

First Time Homebuyers Mortgage FAQs

Who is a first-time homebuyer?

A first-time homebuyer is an individual or couple who has had no ownership in a primary residence or has not been listed on a Deed **in the past 3 years**.

What type of mortgage is offered with this program?

The First Time Homebuyer mortgage is a 5/1 Adjustable Rate Mortgage (ARM) with a maximum 30-year term.

How does a 5/1 Adjustable Rate Mortgage (ARM) work?

The initial interest rate is fixed for the first 5 years. The initial fixed interest rate will change to an adjustable interest rate as of the 61st payment. Thereafter, that the rate cannot go up or down more than 2% each year with Lifetime rate cap of 5% over the initial rate.

Example Only: The initial rate is **4.875%*** for first 5 years. Thereafter, the rate can't go up or down more than 2% each year until the loan is paid in full. With a lifetime rate cap of 5%, the interest rate will never be more than **9.875%**.

*Loan approval and approved Annual Percentage Rate are subject to credit worthiness. Membership not required to apply for loan but required prior to funding. Certain restrictions apply. Rates and terms subject to change. Equal Housing Lender. See Credit Union for details.

What is the maximum loan amount and loan to value?

- The maximum loan amount is \$453,100
- The maximum loan to value is 100% (*Loan to value = loan amount divided by contract price*)

How much of a down payment is required?

No down payment required. 100% financing of contract price.

What type of homes are acceptable collateral?

Parameters include:

- Property must be their Primary Residence
- Purchases only
- Property must be a single-family home
- Manufactured Homes are excluded from this program.

Does CTFCU charge Private Mortgage Insurance (PMI)?

No. PMI will not be added to the monthly payment.

How long do I have to be on my job?

The Member(s) must be employed (full-time and/or part-time) within the same line of work for at least 2 years.

What is the minimum credit score?

Credit score must be 640 or above. Member must be current on all existing obligations.

Are there any income limits?

No.

Do I have to take any counseling classes?

Yes. The Member(s) must complete the pre-purchase counseling program through BALANCE Financial Counseling Service. There are 3 classes they must complete:

- Balance Track: Credit Matters
- Balance Track: Money Management
- Balance Track: The Road to Homeownership

What are some of the estimated closing cost fees?

- Commitment Fee \$750.00
- Appraisal Fee \$375.00
- Wire Transfer Fee \$ 15.00
- Flood Certification Fee: \$ 17.00
- Credit Report Fee \$ 33.00
- Documentation Fee \$ 60.00
- Recording Charge \$ 58.00 +/-
- Attorney Fees TBD (Members select their own attorney, Attorneys set their own fees)

**Estimated fees only and subject to change.*

Can closing costs be a gift or paid by the Seller?

Yes, closing costs can be paid by the Seller or the funds can be a gift from a family member.

Do I have to escrow for my taxes and insurance?

Yes. CTFCU requires escrow for taxes **and** insurance.

Can I purchase a “fixer upper”?

The home must be in marketable condition with “no needed repairs”. **All property defects and repairs must be corrected prior to closing.**

Can the property be in any state?

No. The property must be located in South Carolina or North Carolina.