

Power Guide to Homebuying

Provided by:

L&N
FEDERAL CREDIT UNION

*Open to Everyone
in the Community!*

The **L&N** Advantage

- Retained servicing for the life of your loan
- Quarterly statements of principal and interest payments
- Annual escrow analysis
- Competitive rates and closing costs
- Apply online (Fast and Easy)
- Interest paid on mortgage escrow accounts
- Fixed and Adjustable Rates available
- First Time Home Buyers program with 95% financing and no PMI (Private Mortgage Insurance)

Document Checklist

- ___ Copy of current recorded deed
- ___ Original last 30 days of pay stubs
- ___ Original W-2 forms for the last two years
- ___ Statements from the last 3 months on all checking and savings accounts
- ___ Statements from any 401k or retirement plans
- ___ Application deposit
- ___ Original tax returns for the last two years if self-employed
- ___ Copies of award letters for social security, disability benefits, pension, or any other form of income
- ___ Letter of explanation for past delinquency, collections, or bankruptcy
- ___ If claiming alimony or child support, please provide the following:
 - Divorce Decree and Property Settlement
 - Copies of cancelled checks for the last three months or
 - Payment history from the court
- ___ If property is a condo or patio home, provide a copy of the master deed, by-laws, master homeowners insurance policy, and personal dwelling policy
- ___ A signed and completed sales contract
- ___ Copy of earnest money receipt
- ___ Name and phone number of contact person of the home (for appraisal)

Mortgage Terms and Definitions

Adjustable Rate Mortgage (ARM) – A mortgage loan where the rate and principal and interest payment adjusts periodically based on the initial set up of the note and mortgage. Example: A 1-year adjustable rate mortgage adjusts yearly.

Amortization – Gradual debt reduction. Normally, the reduction is made according to a pre-determined schedule for installment payments.

Annual percentage rate (APR) – The cost of credit as a yearly rate.

Appraisal – A written report by a qualified person setting forth an opinion of estimate of value. The process by which the estimate is obtained.

Caps – An adjustable rate mortgage has a maximum and minimum change at the anniversary of each change. Over the term of the loan, it has a lifetime cap. Initial note + lifetime cap = maximum rate loan can ever go to. Initial note rate + periodic rate cap = maximum rate for this adjustment.

Closing – The completion of a real estate transaction in which the borrower becomes legally obligated to pay both the loan amount and gives a security interest in their dwelling. Also called “settlement.”

Closing costs/settlement costs – All of the costs to the buyer and seller individually that are associated with the purchase, sale or financing of real property. They include, but are not limited to, prorating of agreed items such as taxes and rents, the cost of title insurance policies, and the cost of credit reports, recording fees and escrow fees.

Conventional Loan – A mortgage loan not insured by FHA or guaranteed by VA. All credit union loans are conventional loans.

Debt-to-income ratios – Calculations that are used in determining whether a borrower can qualify for a loan. Total monthly payments/Gross monthly income.

Escrow – Monthly amounts to be set aside for the payment of taxes and/or homeowner’s insurance. The annual amounts are divided by 12 to get the monthly amount. However, at the time of loan closing, additional funds may be required to be paid upfront in order to make sure there are sufficient funds to pay the taxes and /or insurance when they come due. This is an option for our members (except for First Time Home Buyers) and L&N does pay interest on the escrow accounts.

Escrow analysis – An escrow analysis will show the escrow account’s history and projected history for 12 months. The history is reviewed to determine if a change in the escrow is necessary for the upcoming year.

First Time Home Buyer Program (FTHB) – A credit union funded program for the first time homebuyers to purchase a home with no down payment. No PMI (Private Mortgage Insurance) required.

Loan-to-value ratio (LTV) – The loan amount compared to the value of the home.

Margin – The amount that is added to the index value to create the interest rate for a variable rate. Index + Margin = Rate.

Private Mortgage Insurance (PMI) – A policy that allows mortgage lenders to recover part of their financial losses if a borrower fails to fully re-pay a loan. Mortgage insurance makes it possible to buy a home with as little as 3% down. Mortgage insurance is required on 1st mortgage loans that have a LTV greater than 80%.

PITI – Stands for Principal, Interest, Taxes and Insurance. These are the components of a mortgage payment.

Home Comparison

Home #1

Location: _____

City/County Taxes: _____

Estimated Utilities: _____

Association Dues (if applicable) _____

Likes: _____

Dislikes: _____

Improvements I Would Make:

1. _____

Estimated Cost: _____

2. _____

Estimated Cost: _____

Rating 1-10 (10 being the best) _____

Notes: _____

Home #2

Location: _____

City/County Taxes: _____

Estimated Utilities: _____

Association Dues (if applicable) _____

Likes: _____

Dislikes: _____

Improvements I Would Make:

1. _____

Estimated Cost: _____

2. _____

Estimated Cost: _____

Rating 1-10 (10 being the best) _____

Notes: _____

Home Comparison

Home #3

Location: _____

City/County Taxes: _____

Estimated Utilities: _____

Association Dues (if applicable) _____

Likes: _____

Dislikes: _____

Improvements I Would Make:

1. _____

Estimated Cost: _____

2. _____

Estimated Cost: _____

Rating 1-10 (10 being the best) _____

Notes: _____

Home #4

Location: _____

City/County Taxes: _____

Estimated Utilities: _____

Association Dues (if applicable) _____

Likes: _____

Dislikes: _____

Improvements I Would Make:

1. _____

Estimated Cost: _____

2. _____

Estimated Cost: _____

Rating 1-10 (10 being the best) _____

Notes: _____

How much home can you afford?

Monthly Income

Borrower Net Monthly Income _____
Co-Borrower Net Monthly Income + _____
Total Net Monthly Income = _____ (A)

New Home Loan Payment (Estimate) _____ (B)

Monthly Tax & Insurance on New Home (Estimate) _____ (C)

Monthly Installment Debts

 (Credit Cards, Car Loans, Personal Loans, etc.)

Creditor	Payment
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Total Monthly Installment Payments _____ (D)

Estimated Monthly Housing Expenses

 (Utilities, Phone, Cable, etc.)

Category	Payment
_____	_____
_____	_____
_____	_____
_____	_____

Total Monthly Installment Payments _____ (E)

Estimated Monthly Personal Expenses

 (Groceries, Gasoline, Clothes, Entertainment, etc.)

Category	Payment
_____	_____
_____	_____
_____	_____
_____	_____

Total Monthly Installment Payments _____ (F)

Net Monthly Cash Flow

_____ - _____ = _____
Total Income (Line A) Total Expenses (Lines B+C+D+E+F) **Net Monthly Cash Flow**

Closing Costs (costs may vary)

Appraisal _____

Title Opinion _____

Title Insurance _____

Other Attorney Fees _____

Flood Determination _____

1st Year Insurance Premium _____

Property or Mortgage Survey _____

Home Inspection _____

Pest Inspection _____

Escrow (when applicable) _____

Important Information

Utility Company _____

Phone Company _____

Cable Company _____

School _____

Other _____

Other _____

Other _____

L&N Office Locations

Louisville Metro Locations

Dixie Office

7412 Dixie Highway
Louisville, KY 40258

Downtown Office

200 W. Chestnut Street
Louisville, KY 40202

McMahan Office

3099 Breckinridge Lane, Ste.109
Louisville, KY 40220

Middletown Wal-Mart Office

12981 Shelbyville Road
Louisville, KY 40243

Old Brownsboro Crossing Office

9731 Von Allmen Court
Louisville, KY 40241

Smyrna Office

9201 Smyrna Parkway
Louisville, KY 40229

Southern Parkway Office

4700 Southern Parkway
Louisville, KY 40214

Southern Indiana Office

1450 Veterans Parkway, Ste.100
Jeffersonville, IN 47130

Southeastern KY Locations

Corbin Office

1498 W. Cumberland Gap Pkwy
Corbin, KY 40701

London Office

101 Spring Street
London, KY 40741

Somerset Office

2835 Grand Central Place
US Hwy. 27 S, Ste.116
Somerset, KY 42501

Williamsburg Wal-Mart Office

589 Hwy. 92 West
Williamsburg, KY 40769

Northern KY Location

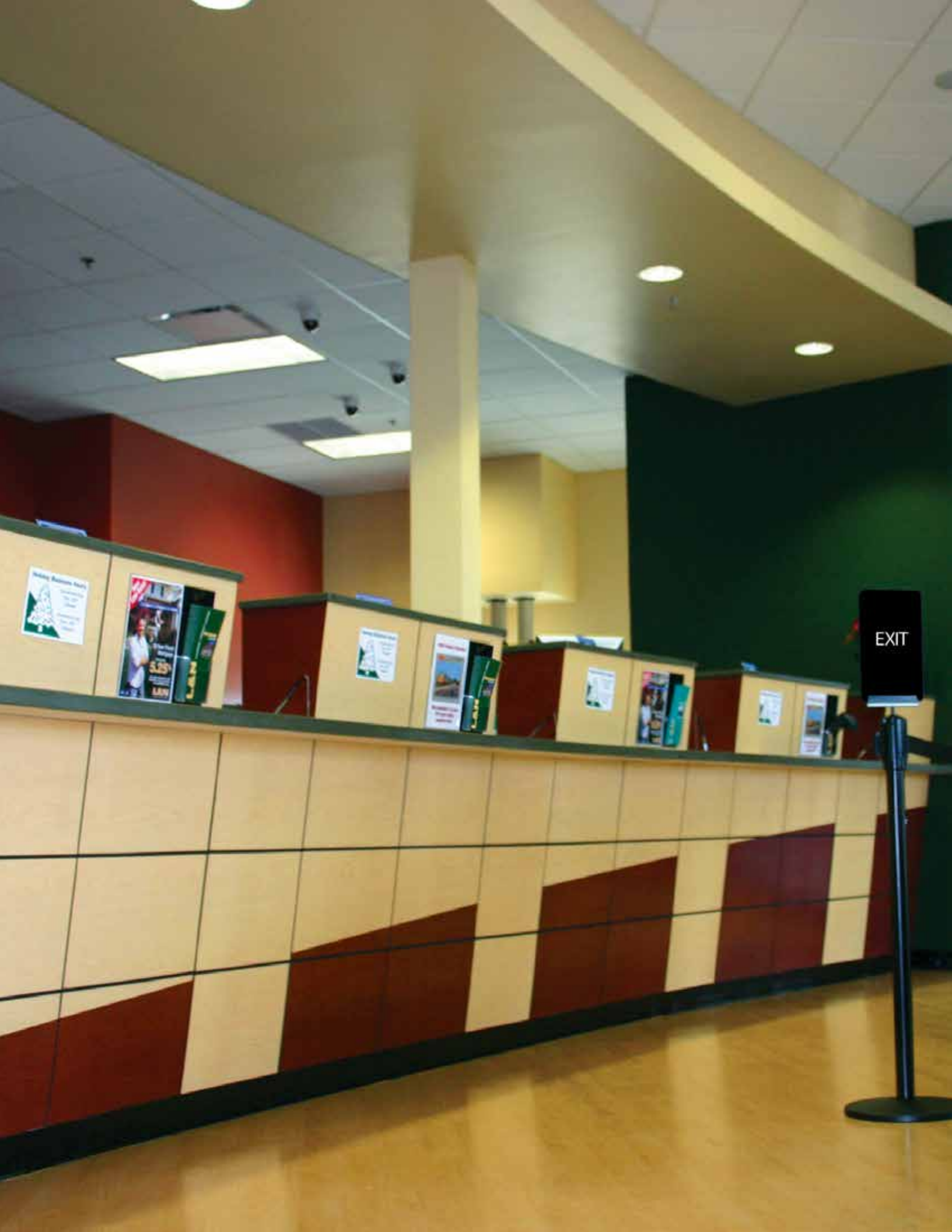
Erlanger Office

822 Donaldson Highway
Erlanger, KY 41018

Your L&N Contact is:

800.292.2905

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