

## THE JOY OF HOME OWNERSHIP FAQ

### **Congratulations.**

**By visiting the [JoyofHomeownership.com](http://JoyofHomeownership.com), you are one step closer to owning your own home.**

Below are answers to a few Frequently Asked Questions concerning the mortgage process.

As the largest community owned savings bank in New York, we've helped thousand of people realize their dreams of owning a home - and we look forward to helping you.

**Please call us anytime at (866) RSB-4111.**

### **Should I buy or continue to rent?**

There are a lot of great reasons to own a home—independence, the pride of home ownership, a growing family — but when deciding whether now is the right time to buy, two key things to consider are stability and cost.

If you have stable, verifiable income, you're comfortable it will remain steady for the duration of your mortgage, and you're ready to more permanently establish yourself as part of the community, this could be a great time to buy a home.

#### **STABLE, VERIFIABLE INCOME**

#### **COMFORTABLE WITH FUTURE INCOME**

#### **READY TO SETTLE DOWN**

Plus, it could allow you to build equity and possibly provide a tax deduction. Consult your tax advisor to find out more.

#### **BUILD EQUITY**

#### **PROVIDE TAX DEDUCTION (CONSULT YOUR TAX ADVISOR)**

As a renter, you may not be aware that the monthly payment to your landlord usually covers taxes, insurance, utilities, maintenance and upkeep of the property. As a homeowner, you are responsible for these costs - in addition to your mortgage payment - so it's important to include them in your thinking.

## What can I afford?

Figuring out how much home you can afford can be a tricky calculation.

**TOTAL  
MONTHLY  
EXPENSES** < **43% OF  
MONTHLY  
GROSS INCOME**

Generally speaking, your monthly housing expenses and other debt should be no more than 43% of your monthly gross income, but monthly income and debt can often be misinterpreted. The best way to find out how much you can afford is to sit down with a mortgage consultant and discuss your finances together.

The amount of your down payment may also influence how much you can afford. While 20% is customary, Ridgewood has affordable loan options for eligible borrowers that can reduce the down payment to as low as 3%. Speak with one of our mortgage consultants, today. At Ridgewood we take pride in our ability to provide affordable mortgage solutions.

## What should I be doing to get ready?

Before applying for a mortgage, three things you can do to prepare are: review your credit, organize, and save.

### REVIEW YOUR CREDIT

#### ORGANIZE

#### SAVE

Everyone is entitled to one free credit report per year, so review your credit history and be sure to correct any discrepancies in your report. Also, try not to apply for any new credit until after closing.

### REVIEW CREDIT HISTORY

#### CORRECT DISCREPANCIES

#### TRY TO AVOID NEW CREDIT AND DEBT

At this time you should also be organizing your financial paperwork. That means one-month of pay stubs, recent bank statements, and your W-2s, tax returns, award letters, or 1099s. Also, if you plan to use gifts or grant money you'll need those documents as well.

### ONE MONTH OF PAYCHECK STUBS

#### RECENT BANK STATEMENTS

#### TWO W-2S, TAX RETURNS, AWARD LETTERS, OR 1099S

#### GIFT OR GRANT DOCUMENTS

Finally, continue to save. From the down payment and inspections, to closing, moving, and miscellaneous costs, the money involved in owning a new home can be substantial. So you'll want to be prepared.

## Can I even get a mortgage?

Contrary to what you might think, getting a mortgage doesn't require perfect credit. If you have a steady income, manage your debt, and maintain sufficient savings, you may qualify as there are many types of loan options.

### **STEADY INCOME**

### **MANAGED DEBT**

### **SUFFICIENT SAVINGS**

By "steady income" we mean that you have regular annual income. "Managed debt" generally means making timely payments and not overextending yourself.

### **REGULAR ANNUAL INCOME**

### **PAY CREDIT ON TIME & NOT OVER EXTENDED**

And "sufficient savings" means having enough for a down payment, closing and moving costs, and reserves to cover any unexpected expenses.

### **SAVINGS FOR:**

### **DOWN PAYMENT**

### **CLOSING & MOVING COSTS**

### **UNEXPECTED EXPENSES**

To help determine whether you qualify for a mortgage, we recommend you discuss your situation in person with a Ridgewood mortgage consultant who is experienced in providing affordable loan solutions.

## Should I get a prequalification before I look for a home?

A pre-qualification is an important step in the home buying process. It can save you time, energy and frustration by helping you to better understand your buying potential, which may be less or more than you think.

**PREQUALIFICATION = BETTER UNDERSTANDING  
OF BUYING POTENTIAL**

A pre-qualification will also help you estimate your down payment, as well as closing costs and potential monthly payments. And lastly, it could also help lead to faster decisions during the buying and mortgage processes.

**A PREQUALIFICATION ALSO HELPS:  
ESTIMATE YOUR DOWN PAYMENT  
DETERMINE POTENTIAL COSTS  
LEAD TO FASTER DECISIONS**

It's a good idea to get your pre-qualifications in person – like we do at Ridgewood – so call or stop by today for an appointment. That way you know the figure that you're working with is more accurate and you can get on the path to finding a home you can afford, sooner.

**What are the types of mortgages?**

There are two primary types of mortgages: Fixed Rate, and Adjustable Rate.

A Fixed Rate Mortgage means the interest rate generally will not change throughout the life of the loan. They are typically 10 to 30 years in length.

**FIXED RATE MORTGAGE:  
RATE GENERALLY DOESN'T CHANGE FOR LIFE OF LOAN  
TYPICALLY 10-30 YEARS**

An Adjustable Rate Mortgage, also known as an ARM, often has a lower initial fixed rate period of one to ten years, after which the interest rate can change periodically for the life of the loan.

**ADJUSTABLE RATE MORTGAGE:  
LOWER INITIAL RATE  
TYPICALLY 1-10 YEARS  
RATE ADJUSTS AFTER INITIAL FIXED PERIOD**

At Ridgewood, we offer a full suite of affordable mortgage solutions that provide down payment flexibility. So talk to one of our mortgage consultants to see which one is right for you.

**AFFORDABLE LOAN OPTIONS  
RIDGEWOOD AFFORDABLE MORTGAGE  
SONYMA (State Of NY Mortgage Assoc.)**

## What should I look for in a home inspection?

Very good question, but first let's talk about the importance of a home inspection—after all, if you're like most, buying a home is the biggest financial decision of your life. Think of the home inspection as a sort of "investment reality check": an independent opinion, which will help you make a smart decision.

### HOME INSPECTION = INVESTMENT REALITY CHECK

Two main things to look for during an inspection are:  
1) is the home structurally sound? And 2) is it electrically safe?

#### STRUCTURALLY SOUND

#### ELECTRICALLY SAFE (up to local code)

However, the list of things that can adversely affect the value of a property is long and complex. So during the inspection, walk through the home with your inspector. Keep your eyes wide open, ask questions, and listen carefully.

At the end of the inspection, you'll likely receive a detailed report, but at that point you should be the expert on the home.

## Do I really need an attorney?

The legal process of acquiring a home is complicated and time consuming. Plus, it involves one of the most important purchases you'll ever make. So, yes, finding and hiring a good attorney is important. After you have an accepted offer, your attorney will generally negotiate on your behalf, prepare documents, protect your interests, serve as your personal advisor, and make sure you understand the legal implications of everything you sign.

#### ATTORNEY'S ROLE:

#### NEGOTIATE AND PREPARE DOCUMENTS

#### PROTECT YOUR INTERESTS

#### SERVE AS PERSONAL ADVISOR

#### HELP YOU SEE THINGS CLEARLY

That said, you should be interviewing attorneys before you've decided on a property. Make sure Real Estate is a primary part of their practice. Ask if you can call anytime, how they bill, and whether they'll be there for the closing and after.

**ATTORNEY INTERVIEW QUESTIONS:**  
**REAL ESTATE FOCUSED?**  
**AVAILABLE AFTER HOURS?**  
**BILLING AND ADDITIONAL CHARGES?**  
**PERSONALLY ATTEND MEETINGS AND CLOSING?**  
**COVER ISSUES BEYOND CLOSING?**

You should have an attorney when buying a home, so find one early, and choose wisely. You'll be glad you did.

## **What happens at closing?**

It's the day you finalize the transaction, and officially become a homeowner. Everyone's experience is a little different, but we'll take you through a common scenario:

The parties involved in the sale of the home will be present, most likely: you and your attorney, the sellers and their attorney, the bank attorney, real estate agents, and a title insurance representative.

**YOU + ATTORNEY**  
**SELLER + ATTORNEY**  
**BANK ATTORNEY**  
**REAL ESTATE AGENTS**  
**TITLE INSURANCE REPRESENTATIVE**

But there are a number of things that need to happen before you can pop the champagne. First, on (or the day before) closing, a final walk-through should be completed to ensure that the home is in the condition you agreed to. Then, during closing, you'll review and sign all of your loan documents and provide checks to cover all costs. Usually, once everything is signed and paid for, the sellers will hand over the keys, and a move-in date will be confirmed.

**WALK-THROUGH COMPLETED**  
**LEGAL DOCUMENTS SIGNED**  
**ALL MONIES PAID**  
**MOVE-IN DATE CONFIRMED**



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