



11 STEPS TO HOME-BUYING



1

ASSESS YOUR SITUATION

The most important part of the home-buying process is figuring out what is best for you and your family. Take a good look at where you are financially. Make sure that you and anyone you would be purchasing a home with has filed your taxes for the previous year. Take a look at your credit score.

Typically, a good credit score is around 640, but there are options even if you have a lower score. Make a budget and see how much you can comfortably afford as a monthly payment.

Also, take into account things like utilities, taxes, insurance, and home-owner association dues.

STEP 1

This step can be as long or as short as it needs to be. Typically, you can do this in about a week or two.



QUICK TIP

MAKING A PLAN

If your credit isn't where you'd like it to be, this can be a great opportunity to talk to a financial institution about products that can help you build or rebuild your credit. As you go through this process, be sure to avoid anything that would have an adverse impact on your credit score like closing out credit cards or lines of credit or opening too many new credit accounts. Financial experts, like the ones at Seattle Credit Union, will be there to help you take inventory of where you are, and make a plan to get you ready to buy a home in your budget.



2

CHOOSE YOUR LENDER

It's important to find a lender that is going to be on your side and listen to the decisions you've made about the budget you're comfortable with. There are many factors at play when choosing a lender, so it's smart to look around and ask questions. Factors to consider are a lender's rates, their range of products, their commitment to your success, and their experience and reputation in your community. Seattle Credit Union has been serving Washington and putting members first for over 85 years.

STEP 2

Plan to spend a few days to a few weeks shopping around to find the best lender for your situation.



3

WORK WITH YOUR MLO

Your mortgage lending officer, or MLO, will be your trusted advocate through the rest of the home-buying process. They will present the mortgage products available depending on your unique situation and advise you on the steps you need to take to be ready to apply. They can also help you account for the various costs associated with owning a home, like taxes, utilities, and home-owner association dues. Once you're ready, they'll let you know what documents you need to apply for your loan.

STEP 3

Depending on your situation and the savings efforts or building of credit you need to do, this step can be as short as a day or it can become a multi-year process. The key is to meet early to make a plan.



— QUICK TIP —

INTEREST RATE VS APR?

The interest rate is the cost of borrowing money. It can be variable or fixed, and is expressed as a percentage. The annual percentage rate, or APR, is a broader measure of the cost of a mortgage because it includes the interest rate plus other costs such as fees, discount points, and closing costs, also expressed as a percentage. An APR can be used to compare the overall cost of a loan from lender to lender if you were to pay the loan in its entirety as scheduled. If you plan to stay in your home for 30 years or more on a 30-year term loan, it makes sense to take out a loan that has the lowest APR because you'll end up paying the lowest amount possible for your home. But if you don't plan to stay in the home that long, it may make sense to pay fewer upfront fees and get a higher rate (and therefore a higher APR), because the total cost will be less over the first few years.



4

GET PRE-APPROVED

Once you are ready to buy a home, it's usually recommended to get a pre-approval. A pre-approval is valuable because it means your lender has checked your credit and has verified the initial documentation to pre-approve you for a specific loan amount and term. It's essentially your ticket to start looking at homes with "proof" that you are likely to get funding up to a specified amount. These are typically good for 30-90 days.

STEP 4

You typically want to receive a pre-approval before shopping for a specific home. Advice on timing can be determined by your MLO.



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MAKE A LIST

Now that you have your pre-approval and know how much home you can afford, it's time to make a list of what you want and need in a home. Considerations include number of bedrooms; neighborhood; commute time to work, school, gym, and/or daycare; walkability; and more. It's important to determine what items you have to have, and what items would be great perks. Do you need a big yard? Do you need an extra room for an office? This list can help you set realistic goals and refine your home search.

STEP 5

For many people this list fluctuates as they see homes. That's okay, but stay true to what you need in a home. Don't sacrifice a "need" for a "want".



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FIND A REAL ESTATE AGENT

There are many great and reputable agents out there. What's most important here is finding an agent that is going to represent you and your best interest. You want someone who will listen to what you are comfortable spending, will be responsive to your needs, and who knows the local market. Through Seattle Credit Union Real Estate Services, we can pair you with a trusted real estate agent with an impeccable track record of helping our members get into their dream home.

STEP 6

Contacting a real estate agent is a great step once you are ready to look at homes or even to just start planning.



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START LOOKING AT HOMES

There's a never-ending list of ways to look at potential homes.

Your real estate agent can help you scope out homes in specific neighborhoods, you can research online using sites like Zillow, you can talk to friends and co-workers, or you can even walk around the areas you'd like to live and attend open houses. What's important here is to remember although it feels like a race to beat everyone else and get your offer in, it's a big commitment. Look around and take your time to find a home that is right for you.

STEP 7

Looking at homes can be the most fun step!
Just remember to consider the important
factors you established in your list.



— QUICK TIP —

WHAT IS “EARNEST MONEY”?

Often used in home-buying transactions, earnest money allows the buyer time to complete the financing process for a large purchase as it is held jointly by the seller and buyer in an escrow account while details are finalized. When a buyer decides to purchase a home from a seller, both parties enter into a contract stipulating the sales price and terms. The contract does not necessarily obligate the buyer to purchase the home, because reports from the home inspection and appraisal may later reveal problems with the home. The contract does, however, ensure that the seller takes the home off of the market while it's inspected and appraised and financing is finalized. To prove to the seller that the buyer's offer to purchase a property is earnest, the buyer will be required to make a payment as a deposit. Earnest money is also known as “good faith money”.



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MAKE AN OFFER

Once you've found a potential dream home, it's time to make an offer. Your agent will help you put together a competitive offer at a price they believe can get accepted without overpaying.

When reviewing offers, the sellers and their agent weigh not only the offer price but also things like whether the offer is cash or involves a lender, the type of loan, the existence of a pre-approval, the down-payment, the reputation of the lender, the earnest money, and other factors that indicate the likelihood that funding will go through.

STEP 8

This step can be nerve-racking but stick to your numbers and make an offer you're comfortable with and you'll find the right place for your family.



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OFFER ACCEPTED, MOVE QUICK

Congratulations, your offer was accepted! However, it's not time to kick your feet up and celebrate just yet. Every day matters to make sure your loan goes through on time. At this stage you will transfer over any earnest money mentioned in the offer and submit any recent documentation needed from the lender. The home will be inspected and appraised by a third-party. Your lender and agent should handle most of this, but when they request information, make sure to get it to them as quickly as possible so there are no delays in closing.

STEP 9

The best thing you can do in this step is to stay responsive to help things move along towards funding.



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SIGN CLOSING DOCUMENTS

If everything goes through as it should you'll be asked to sign the loan documents. This will outline the rate that you'll pay, the down payment you'll make, the terms of your loan, any associated closing costs, and all of the specifics of getting your home owner information recognized by your county and the various utility companies. This is also when you will make your down payment for the home and funding will go through to the sellers. You're in the home stretch!

STEP 10

Be sure to review the documents carefully. Your MLO and agent should be available to answer any questions you have about the contracts.



11

ENJOY YOUR DREAM HOME

Once funding happens, you'll receive the keys to your new home. Congratulations, home-owner!

If you chose to get your lending from Seattle Credit Union, we'll be here for you every step along the way in your new home. Whether that includes getting a fuel-efficient vehicle for the commute or financing some upgrades down the line, we'll be offering low rates and friendly, expert advice.

STEP 11

You did it, you're now a home-owner!





The home-buying process can seem intimidating at first, but we've been helping members finance the right home for their families for over 85 years. If you have specific mortgage related questions, or just want to talk to someone about how to get started, visit us online or give us a call at 206.398.5500.

[SEATTLECU.COM/HOME-BUYING](https://seattlecu.com/home-buying)

