



Capitol Federal  True Blue® for over 120 years

AN EASY STEP-BY-STEP HOMEBUYERS GUIDE



IS HOMEOWNERSHIP RIGHT FOR YOU?

Picture this... you, in your very own home!

Buying a home is the largest purchase most people make. It has tremendous benefits, but also carries lots of responsibilities. Ask yourself the following questions:

- Can I afford to buy a home and at what price point?
- Am I ready to budget for home associated expenses, like insurance, taxes and repairs?
- Is it in line with my 5- to 10-year plan?
- Do I wish to remain in the same area for the next few years?
- Have I had a steady income for the past two years?

If you answered yes to the questions above, then homeownership may be for you! Remember, however, real estate transactions aren't cheap, so buying, and then turning around and selling, usually is not a good idea.

RESOURCES:

capfed.com/homeloans

capfed.com/applynow

capfed.com/rateupdates



ADVANTAGES & risks

ADVANTAGES:

- Freedom to live as you wish, making the changes you want
- Build wealth in the equity of your home
- Home buying sets down roots, invests in your future and allows you to make connections with your neighbors and your community
- Also, possible federal income tax reductions*

DISADVANTAGES:

- Less mobility
- All repairs are your responsibility (you bought it, you broke it, now you fix it!)
- A home can be a slow appreciating asset
- Initial and up-front costs of owning a home could be a financial burden

*Check with your tax advisor

**STEP 1. Decide how much you can Afford**

Typically, you can afford about 30% of your take home pay in mortgage payments each month.

STEP 2. Apply for Pre-Approval

Most lenders offer pre-approvals, and Capitol Federal® makes it easy with online applications at capfed.com. The pre-approval letter will tell you exactly how much money you will be able to receive from the Bank and also will show motivation when putting in an offer.

STEP 3. House Hunt

Visit as many houses as you want, but always remember your budget. Be realistic, and eventually, you will find the perfect home.

STEP 4. Make the Offer

You might end up making several offers, or even going back and forth with the same house. Just remember, only offer what you feel comfortable paying.

STEP 5. Let the Inspectors go to Work

A complete house inspection is important. This will tell you if anything is really wrong with the foundation, electrical or plumbing and safeguard you against "buying a lemon."

STEP 6. Time to Close

If you made it through every other step, then it's time to head to the Bank and sign the paperwork. Congrats! You just bought a house you can call your own.



A credit score is a number that is derived from lots and lots of statistical analysis gathered on your credit file. This number is based on different things, like how much you've borrowed, how much you've used versus not used, when you opened accounts, and most importantly, how you've paid your obligations.

If you haven't established "traditional credit", take the time now to get started. Banks want to see that your credit report includes a good payment history on at least four items for at least 24 months. Some loan programs require a minimum credit score. Be sure to ask your mortgage loan originator.

Do some digging into your financial past and see what kind of numbers you discover. The nationwide credit agencies (Equifax, Experian and TransUnion) are required by law to provide free credit histories. Once every 12 months, you can order your report at www.annualcreditreport.com.

KEEP YOURSELF CREDIT WORTHY

- A. Keep credit card balances at less than half of your credit limit and make monthly payments on time.
- B. Diligently review your credit report and refute any inaccuracies that show on your credit history by contacting the nationwide credit agencies.
- C. Within a few months of being approved for a home loan, do not open any new lines of credit.
- D. Only open new credit lines, if you intend to use them.
- E. Don't rush to close unused credit cards – a longer credit history is better for you. If you're worried you have a couple of "blemishes", take the time to visit www.debtadvice.org or make a call to your local Housing and Credit Counseling Agency for additional help.

Resources:

Housing and Credit Counseling Inc. of Kansas, 1-800-383-0217, www.hud.gov



CHOOSING
the
right
MORTGAGE
LENDER

CHOOSING THE RIGHT MORTGAGE LENDER

Once you've decided the time is right to buy a new home, you'll need to choose a mortgage lender. From local banks, like Capitol Federal®, to large, national financial institutions, you have a variety of options to consider. From knowledge about local markets to customer service, choosing the local mortgage lender has its benefits.

ONE-ON-ONE CUSTOMER SERVICE

If you're a first time homebuyer, it's natural to have a lot of questions during the mortgage process. Emails and phone calls are convenient, but sometimes nothing quite compares to being able to sit down with your mortgage loan originator and have a face-to-face conversation. At Capitol Federal, our local mortgage loan originators can give the personal touch.

PRE-APPROVAL

Receiving a strong pre-approval from CapFed® allows you to house hunt with confidence. You know exactly how much money you will be able to receive from the Bank, because your credit, income and assets are verified. This will help focus your house hunt. Plus, it makes the rest of the paperwork easier at closing.

PART OF THE COMMUNITY

It can be reassuring to know your mortgage lender is based and involved in your community. More than large, out-of-state banks, local lenders have the knowledge you desire about the community. At Capitol Federal, giving back to the communities we serve is very important to us.

LOCAL LOAN SERVICING

It can be frustrating to work with a bank on obtaining a mortgage only to discover a couple months later your mortgage has been sold and a new bank is now servicing your loan. At Capitol Federal, the majority of our loans are kept within the Bank's portfolio. This means we will service the loan for the entire mortgage lifetime.

the LOAN PROCESS

The lender will want to know about you and the property before deciding to lend you the money for your home. During the loan process, the lender will ask you a variety of questions and will verify your answers.

They will look at copies of your:

- W-2's
- Paystubs
- Recent bank statements
- Credit report
- Outstanding debt

Other questions may need to be answered with additional documentation. An appraisal will answer questions about the value of your new property.



So, you found the house! Talk to your Realtor® about what is included on the real estate contract, and how to complete it. Consider the following with your Realtor, who will help you step-by-step:

- What purchase price will you offer the seller?
- Who will pay closing costs?
- Who will pay for inspections?
- What do you want to keep and what needs to go?

Also, an offer requires an earnest money deposit, refundable during a certain period of time. By making an offer, you are signing a contract, and if the sellers accept, you are one step closer to owning the property. Don't be discouraged if your offer isn't accepted, because they could counteroffer, and then the process could repeat again... and again.

FIXED-RATE: Comes in 30-, 20-, 15- and 10- year loans. It guarantees the interest rate will remain the same and offers you the security of knowing the monthly payment will never change.

ADJUSTABLE RATE: Comes in 3/1, 5/1 and 7/1 ARMS. The initial interest rate on an ARM is usually lower than the rate on a fixed rate loan. The lower interest rate will remain fixed at the initial rate for the first years specified. After that, the interest rate will change annually based on the value of the index plus the margin, subject to annual and lifetime interest rate adjustment caps.

It's best to discuss all the options with your mortgage loan originator before deciding. The mortgage loan originators at CapFed® are available to discuss all your options. **Email loans@capfed.com, for more information, or CALL 1-888-8CAPFED.**

Stay current on CapFed home loan rates, visit capfed.com



the
closing

There is usually a mountain of paperwork, but it will only take about an hour to complete. With recent guidelines, you could expect to see a Loan Estimate form at the time you have a property selected and a Closing Disclosure form prior to and at closing. The new forms will help you “know before you owe” and will have specific deadlines. Capitol Federal® will work very closely with you and the Realtor®, if applicable, to ensure these new deadlines are met and the closing happens on time.

You also will see a Monthly Payment Letter, Note and Mortgage Document. Read these carefully and ask questions. This is no time for surprises. Each document plays an important part in explaining your responsibilities as a borrower.

Oh, and don't forget – keep all those papers for your tax records.



C O N G R A T U L A T I O N S ! Y O U D I D I T !

You probably went from ecstatic to nervous to frustrated to relieved to extremely happy throughout the process, but in the end, you succeeded in purchasing your first home!

Thanks for trusting Capitol Federal® to be your mortgage lender. CapFed® will be there throughout the life of your loan and help you, whenever you might need it.

Have questions? Any Capitol Federal mortgage loan originator would be glad to help you. Visit any branch in your area, call **1-888-8CAPFED**, or email **loans@capfed.com**.



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EQUAL
HOUSING
LENDER

The Equal Housing Lender logo features a stylized house icon above the text 'EQUAL HOUSING LENDER'.