval.\*

## 4 Choose your real estate agent.

Find a reputable agent who'll help you from start to finish. Northwest Federal can refer you to a HomeAdvantage® agent who is held accountable to our high service standards, and you'll receive a percentage of their commission in Cash Rewards!

## 5 Search for and choose a property.

Think about what features you want in a home, and keep your budget in mind as you do so. Once you find the home you want, your real estate agent will write up the offer.



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## 6 Ratify the sales contract.

Once the offer is accepted, a copy of the sales contract is provided to Northwest Federal to begin the processing of your loan. In this pre-closing period, you will complete all necessary inspections and Northwest Federal will make arrangements to have an appraisal performed. Also, loan representatives will work closely with you to document your application, obtain all required documentation and ensure that your loan is ready to close on the established date.

## 7 Get homeowners insurance.

Since your home will be one of your biggest assets, it's important to protect it with a homeowners insurance policy, which is required to be in place prior to closing. Homeowners insurance prevents the homeowner and lender from financial loss in the case of unexpected damage to the house. The terms of your mortgage loan will require that you purchase and maintain a homeowners insurance policy on your property as a safeguard should any damage occur. As the lender, Northwest Federal must be named as the payee on the policy in the event of loss. Additional hazard coverage may be required if the house is in an area known or designated as a flood zone. Earthquake and hurricane insurance are types of extra coverage that may also be required for homes in areas prone to those types of events.

Our NW Insurance Agency\*\* can help you find and purchase homeowners insurance that will work for you. Visit [www.nwinsagency.com](http://www.nwinsagency.com) for details.

## 8 Attend closing.

Closing is the day that the mortgage is finalized and the title of the home is transferred to you. There is a lot of paperwork, but after you sign all of the documents you will receive the keys to your new home!

\*Obtaining any loan with Northwest Federal requires membership eligibility and becoming a member by opening a primary savings account.

\*\*Insurance products and services are offered through NW Insurance Agency (NWIA), a subsidiary of NW Capital Management (a wholly owned subsidiary of Northwest Federal Credit Union). At this time NWIA, together with its network of licensed insurance associates, provides auto and home insurance to residents of: AZ, AR, CA, CO, CT, DE, DC, FL, GA, HI, ID, IL, IN, KS, KY, LA, ME, MD, MA, MI, MN, MO, MT, NJ, NM, NY, NC, OH, OK, OR, PA, RI, SC, TN, TX, UT, VT, VA, WA, WV and WI. Coverage and discounts are subject to individual qualifications, state availability and the insuring company's underwriting guidelines. Insurance is not underwritten, issued or guaranteed by the National Credit Union Administration (NCUA) or any other federal government agency.





# Mortgage Options

We offer a wide variety of mortgage loan options, including:

- Fixed Rate Mortgages
- Adjustable Rate Mortgages (ARMs)
- Programs for First-Time Buyers
- Financing for Second Homes and Investment Properties
- Jumbo Loans
- High Balance Loans (as designated in certain areas)

## Benefits of having Northwest Federal as your lender

We're a direct lender offering you:

- Free mortgage pre-approvals
- 24/7 online application and helpful calculators at [www.nwfcu.org](http://www.nwfcu.org)
- Low lender fees
- No pre-payment penalties
- Professional and courteous service
- HomeAdvantage® Cash Rewards program
- Free real estate-related webinars

## 100% Financing\*

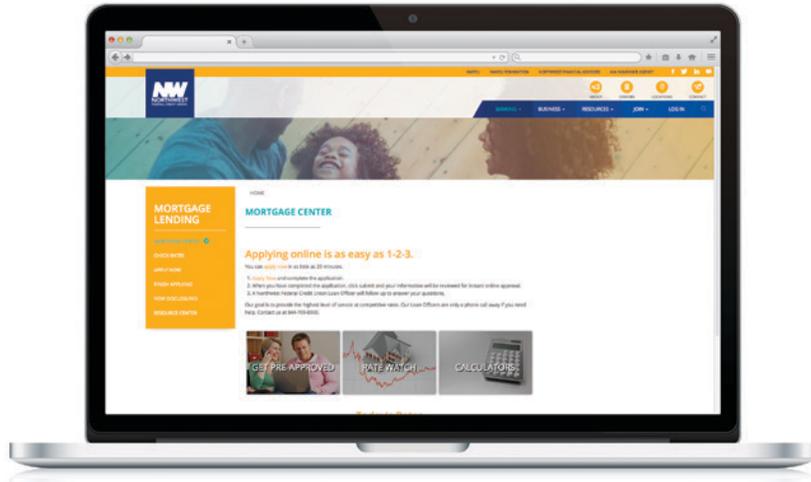
Northwest Federal's no down payment mortgage program is just one of the many ways we're removing the barriers and helping first-time as well as repeat buyers open the door to their new home. Visit [www.nwfcu.org](http://www.nwfcu.org) to learn more about our no and low down payment options.

\*Not all borrowers will qualify for 0% down payment; credit qualifications apply.

# Use Our Website Tools & Calculators

There are many financial decisions involved in purchasing a home. The calculators we provide on our website can help you decide what type of mortgage is best for you and provide you with an estimate of your monthly payment. Of course, the calculators don't take into account all the factors that should be considered when choosing a new mortgage, they are designed just to offer assistance. It's important to do your homework and remember that the final decision should always be based on what's best for you and your individual situation.

To use our real estate calculators and tools, visit [www.nwfcu.org](http://www.nwfcu.org).



## Attend Our Free Home Buying Seminars & Webinars

Learn more about the home buying process by attending our free, interactive real estate seminars and webinars. For a complete schedule of upcoming topics, dates and locations, visit [www.nwfcu.org](http://www.nwfcu.org).



# Tax Benefits of Home Ownership

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You probably know that owning a home is one of the smartest decisions you can make. In addition to typically increasing in value over the long term and acting as an investment, there are a range of tax benefits available exclusively to homeowners. For example, as a homeowner, you can:

- **Deduct the interest on a mortgage of up to \$1,000,000.** This deduction applies to the interest on primary and secondary homes combined.
- **Deduct interest on a home equity loan of up to \$100,000.** A home equity loan may enable you to finance major purchases or home improvement items and maintain deductibility of interest. This can be an attractive option for homeowners since interest on consumer loans is not deductible.
- **Deduct points paid on your mortgage in the tax year you pay them for the initial acquisition of the home.** You can also deduct real estate taxes paid on your home.

For more information on the tax benefits of owning a home, see your tax advisor.





# For Your Protection

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## GET A HOME INSPECTION

### Why a buyer needs a home inspection

A home inspection gives the buyer more detailed information about the overall condition of the home prior to purchase. In a home inspection, a qualified inspector takes an in-depth, unbiased look at your potential new home to:

- Evaluate the physical condition: structure, construction and mechanical systems
- Identify items that need to be repaired or replaced
- Estimate the remaining useful life of the major systems, equipment, structure and finishes

### Appraisals are different from home inspections

An appraisal is different from a home inspection. Appraisals are for lenders; home inspections are for buyers. An appraisal is required to:

- Estimate the market value of a house
- Make sure that the house meets minimum property standards/requirements
- Make sure that the property is marketable

### Be an informed buyer

It's your responsibility to be an informed buyer. Be sure that what you buy is satisfactory in every respect. You have the right to carefully examine your potential new home with a qualified home inspector. You may arrange to do so before signing your contract, or may do so after signing the contract as long as your contract states that the sale of the home depends on the inspection.

**Source:** Information published by the US Department of Housing and Urban Development and the Federal Housing Administration (FHA).



# HomeAdvantage<sup>®</sup> Cash Rewards

HomeAdvantage gives buyers (and sellers) Cash Rewards when they use an Approved Agent to conduct the transaction. This free service also includes:

- Access to an online database of homes for sale
- A network of Approved Real Estate Agents—professional agents who are held accountable to Northwest Federal’s high service standards—to represent you when you buy or sell your home
- Cash Rewards any time you buy or sell—20% of your agent’s commission based on the sale price of the home

Take a look at these average savings:

Home Sale Price	Cash Rewards Earned*
\$200,000	\$1,200
\$400,000	\$2,400
\$600,000	\$3,600
\$800,000	\$4,800

## Enroll today!

- Call for a referral at **703-709-8900 x 4905** or **844-709-8900** (toll-free).
- Visit [www.nwfcu.org](http://www.nwfcu.org).

The HomeAdvantage program is made available to you through a relationship between Northwest Federal Credit Union and CU Realty Services. Program Cash Rewards are awarded by CU Realty Services to buyers and sellers who select and use a real estate agent in the HomeAdvantage network. Home buyers or sellers are not eligible for Cash Rewards if they use an agent outside this network. Using Northwest Federal for a mortgage is not a requirement to earn Cash Rewards. Cash Rewards amounts are dependent on the commissions paid to the agent. Northwest Federal may have specific rules on how your Cash Rewards will be paid out. Cash Rewards incentives are available in most states; however, are void where prohibited by law or by the lender. Please consult with your credit union to get details that may affect you. HomeAdvantage is not available in all states/areas.

\*Cash Rewards example shown is based on 3% commission rate; your agent’s commission rate may differ.

# Testimonials

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*The Northwest Federal mortgage staff who worked with us was exceptionally helpful and efficient. In the end, you saved us hundreds of dollars by taking the time to counsel us on our mortgage options. Even our real estate agent was impressed by the great lengths to which the Northwest Federal team went on our behalf.*

**Amy N.**

*My husband and I had a really great experience buying our first home and we're grateful to Northwest Federal for helping us every step of the way. Like everyone who's ever bought a home, we'd heard horror stories of what can occur if you're not careful. So, we asked many questions and anticipated some surprises, but the process was flawless. We even received compliments from our closing agent on our loan terms and preparation for settlement.*

**Ricki and Mark M.**

*Over the years, Northwest Federal has been a lifesaver to me. At times when I really needed assistance, you have always been there to give me realistic guidance along with just plain old kindness and consideration.*

**Linda C.**





## Testimonials

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*I just want to say a BIG thank you for all of your help. With your assistance, I will be able to reach my goals to financial security quicker than I thought possible.*

**Jeannine S.**

*I have been a member since I was a kid, and Northwest Federal has always helped me. You take time to make sure I understand everything and always with a smile. As a prior service member, Northwest Federal has always helped me no matter which state or country I was in. I am proud to say that you are my number one bank of choice.*

**Michael H.**

*I've been an extremely satisfied Northwest Federal customer for over 34 years. This was the first time I've taken advantage of the online loan process, and it was an efficient, positive experience. Another 'win' with Northwest Federal. Thanks!*

**Joseph A.**



## Lending Center

### Hours

M–Th: 9 am–6 pm

Fri: 9 am–7 pm

Sat: 9 am–1 pm

### Phone

703-709-8900 x 4905

866-709-8900 (toll-free)

### Fax

703-925-5014

### TTY

703-709-8919

## Web Services

### Website

[www.nwfcu.org](http://www.nwfcu.org)

### Email

[mortgages@nwfcu.org](mailto:mortgages@nwfcu.org)

## Appointments

### Northwest Federal Credit Union

220 Spring Street

Herndon, VA 20170



Chantilly | Gainesville | Herndon | Leesburg  
Manassas | Vienna | Village Center (Herndon)



Federally insured by NCUA

All information is current as of 3/2017 and is subject to change.

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