COLUMBIA
CREDIT UNION

a guide to buying a home

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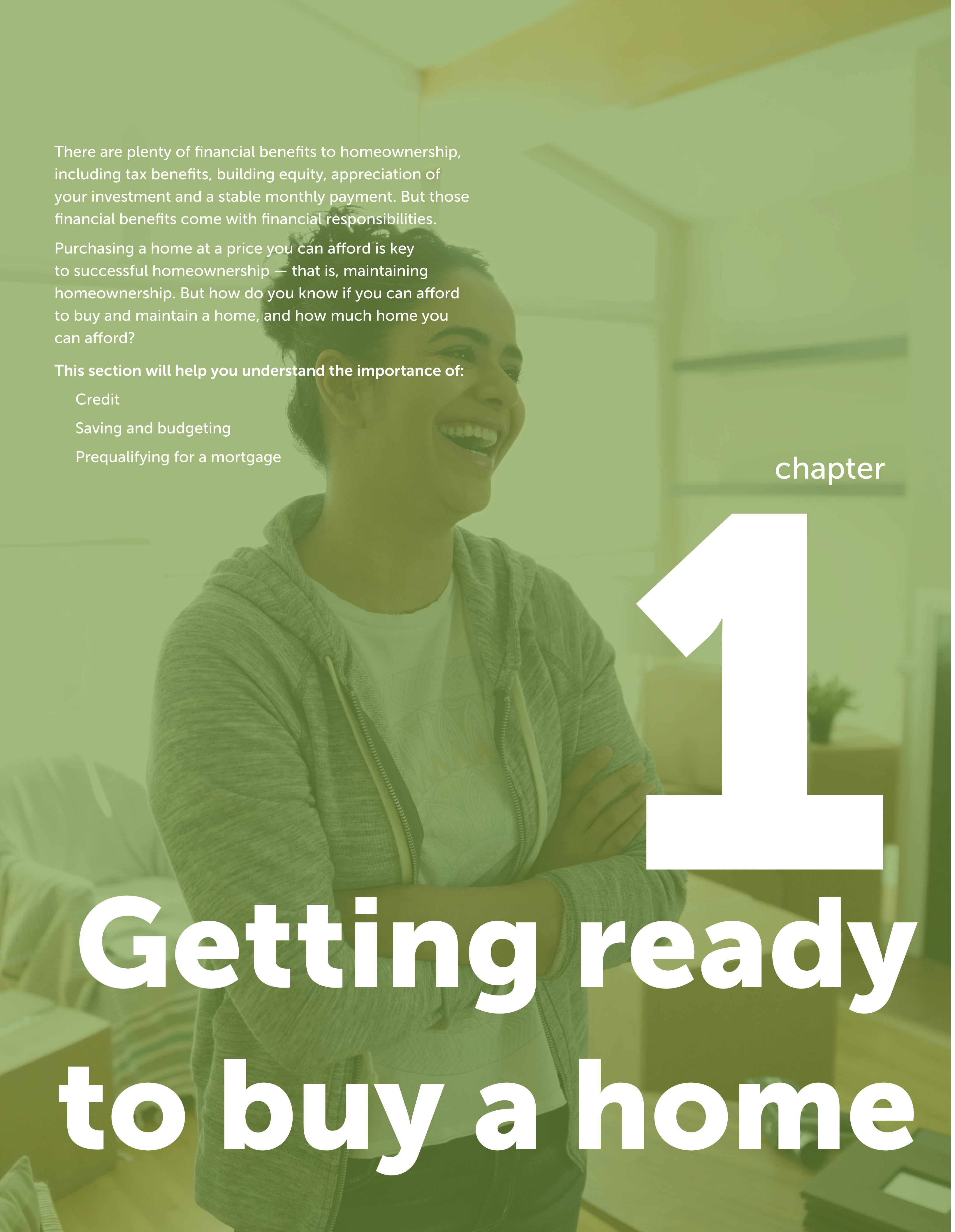


There are plenty of financial benefits to homeownership, including tax benefits, building equity, appreciation of your investment and a stable monthly payment. But those financial benefits come with financial responsibilities.

Purchasing a home at a price you can afford is key to successful homeownership — that is, maintaining homeownership. But how do you know if you can afford to buy and maintain a home, and how much home you can afford?

This section will help you understand the importance of:

- Credit
- Saving and budgeting
- Prequalifying for a mortgage

chapter

1 Getting ready to buy a home

CHECK YOUR CREDIT

To buy a house, your credit standing is key. Your Home Loan Officer will review your credit when you apply for a mortgage – and what they find will help determine if you are approved and the interest rate you'll be charged. Reviewing your own credit history and standing will help you know how the Credit Union might evaluate you and whether you need to take action to improve your credit.

What is credit?

Credit lets you obtain something now for little or no money out of pocket and pay for it over a specific period of time.

There are two types of credit:

Open-end credit	Open-end credit is extended on an ongoing basis, but usually with a limit on how much you may borrow. Yes, we're talking about credit cards, such as VISA® and MasterCard®. It's also known as "revolving credit" because as you repay the balance due, credit up to a specified limit is then available for your use again.
Close-end credit	Closed-end credit is extended on a one-time, limited basis, such as a car or personal loan. Although you may still have a positive relationship with the lender after paying off the obligation, you'll still need to requalify each and every time you want another loan.

Getting credit

Those who extend credit are called creditors – most commonly, department stores, finance companies, credit unions, commercial banks and credit card companies. Creditors look at 2 things when deciding whether to extend credit:

1. **You as a credit risk.** Each creditor has different ways of evaluating applications for credit. Most review various factors in order to evaluate the likelihood you'll repay the amount borrowed over a certain period of time. Those factors may include:
   - Income
   - Length of employment
   - How long you've lived at one residence
   - Previous credit history
   - Amount of outstanding debts
   - Stability of your checking and savings accounts
2. **The collateral you are purchasing.** Basically, the bigger the purchase, the greater the scrutiny on your credit history and your ability to repay. If you fail to make payments on what you buy with credit, it's easier for a creditor to repossess items like furniture and appliances than to foreclose on a home. Creditors may still extend credit to people with a questionable ability to pay when it comes to purchases like refrigerators and entertainment systems. But the lender is going to evaluate you and your credit history more carefully when you're trying to buy a house, because they are assuming greater risk at a lower interest rate. Unfortunately, this is where some people learn their first real credit lesson — when credit is really important — because they are shocked to find their credit history has prevented them from getting a home loan.

Protecting your good credit standing

Failure to repay credit extended as agreed is where people often get in trouble.

Late payments affect your credit history. It doesn't matter that the credit card balance is only $5, or that the payment is only 1 day late, or that you pay the late fee. Failure to pay on time can compromise your credit history for a year or more.

Minimum payments are another trouble spot. Making the minimum payment is just that – the bare minimum. It does very little to reduce your outstanding debt. Meanwhile, interest and annual fees can significantly add up over time. It's ideal to pay your credit card balance in full every month.

Use credit effectively. Determine how much credit you can comfortably afford. Develop a household budget — a detailed list of your income and expenses. This will help you know how much you can comfortably purchase on credit and still pay off the balance at the end of the month. Evaluate larger purchases (those outside your normal household budget) based on need, and create a payment schedule to make sure that the debt is paid off quickly.

Ask for help. If you experience unexpected financial difficulty and start to fall behind on payments, contact your creditors right away – they may be willing to work with you on a reduced payment plan that helps you get back on your feet and does the least amount of damage to your credit history.

Repairing credit

It may take some time, but bad credit can be fixed. Once you start making regular, on-time payments and build that positive history, your credit standing will improve and look more attractive to future creditors.

You may want to contact a professional financial counselor or a credit- and budget-counseling agency, if you need help developing a budget/debt reduction plan.

ESTABLISHING A GOOD CREDIT HISTORY IS ACTUALLY PRETTY SIMPLE:

Open a checking and savings account. Maintain your checking account by keeping enough money in it to cover all regular expenses. Make regular deposits in your savings account to establish a history of savings.

Apply for credit gradually. Once your checking and savings accounts are in good working order, it's time to start establishing credit. Our team of experts can help you get started, through a credit card, personal or auto loan.

Don't apply for more credit than you can manage. A credit card establishes you with credit as soon as your application has been approved. You might want to start by using credit for small purchases only – just enough to start building a credit history, while paying off your balance in full each month.

Make regular payments for the products or services you purchase with credit. Every time you make a payment, you are building a favorable credit history.

UNDERSTANDING CREDIT REPORTS

If you've ever applied for a credit card, car loan, home loan or even for insurance, you have a credit report. Your Loan Officer is interested in what your report says about your ability to manage your finances over time.

Who creates your credit report? Credit agencies (also known as credit bureaus) are for-profit companies that gather information from creditors and public records and consolidate it into a credit report. There are 3 major agencies that dominate the industry: Experian®, Equifax® and TransUnion®.

What's on a credit report?

Your credit report just provides information; it's up to the creditor to determine whether you're a good or bad credit risk. Each creditor will analyze the information differently when deciding whether to extend credit.

The credit report typically includes 4 types of information:

Identifying information	Your name, nicknames, current and previous addresses, Social Security number, year of birth, current and previous employers, and if applicable, your spouse's name.
Credit information	For each account, your credit report will list the type of loan (revolving credit, student loan, mortgage, etc.), the date you opened the account, your credit limit or loan amount, the account balance, and your payment pattern during the past two years. The report also states whether anyone else besides you (your spouse or cosigner, for example) is responsible for paying the account.
Public record information	State and county court records related to bankruptcies, tax liens or monetary judgments. In some states, credit reports list overdue child support payments.
Inquiries	The names of all credit grantors and potential employers who obtained a copy of your credit report for any reason. The inquiries section of your report contains a list of anyone who accessed your report for up to 2 years. These time periods protect you as a consumer or job applicant.

Almost as important as what is in your credit report is what isn't: no information about your race, religious preference, medical history, personal lifestyle, personal background, political preference or criminal record.

What is a credit score?

Most of the information on your credit report goes into a mathematical algorithm – and the result is a 3-digit number known as a credit score, which helps lenders evaluate your credit at a glance. Some of the factors that go into a credit score include:

- Payment history
- Amount owed vs. credit limit
- Credit history
- Types of credit
- New credit

Most credit scores range from 300 to 850. Columbia Credit Union has its own "good" range, but generally, the higher the score, the better.

FICO® is the most recognizable name in credit scores, and FICO algorithms are most widely used by lenders — but you may also see scores such as Beacon®, VantageScore® or others.

Each credit-reporting agency will calculate your score differently based on the algorithms they use and the type of credit you may be applying for, so your score can differ slightly from Experian to TransUnion to Equifax. These variables also mean that when you request your own score from an agency, what you receive may also vary slightly from what your lender receives based on your application.

How can I view or fix errors on my credit report?

To review a copy of your credit report, contact any of the 3 major credit-reporting agencies. Each agency compiles its own report, so you may want to obtain copies from all 3 agencies. Many experts recommend you check your credit reports once a year to check for errors and monitor your standing.

If you find any errors on your credit report, there are 2 ways to correct them:

1. **You may contact the credit provider and explain the error.** If the creditor agrees that an error has occurred, the credit provider must report and correct the error to the credit-reporting agency.
2. **You can also fill out an online dispute form on each of the credit-reporting agencies' websites.** After you fill out the form, the agency will investigate your claim and contact the creditor in question on your behalf. If the creditor agrees that an error has occurred, the credit- reporting agency will then fix the report.

BUDGETING & SAVING FOR A HOUSE

A budget is simply a plan that lays out your income and expenses as precisely as possible. It helps you use credit wisely and meet your financial goals, such as saving up for your down payment or making a monthly mortgage payment. A budget can help you uncover your spending patterns and discover places where you can save.

Adjust your attitude

Like dieting, the biggest budget blunder is subscribing to the "cut 'til it hurts" mentality. When creating your budget, it's easy to look at your expenses (like utilities, food, transportation, clothing and entertainment) and start slashing.

A budget like that may look good in theory and build savings quickly, but would you stick to it? What would it do to your quality of life? A workable budget will help you guide your spending so that you can build your savings while still enjoying your life.

Unless you are in dire financial trouble, there's no reason setting a budget should be painful.

A good budget helps you:

- Understand how and where you spend your money
- Increase your savings
- Prevent or reduce impulse spending
- Protect against the financial effects of the unexpected, like unemployment, accidents, sickness, aging and death

Identify your expenses

You know what you spend on rent each month, but do you know what you spend feeding the parking meter, feeding your afternoon popcorn habit, or feeding the dog? Keep a detailed record of all income and expenses, right down to the change used for the vending machine. Once you see where you spend money on a daily basis, you can get a much clearer picture of your overall monthly expenses.

Our monthly budget worksheet (see page 34) can help you get started.

Make simple, logical changes

Once you have a picture of where your money is going, it's usually clear to see where you can make changes. You don't have to make big changes that sap the enjoyment out of life. Small sacrifices can add up to significant savings.

You might decide to make coffee at home or bring your lunch to work more often. Maybe you don't need to subscribe to every streaming service. Or you could catch up on classic movies at home instead of seeing the latest blockbusters in the theater (added benefit: pajama dress code).

To set a good budget, you may have to do some research, make some calls and ask some questions. But after the initial legwork, a good budget will be simple and flexible, and won't require a huge time investment to maintain.

A good budget works for you, not against you.

Budgeting to maintain your home, not just buy it

Saving for a down payment might seem like your #1 priority right now – but remember that it costs money to maintain your home as well. To be a successful homeowner, it's important to set aside funds in your monthly budget for home maintenance.

Budgeting for these expenses monthly will help you identify, plan for and effectively manage the costs associated with owning your home. Your budget will help you address day-to-day maintenance, as well as plan for financing major improvements and meeting emergency maintenance needs.

PREQUALIFYING FOR A MORTGAGE

Prequalifying shows you how much you can afford to spend on a home based on where you stand financially, taking into account your income, debt and savings, among other factors. Your Loan Officer also considers current interest rates.

Prequalifying can determine:

- An estimate of the home purchase price and monthly mortgage payment you can afford and qualify for
- How much money you'll need for a down payment (the difference between the purchase price and the amount of your mortgage)
- Saving goals you need to set and achieve

Who can help me prequalify?

Your Loan Officer can help you prequalify. It's not a commitment on your part and it doesn't guarantee you a loan on the Columbia CU's part – that all happens during the actual loan application process. But prequalifying can help you narrow your house hunt and avoid potential disappointment.

TIPS FOR SUCCESSFUL BUDGETING

Be collaborative. Talk with your household and make sure they feel they are a part of the plan. If everyone affected truly understands the rewards, they may work harder to make the budget succeed and be less inclined to overspend.

Be specific. If your goals are vague, you may never meet your objectives. You and other household members may have different ideas of what the end result should be.

Be prepared to compromise. If, for example, you want to pay cash for things and your partner prefers credit, you'll need to discuss the pros and cons of both methods and decide on a middle ground. A financial plan is also a financial partnership!

Be realistic. If you set goals that are too hard to meet, you'll be more likely to abandon your plan when frustration sets in.

Exercise will power. You'll face financial temptations every day, but stay strong! Each family member needs to encourage the others to stick to the plan.

Be flexible. Your lifestyle and financial situation is always evolving. Don't make a budget that is so rigid that each new development requires an entirely new plan.

Keep good records. You can't just "set and forget" a budget. Continue to track what you spend so you can see how well you are following the plan and if you need to make further adjustments to meet your goals.

Once your financial ducks are in a row and you know what you can afford, it's time to start looking for a home of your own.

In this section, we'll cover:

What to look for in a home

What to expect with a real estate agent

Making an Offer to Purchase

chapter 2 buying a home

WHAT TO LOOK FOR IN A HOME

Once you're ready to start looking for a home, think carefully about what's most important to you, both in terms of location and in terms of the house itself. Don't focus too much on cosmetic concerns that can be changed, like wall colors, shag carpet or the current owner's extensive cuckoo clock collection.

What to consider about location:

- Neighborhood
- Distance to work
- Schools
- Shopping

What to consider about the house itself:

- Sales price
- Size and space (Are there enough bedrooms? What about closets?)
- Condition of electrical, plumbing and heating systems

Take along a list like our home comparison chart while house hunting. It will help you evaluate the neighborhoods, features and condition of up to 3 homes in a side-by-side comparison. It's not uncommon to tour multiple houses in a single day, so without a list, you might find it difficult to remember specific details about each home.

HOUSE HUNTING TIP

How do you prioritize your needs and wants, and how do you know what's worth a compromise? A list of 3-5 top priorities can help you narrow your search and avoid wasting time at real estate listings that don't meet your requirements.

3 steps to help you narrow down your top priorities

1. Make a list of everything you're looking for in a home. If there are multiple people involved in the decision, have each person make their own list independently.
2. Compare your lists and look for overlap. Combine the common requirements into a new, narrower list.
3. For each requirement on the list, ask yourself "If I found a house that was amazing in almost every other way, would I compromise on this requirement?" If so, it's a nice-to-have, not a top priority.

WHAT TO EXPECT WITH A REAL ESTATE AGENT

Real estate agents can be helpful because they know the local real estate market. Most agents belong to multiple listing services that publish directories of all properties listed for sale in a particular market.

Adjust your attitude

The real estate agent will consult the multiple listing directory for you and determine which properties are available that meet your specifications, like price, size and location. He or she will share those listings with you electronically, and you'll be notified when a new property is listed that meets your profile. Your agent will then arrange to show you the properties you're interested in.

Another advantage of working with a real estate agent? One familiar with your area can usually tell you about school systems, tax rates, water and sewer charges, public transportation and other concerns that might affect your decision to buy a particular home. Real estate agents usually specialize in particular areas, so you may want to find someone who knows the area you are most interested in to help you find a home.

How to find a real estate agent

There are several ways to find a real estate agent:

- Ask for recommendations from friends or family
- Meet agents by going to open houses
- Contact the real estate firms that are advertising properties you find interesting
- Ask your Loan Officer

Usually, it's best to choose one real estate agent you feel comfortable with and work with that person until you find the home you would like to buy.

The agent's role

Typically, sellers will "list" their home with an agent and agree to pay a commission if the house is sold within a specified period of time. During that time, the real estate agent will try to sell the property by advertising and hosting open houses.

It's important to understand that the agent you meet at an open house or through a listing represents or works for the seller. The agent has certain obligations to the seller and will relay any information that you provide. In a real estate transaction, that agent is known as the "selling agent."

A "buyer's agent" works directly for you as the homebuyer and represents your interests throughout the process of looking for homes and making an offer.

Real estate agents generally work on commission. Their fee is based on the purchase price and is paid by the seller. If a seller's agent and a buyer's agent are both involved in the home purchase, they share the commission. As a buyer, in most cases, you won't pay a real estate commission.

MAKING AN OFFER ON A HOUSE

It's rare (and not well-advised) for a buyer to fall in love with the first home they view and purchase it immediately.

Look at a wide range of homes before making a decision to buy. If you've been waiting and saving a long time, don't let your eagerness to be a homeowner tempt you into a hasty decision! Make sure to look at enough homes in the neighborhoods you like to get a feel for real estate values or prices.

Then, once you've narrowed down the choices, do your homework. Research factors like:

- Taxes
- School system
- Cost of utilities
- Quality of community services (such as fire and police)
- Anything else that will affect your life once you own the home

When you find a home you really like, take some time to think about it before making an offer. In some markets, you may have to act quickly if there aren't many homes for sale in the area but there are a lot of buyers (known as a seller's market). Still, think about your purchase carefully: you're making a big investment.

Once you've found and researched the home you want, you're ready to make an offer.

Making the offer to purchase

Typically, when you're ready to make an offer, you'll meet with your real estate agent and complete the Offer to Purchase form together. You may also want to write your offer with the help of an attorney. Although you can prepare an offer yourself, it's not recommended.

An Offer to Purchase includes detailed, complex information. If you try to write an offer by yourself, you may make mistakes, omit or include items that would put you at a disadvantage relative to other buyers or trap yourself into an agreement that's not in your best interest.

When you're ready to make an offer, get a copy of your state's form from the real estate agent and look it over carefully. Have either the agent or an attorney thoroughly explain every item on the form so that you understand exactly what you are committing to before you actually write an offer.

There are many factors that may influence the amount you would offer for a home:

- How much you can afford
- How badly you want the house
- How many other buyers are interested
- How motivated you think the seller is
- How much work might need to be done on the house
- How the property compares with other similar properties

Home inspections

A home inspection is not the same as a property appraisal. An appraisal is an estimate of value that is prepared by a professional appraiser. A home inspection is an examination of a property to determine the condition of the structural and mechanical systems, done by a professional home inspector.

Although home inspections are optional, experts recommend that you include a home inspection contingency in your Offer to Purchase to give you the option to withdraw if the inspection reveals major problems that neither you nor the seller is willing to correct.

Before you have your Home Loan Officer order the appraisal, you may want to complete the inspection before you apply for your loan. That way, you'll uncover any problems with the home before you spend money or time on securing financing.

Usually, it's your responsibility as the buyer to pay for an independent home inspection. It varies by location, but the average price of a home inspection is around $300. A professional home inspection generally takes 2 to 3 hours and gives you valuable information on the home's structural condition and mechanical systems.

Finding a qualified home inspector

Your home inspector should be a qualified professional who has training and experience in a field such as engineering, architecture or construction. To find a qualified home inspector, ask your Home Loan Officer or real estate agent for names of companies that have a good reputation.

If you can't get a reliable recommendation, look for someone who is a member of the American Society of Home Inspectors (ASHI). The ASHI standards of practice require that inspectors judge the condition of a number of structural and mechanical components of a home and give a written report to the buyer. Examples include:

- Central heating and air conditioning systems
- Interior electrical and plumbing systems
- Interior walls, ceilings, floors and stairs
- Visible insulation
- Ventilation systems
- Foundation, basement, attic and roof
- Exterior wall coverings, flashing and trim, gutters and downspouts
- Windows and doors
- Surface grading and drainage

Insist that each of these items be covered in a detailed report that you get to keep.

Contingencies

Contingencies are conditions that must be satisfied or you won't be required to go through with the purchase after your offer is accepted.

Most buyers make an Offer to Purchase contingent upon their ability to obtain satisfactory mortgage financing. Without this contingency, you could risk losing your earnest money (or worse) if you can't get a mortgage loan.

Other common contingencies include:

- Getting a satisfactory home inspection within a specified period of time
- Obtaining a termite inspection
- Obtaining satisfactory well and septic tests
- Requiring evidence that the property meets building and safety code requirements
- Obtaining an appraisal with a value not less than the offered price

Earnest money

When you submit an offer, you'll likely be asked to make a deposit, often referred to as "earnest money." It's given to the real estate agent to be held in an escrow account as a show of good faith on your part that you're sincere about your offer.

If the sale goes through, your earnest money will be deducted from the amount you owe the seller at closing. If the seller rejects your offer, or the sale falls through because one of your contingencies is not satisfied, your earnest money should be returned.

Counteroffers

Once you make an offer, the seller has the option to accept it as-is, reject it or make a counteroffer proposal. If the sellers want to change some of the terms of the offer, they'll make a counteroffer.

A counteroffer might include:

- A higher sale price
- Change or removal of some of your contingencies
- The exclusion of personal property that you wanted included in the sale, such as appliances

If you receive a counteroffer, you have the option of accepting or rejecting it — or making another counteroffer. This is the negotiation process that leads to a final offer that both parties agree upon.

You saved, searched and celebrated when your offer was accepted. Now it's time shop for a mortgage and decide what kind of loan is the best fit for you.

In this section, we'll cover:

Types of mortgages and home loans

Your rights as a homebuyer

The mortgage process

chapter 3 Getting your mortgage

TYPES OF MORTGAGES AND HOME LOANS

Finding the home of your dreams probably felt like the hard part – but you still have some important decisions to make about what type of mortgage loan is best for you.

When you start to shop around for a loan program, it's important to take into consideration:

- The stability of your monthly payment
- Your ability to qualify for the loan amount
- How long you plan to live in the home
- Whether your income is stable or rising
- The possibility of significant interest rate changes
- The amount of up-front costs
- Whether you can comfortably afford your monthly mortgage payment

Mortgage term options

Mortgage loans have varying terms, usually between 15 and 30 years (although there are also terms available between 15 and 30 years and less than 15 years).

The term of your loan affects two things:

Equity	Equity is a term used to describe the difference between the market value of your property and the amount you still owe. The shorter the loan's term, the higher the monthly payment and the quicker you build equity. Conversely, a longer term results in lower monthly payments, but slower equity build-up.
Mortgage payment	Your monthly mortgage payment will generally include: – A principal and interest (P&I) payment – An amount to cover your real estate taxes and homeowners insurance – Possibly an amount to cover other costs like condominium dues, HOA dues, or mortgage insurance

Fixed-rate vs. nonfixed-rate mortgages

Mortgage loans generally fall into 1 of 2 broad categories — fixed-rate and adjustable-rate.

Mortgage Type	Advantages	Disadvantages
Fixed-rate Mortgage - Fixed-rate mortgages feature a nonchanging interest rate. With a fixed-rate loan, the P&I portion of your monthly mortgage payment does not change. However, real estate taxes and homeowners insurance costs may change from year to year, resulting in a higher or lower monthly payment.	If you don't expect your income to rise rapidly, you'll appreciate the comfort of knowing the P&I portion of your mortgage payment will not change.	Fixed-rate mortgages typically have a higher interest rate than adjustable-rate mortgages.
Adjustable-rate Mortgages - Adjustable-rate mortgages mean you assume some of the interest-rate risk that the lender normally assumes on a fixed- rate mortgage. For taking this risk, you usually receive a lower initial interest rate than the fixed-rate mortgage's interest rate. Adjustable-rate mortgages are a possible option for borrowers who are comfortable with their ability to handle payment increases. They can also be a good option for folks who are very confident they'll be staying in the home for a shorter period of time (ideally less than the term of the initial low interest rate).	A lower interest rate means a lower monthly payment. The point at which the payment can be changed varies by the program you choose. It can range from 3 to 10 years. Typically, the shorter the period before a change can occur, the lower the initial interest rate.	The trade-off with the adjustable-rate mortgage is that, after the initial fixed period the interest rate may adjust annually up or down based on market conditions.

Fixed-rate vs. nonfixed-rate mortgages

A down payment is your initial investment in your home. The larger your down payment, the more equity you have in your home from the start and the smaller your monthly payment. On the flip side, the larger your down payment, the longer you may have to wait to buy a home while you save up the funds.

When considering how much of your savings to use for a down payment, you should also think about your other investment goals, emergency funds and how much money you might need for immediate expenses related to buying your first home. Are there repairs or renovations you want to make right away? Do you need to buy appliances or furniture?

If you decide to make a down payment of less than 20% of your home's value, Columbia Credit Union will most likely require that your loan is guaranteed by one of these entities:

US Department of Veterans Affairs (VA)	If you are a veteran of the US armed forces, check with your Loan Officer regarding VA loan possibilities.
Federal Housing Administration (FHA)	There are certain limitations with FHA loans; check with your Loan Officer regarding these options. On loans with less than 10% down and terms greater than 15 years, monthly FHA insurance payment cannot be cancelled.
Private Mortgage Insurance (PMI)	PMI offers several advantages for homebuyers. Mainly, it can allow you to buy a home sooner without the need to save up 20%, which for many of us can take years. It can also increase your purchase power (how much home you can afford), broadening your homebuying options.

There are differences between PMI & FHA financing:

PMI typically requires less money down.

Borrowers with better credit scores typically pay less for PMI than FHA mortgage insurance. FHA mortgage insurance may cost less than PMI for those with lower credit scores.

FHA financing requires an upfront premium. While PMI provides an option to pay upfront, the most common type used is known as monthly MI and does not require an additional amount to be paid at closing or added to your loan. Most borrowers opt to add the FHA upfront premium to their loan amount, increasing their debt.

You may request PMI cancellation when your mortgage balance reaches 80% of the original property value – because you've made all scheduled payments or extra payments ahead of schedule. (Original value means the lesser of the sales price and the original appraised value.) You can also ask Columbia Credit Union to cancel MI based on an increase in your property's appraised value. In both scenarios, other requirements may apply. Ask your Loan Officer for details. On loans with less than 10% down and terms greater than 15 years, the monthly FHA insurance payment cannot be cancelled.

HOMEBUYER RIGHTS

The Fair Housing Act protects your rights as a homebuyer.

As you shop for a mortgage and move through the mortgage process, no one may take any of the following actions based on race, color, religion, sex, handicap, familial status or national origin:

- Refuse to make a mortgage loan
- Refuse to provide information regarding loans
- Impose different terms or conditions on a loan, such as different interest rates, points
- Discriminate in appraising property
- Refuse to purchase a loan
- Set different terms or conditions for purchasing a loan

Predatory mortgage lending typically includes excessive or unnecessary loan fees. It often targets emerging-market communities including minorities, lower-income families and people with nontraditional, weak or blemished credit records. This practice drains wealth from families and communities, destroys the benefits of homeownership and often leads to foreclosure. Ask us about fair housing and anti-predatory lending policies.

The term of your loan affects two things:

If you feel your rights have been violated, contact:

US Department of Housing and Urban Development
Office of Fair Housing and Equal Opportunity
451 7th St., SW • Washington, DC 20410-2000
Phone: 1-800-669-9777
Fax: (202) 708-1425
TTY: 1-800-927-9275

For details about the Fair Housing Act, go to the HUD website, hud.gov.

THE MORTGAGE PROCESS

Asset verifications. Credit reports. Insurance applications. Is your head spinning yet? The loan process itself can seem like an arcane, mystifying ritual, but once you understand some of the terms, it's not so intimidating. We'll walk you through it, step by step.

Here are the basic steps involved in purchasing a home. The timeframe will vary depending on your location, the loan, you and your lender.

Application

You've decided on a loan program and now you're ready to complete a loan application with the help of your loan officer.

To speed up the process, your loan officer will ask you to complete our online home loan application. It only takes a few minutes and it links all of the financial information, bank accounts, tax records and income sources you'll need to complete the process.

Once you complete the loan application, the Loan Officer will verify all of the information you provide. Based on the requirements of your loan program, we may ask you for additional information.

Shortly after you apply for your loan, you'll receive these documents from your Loan Officer:

Loan Estimate (LE)	The Loan Estimate is our best estimate of your closing costs. It shows an estimate of the amount of any fees we may charge to process or close your loan, such as mortgage insurance, title insurance and recording fees. The Loan Estimate also provides a summary of how your loan will be repaid and itemizes the costs associated with applying for a loan, including: – The finance charge – Annual percentage rate (APR) – Number of payments you'll make – Amount of each payment (for fixedrate loans) – Late payment charges that may apply – Total amount you'll pay in principal and finance charges over the life of the loan
Commitment Letter	The Commitment Letter is a promise from the lender to make you a loan. It includes all of the specifics of the loan as well as any conditions that must be met prior to or at the closing, and information on the loan amount, term, origination fee and interest rate.

Ordering documents for the loan file

Your Loan Officer orders the following documents and then awaits their return:

Property appraisal	The property appraisal is ordered to estimate the property's market value. The maximum loan amount the Credit Union will provide will be based on the purchase price or appraised value, whichever is lower.
Credit report	If you do not have traditional forms of credit, you will need to provide other evidence of your ability and willingness to repay debts, such as money order receipts or cancelled checks from the payment of rent and utility bills.

Underwriting

Your Loan Officer creates a loan file with all required information and passes that file on to an underwriter.

The underwriter makes sure all loan requirements are met. Sometimes an underwriter needs additional information to make a decision. Two typical scenarios you might encounter are:

- Information is needed before the loan is approved. It's critical that you provide the additional information as quickly as possible in this situation.
- The underwriter approves the loan "with conditions." That means you'll need to provide additional information at or before closing so that the loan can become final.

Preclosing

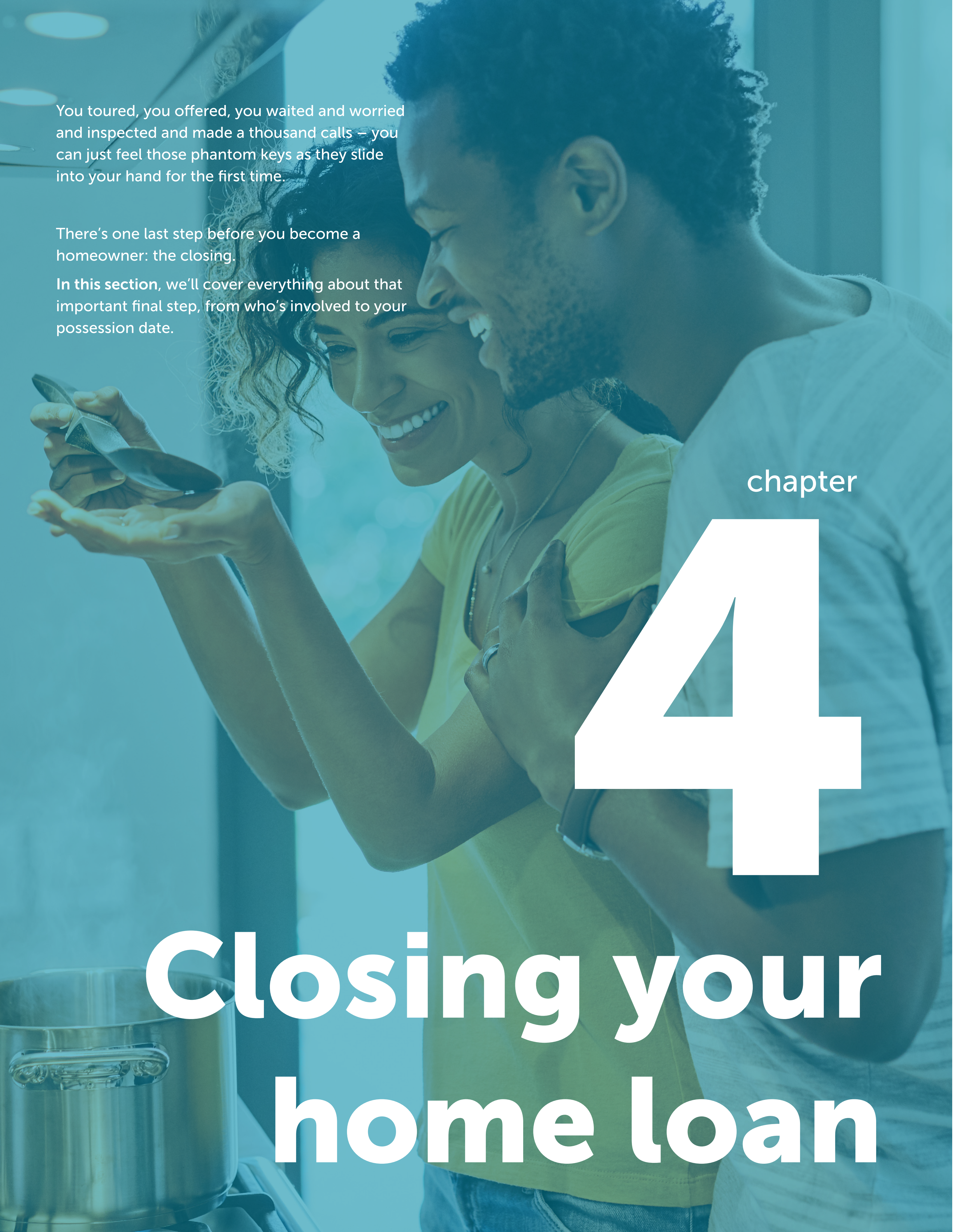
Once the loan is approved:

- Title insurance is ordered (usually Columbia CU or attorney will order it on your behalf)
- Approval contingencies are met
- The closing is scheduled

Closing

Once the closing is scheduled, you'll order homeowners insurance, which covers for damages or losses caused by things like theft, fire, vandalism or wind. Because your property is the security for your mortgage loan, Columbia CU wants to be sure the value of the home is protected in case it is damaged or destroyed. Contact your insurance agent to secure an insurance binder.

At the closing, we'll release the funds you borrowed to purchase the property and you'll present a certified check to cover the balance of the down payment and the closing costs. You'll sign a million documents. The loan is officially closed – and you move into your new home!



You toured, you offered, you waited and worried and inspected and made a thousand calls – you can just feel those phantom keys as they slide into your hand for the first time.

There's one last step before you become a homeowner: the closing.

In this section, we'll cover everything about that important final step, from who's involved to your possession date.

chapter

4

Closing your home loan

PREPARING FOR CLOSING

There is no such thing as a standard closing procedure that is followed in all areas of the country. But in a nutshell, the closing is where you settle all the financial details associated with the purchase and receive the title to your new home.

Who will be at this closing party armed with fresh pens?

- You, of course!
- A representative from the title insurance company will make sure that all necessary documents are signed and verified, and that the money from the sale is properly distributed.
- Sometimes, the sellers
- Any real estate agents involved in the sale

Buyers and sellers often complete their paperwork in separate rooms and never see each other on the day of closing.

What should you bring to closing?

Certified or Cashier's Check for your down payment and closing costs. Your Loan Officer will provide you the exact amount before closing.

How to prepare for closing

At least 3 days prior to your scheduled closing date you will receive the Closing Disclosure, which provides the final loan terms and closing cost details. Review this document with a fine-tooth comb to be sure the details are correct! If something looks different than expected from the initial Loan Estimate, you should contact us.

Review all of your closing documents to be sure there are no errors or problems before the closing begins. These documents will include:

The Mortgage & Deed of Trust	The Mortgage & Deed of Trust pledges your home as security for the loan.
The Mortgage Note	The Mortgage Note is your promise to repay your loan. It indicates the terms and conditions of your loan and how it will be repaid (the amount of your monthly mortgage payment for principal and interest, when it is due, the length of the mortgage, etc.).
The Closing Disclosure	The Closing Disclosure provides details on the final loan terms and the itemized costs associated with the loan.

DURING CLOSING

Once the closing officer has verified that you have your binder and paid receipt for homeowners insurance, he or she will explain and ask you to sign each closing document. Your closing officer will answer any questions you have about the documents before you sign them, so don't hesitate to ask.

Typically, the closing officer will begin by reviewing the Mortgage Note and the mortgage document and ask you to sign them, followed by the Closing Disclosure (CD).

The costs being paid by the sellers and the buyers will be itemized and include:

- All the buyers' and sellers' closing costs
- A summary of both parties' transactions, showing how funds are transferred among the buyer, seller, Credit Union and any other parties involved in the sale
- The net amount due from the buyers and the net amount that will be paid to the sellers
- Commissions to real estate agents involved in the sale
- Any charges made in connection with the loan, such as points and other fees
- Items that we may require to be paid in advance, such as appraisal fee
- Amounts deposited in escrow to cover insurance and property taxes
- Title charges for the title search required by the lender and title insurance policies for the lender and the buyer
- Charges to cover recording the mortgage and deed at the county courthouse
- Tax service fee to cover the our cost of researching the tax rate for the property

YOU'RE SIGNING BINDING LEGAL DOCUMENTS AT CLOSING, SO IF YOU HAVE QUESTIONS, DON'T BE AFRAID TO ASK.

But wait, there's more!

The closing officer will then go over the summary of each party's transaction. The price of the home is listed at the top of both columns. Amounts are added or subtracted in both columns to arrive at the net amounts due from the buyer and due to the seller.

After the closing officer has covered the entire Closing Disclosure, he or she will ask for a check for the down payment and closing costs. When all of the buyer's documents have been explained and signed, the closing officer will move on to the seller's documents.

Then the closing officer will review both of the following documents, making sure that the legal descriptions on each document match exactly:

The Deed	The Deed is the legal document that transfers ownership of the property from seller to buyer. Any mistakes on the deed could affect your ownership of the property, so they must be identified and corrected before you close the purchase. After the closing, the closing officer will take care of recording the deed with the Registrar of Deeds in the county in which the property is located.
Commitment for Title Insurance	When you buy a home, in most cases you'll be required to obtain title insurance. This protects your legal ownership of the property you buy. Prior to issuing the insurance, the title company will conduct a thorough search of public records to determine exceptions to coverage, such as any liens or restrictions that affect ownership of the property. The insurance company informs you of any outstanding liens so you can require the seller to satisfy them before you close. Prior to closing, the title company will issue a commitment for title insurance. This is not the actual policy, but it guarantees the policy will be issued if conditions specified in the commitment are met. In almost all real estate transactions, separate title policies will be purchased for the lender and buyer. As the buyer, you would typically purchase the lender's policy, which covers only the amount of the loan. The buyer's policy – which insures you, the buyer – is for the full sales price and is often paid by the seller.

Finally, the closing agent will distribute the money generated by the sale. He or she will present checks to:

– The sellers

– The sellers' lender, if there is an existing mortgage on the property

– The real estate agents involved in the sale

– Any others who may be indicated on the Closing Disclosure

AFTER CLOSING

After you have signed all the necessary documents and paid your closing costs and down payment, the closing is finished. Your possession date – the day you can move into your new home – is stated in the purchase agreement. If your possession date is the same day as your closing, you'll receive the keys to your new home before you leave the closing. If your possession date is other than the closing date, arrangements will be made to secure the keys on the possession date.

TAKE A DEEP BREATH, PAT YOURSELF ON THE BACK, AND RAISE A TOAST – YOU ARE NOW OFFICIALLY A HOMEOWNER!

You're in! You've got new keys – house keys! But before you dive straight into critical decisions like where the TV goes, you should understand your responsibility to your new home.

Becoming a homeowner is exciting, but it's a lot of responsibility and hard work. You no longer have to wait for your landlord to fix the dripping faucet – but also, you get to fix the dripping faucet. And in addition to paying your mortgage on time each month, you'll need to be prepared for the costs of maintaining, repairing and improving your home.

In this section, we'll cover:

Home maintenance

A homeowners financial responsibility

chapter

5

Being a successful homeowner

HOME MAINTENANCE

When you sign your mortgage at closing, you pledge your home as security for your loan. You have a responsibility to make sure your property keeps its value as collateral for your loan. And of course, your home is more than just a good financial investment – it's your castle, your refuge and a major factor in your quality of life. So why wouldn't you want to keep it in the best possible shape?

Routine maintenance will help keep your home in sound condition, but every homeowner will eventually be faced with unexpected repairs.

Learn about your home's mechanical systems and construction so you can plan and budget for their upkeep.

And in the process of making your house a home, you'll probably find at least a few improvement projects you want to take on. You'll have to weigh the cost, urgency and time commitment of maintenance, repairs and these improvement projects.

Prioritizing improvements

What to do first? It's tempting to make cosmetic improvements, like replacing wall treatments or flooring, because these changes are the most visible.

But part of the responsibility of owning a home is prioritizing your projects and considering the improvements that are likely to increase your home's value, or decrease your expenses.

For example, it may be better to replace an aging oil furnace with an energy-efficient gas furnace before you re-carpet the living room. Anticipate and budget for serious issues like a leaking roof or a dying water heater that will be more important than cosmetic improvements.

The best way to anticipate problems is to inspect your home regularly and perform certain routine maintenance tasks. Our home maintenance checklist (page 45) details the items you should inspect. It also identifies some specific maintenance tasks that should be performed and how often you should do them.

If you have the skills to do some or all of the work yourself, you'll want to consider the cost of any tools or materials that you'll need. If you're not especially handy, you can use a home maintenance checklist to predict the work that will need to be done so that you can also budget enough to hire someone to do it.

Do it yourself or call a professional?

You can save money by learning to do basic home repairs. Home repair courses are usually offered through public school adult education classes, local technical colleges, university extension programs or nonprofit organizations.

Even if you're handy, you'll probably need to employ a carpenter, plumber, electrician, appliance repairman or heating/cooling contractor eventually. Ask family, friends and neighbors for references. Interview 3 or 4 contractors from each trade.

Compare experience, prices, policies, personality and availability. While price will certainly be a consideration, don't make it the sole factor for selecting a contractor.

A HOMEOWNER'S FINANCIAL RESPONSIBILITY

Being a fiscally responsible homeowner starts with paying your mortgage on time, every time – but that's just the beginning of protecting your investment. The best way to be prepared for the expected and unexpected costs of homeownership is to continue to budget and save.

Insuring your home

As a requirement of your mortgage loan, you had to obtain homeowners insurance.

In some cases, Columbia CU will escrow money from your mortgage payment each month to cover the annual renewal of your homeowners insurance premium. But if we don't set aside money to renew your homeowners insurance, you'll have to budget and save for it on your own.

You'll want to occasionally review your coverage levels to make sure your home is adequately protected.

Establishing a rainy-day reserve

No one buying a home wants to think about losing that home. But the reality is that recessions, layoffs, illnesses, injuries or deaths could dramatically affect anyone's financial picture with little or no warning.

Experts suggest that you build a reserve of 3 to 6 months' living expenses. It won't happen overnight, but you should make it your goal to establish such a reserve as soon as possible once you own a home.

It's very important to continue to keep a budget once you own a home. Keep using the monthly budget worksheet (see page 41), especially if there's a change in your financial situation. Monitor your monthly bills and use credit cards wisely.

Budgeting for maintenance

Routine maintenance, unexpected repairs and improvement projects – in addition to your new mortgage payment – require you to budget and save faithfully. You'll need to learn about what it will cost to maintain your home's mechanical systems and construction so you can budget for their upkeep. Repairs that occur after you sign the closing documents are generally not the previous homeowners' responsibility.

You may also face some initial expenses that you may not have thought about, such as:

- Lawn and garden equipment
- Furniture/Window treatments
- Pest control
- Power tools
- Appliances
- Trash cans
- Charges for sewer, water and/or trash collection

Continuing to fill out your monthly budget worksheet will help you plan and save for home improvements and repairs.

Getting help for financial trouble

If you do experience unexpected financial difficulty, don't be afraid to ask for help. The worst thing you can do is wait until you're so far behind on your payments that your creditors resort to collection agencies.

If you're unable to make your monthly mortgage payment, the best thing you can do is to contact us. We'll work with borrowers who have a good payment history to arrange a temporarily reduced payment plan until they get back on their feet. You can also contact a professional financial counselor or a credit- and budget-counseling agency if you need help developing a budget/debt reduction plan.

YOU'RE ALMOST HOME.

We hope this study guide has helped you understand what goes into buying a home, and boosted your home-buying confidence. You may want to hang on to this guide for reference as you navigate the process. Use our checklists and worksheets.

Up next:

Resources just for you

WITH MI, YOU CAN...

Buy sooner

Waiting to buy while you save up enough for a 20% down payment could actually cost you money if home prices or interest rates rise. And during the time you spend renting and saving, you won't be building equity or enjoying a home of your own.

Buy peace of mind by keeping some of your money

There are many reasons you might want to reserve some of the money you've saved instead of putting it all toward a 20% down payment. You might want to put that money toward:

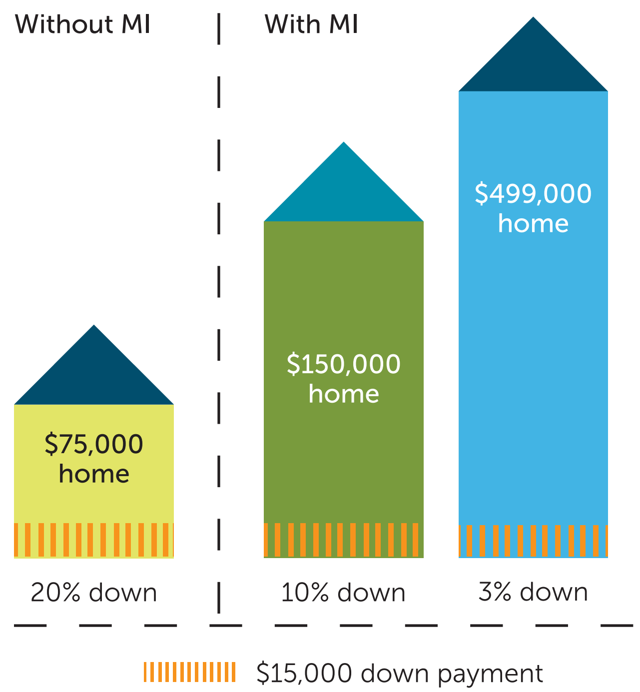
- Appliances, furniture and lawn equipment
- Home renovations
- A rainy-day fund

MI lets you buy a home now and keep some of your hard- earned savings

Buy more house

MI gives you more flexibility in your homebuying budget, allowing you to consider a wider range of home prices and available homes for sale.

Let's say you've saved $15,000 for a down payment.



Without MI, you could make a 20% down payment on a $75,000 home. **With MI,** you could make a 10% down payment on a $150,000 home or a 3% down payment on a $499,000 home — assuming, of course, that you can afford the higher monthly payment that accompanies the larger home price.

What would you pay for more possibilities?

The most common PMI option is a monthly premium paid by the borrower. A lot of factors go into calculating what MI might cost, including your credit history, how much you put down, the terms of your loan, etc.

Private MI or FHA?

Private MI is the private sector's alternative to Federal Housing Administration (FHA) mortgage insurance, a government program backed by taxpayers. FHA financing is a great option for many borrowers, but PMI does offer several advantages:

- Not having to pay an upfront premium, which most FHA borrowers finance into their loan amount
- A lower loan amount (no financed upfront premium)
- A lower monthly mortgage payment
- Greater home equity
- The chance to cancel MI sooner

Read more about the difference between private MI and FHA financing on page 18 of this workbook

Ask your Loan Officer to run some numbers for you

Talk to your Loan Officer about all your financing options, including private mortgage insurance. He or she can help you understand all the factors going into your unique mortgage decision.

Private MI isn't the right fit for every mortgage situation, but in many cases, it can help you buy sooner, buy more, or save money for other financial priorities. Once you know all of your options, you can pick the one that works best for you.

And for most loans, PMI is a temporary expense. You might wave goodbye to MI before you get around to repainting the dining room.

You may request private MI cancellation when your mortgage balance reaches 80% of the original property value – because you've made all scheduled payments or extra payments ahead of schedule. (Original value means the lesser of the sales price and the original appraised value.) You can also request CCU to cancel MI based on an increase in your property's appraised value. In Both scenarios, other requirements my apply.

How to use the monthly budget worksheet

Enter your income

- Income is the money you expect to receive every month. Include take-home pay and any other sources of income, such as interest, Social Security benefits, pension payments, alimony, child support, workers' compensation, unemployment and disability.
- If your earnings are irregular — for example, from commissions — it's better to underestimate than overestimate your income.

Enter your expenses

- Some expenses stay the same from month to month, like your rent or mortgage payment. Others are variable, like food, clothing and gas. It's better to over-budget for these!
- Record any monthly contributions to savings you're already making.

Compare your income and expenses

After you complete the worksheet, compare your total expenses to your total income.

- If your income is considerably greater, you may want to increase your savings contributions to help you reach your down payment goals sooner.
- If your income is less than your total expenses, you need to examine your expenses for opportunities to cut back to eliminate the difference.
- Do you currently have enough in savings for 3 to 6 months' living expenses? If not, it's good to build up those reserves in addition to saving for a down payment or any other large expenses.

Make a budget, then track and adjust

Based on your comparison, set a budget for reasonable expenses. Jot it down on the *Budgeted vs. Actual* worksheet. Then track your actual expenses each month.

Every few months, compare your actual expenses to your budgeted expenses. If there are discrepancies, adjust your budget and/or behavior to continue saving for your goals.

This can help you spend more mindfully. If you see you've been exceeding your budget for coffee shop purchases every month, set your own limit for coffee trips per week and stick to it.

MONTHLY BUDGET WORKSHEET

Net Monthly Income from all sources		
Monthly Expenses	**Description**	**Monthly expenses**
Monthly Payments	Rent/Mortgage	
	Alimony/Child Support	
	Child Care	
Loans	Automobile	
	Student Loans	
Credit Cards	Visa/Mastercard	
Utilities	Electricity	
	Heat	
	Phone/Cable TV/Internet	
	Water/Sewage	
	Cell phone	
Insurance	Auto	
	Health/Dental	
	Life	
	Homeowners/Renters	
	Disability	
Donations/Dues	Church/Charity	
	Union	
	Organizations	
Medical	Doctor/Dentist	
	Prescriptions	
	Hospital	
Transportation	Gasoline	
	Maintenance	
	Parking	
	Public Transit	
Food	Groceries	
	School or Work Lunches	
Clothing	New Clothes	
	Dry Cleaning/Laundry	
	Uniforms/Required Items	
Household	Repairs	
	Supplies	
Entertainment	Clubs, Sports, Hobbies	
	Entertainment	
	Vacations	
	Gifts	
Savings	Savings Bonds	
Total		

BUDGETED VS. ACTUAL MONTHLY EXPENSES

Monthly Expenses	Description	Budgeted Monthly Payment	Actual monthly expenses					
			Month	Month	Month	Month	Month	Month
Monthly Payments	Rent/Mortgage							
	Alimony/Child Support							
	Child Care							
Loans	Automobile							
	Furniture/Appliances							
	Finance Company							
	Installment							
Credit Cards	Visa/Mastercard							
Utilities	Electricity							
	Hating							
	Phone/Cable TV/Internet							
	Water/Sewage							
Insurance	Auto							
	Health							
	Life							
	Dental							
	Homeowners/Renters							
	Disability							
Donations/Dues	Church/Charity							
	Union							
	Organizations							
Medical	Doctor/Dentist							
	Prescriptions							
	Hospital							
Transportation	Gasoline							
	Maintenance							
	Parking							
	Public Transit							
food	Groceries							
	School or Work Lunches							
Clothing	New Clothes							
	Dry Cleaning/Laundry							
	Uniforms/Required Items							
Household	Repairs							
	Supplies							
	Other							
Misc.	Clubs, Sports, Hobbies							
	Entertainment							
	Vacations							
	Gifts							
	Pet supplies							
Savings	Savings Bonds							
Total								

Columbia Credit Union's
HOME COMPARISON CHART

	Home 1	Home 2	Home 3
Address			
Square Footage			
Lot Size			
Year Built			

THE NEIGHBORHOOD

	Home 1	Home 2	Home 3
Near work			
Near schools			
Near shopping			
Near thoroughfares/ expressways			
Near public transportation			
Near doctors/dentists			
Near churches			
Near train tracks/airport			
Near industry			
Parks			
Traffic volume			
Environmental concerns/ influences			
Neighbors' properties well-maintained			
Streets/alleys well-maintained			
Street lights			
Sidewalks			
All utilities installed			
Garbage collection			
Area zoned residential			
Neighborhood restrictions/covenants			
Proposed special assessments			
Flooding danger			
Restrictive easements			

HOME FINANCIALS

	Home 1	Home 2	Home 3
Asking price			
Estimated monthly principal & interest			
Estimated water & sewage bill			
Estimated heating bill			
Estimated electric bill			
Property taxes			
Homeowner's Association (HOA) fee			

HOME LAYOUT

	Home 1	Home 2	Home 3
Number of bedrooms			
Number of closets			
Number of bathrooms			
Living room			
Separate dining room			
Kitchen eating area			
Family room			
Finished basement			
Attic			
Laundry space			

Columbia Credit Union's
HOME COMPARISON CHART

HOME EXTERIOR

	Home 1	Home 2	Home 3
Number of stories			
Construction (wood frame, brick, aluminum siding, vinyl siding, stucco, stone)			
Roof condition			
Foundation condition			
Overall exterior condition			
Garage size			
Garage: attached or detached			
Ability to expand or enlarge house			
Patio			
Backyard fence			
Landscaping			
Clear property boundaries			

HOME INTERIOR

	Home 1	Home 2	Home 3
Firepalce			
Window treatments - number of rooms			
Flooring type			
Refrigerator			
Stove/oven (gas or electric)			
Garbage disposal			
Dishwasher			
Washer/Dryer			
Laundry chute			
Walk-in closets			
Adequate lighting			

UTILITIES & MAINTENANCE

	Home 1	Home 2	Home 3
Heat (oil,gas,electric)			
Age of heating system			
Hot-water heater			
Age of hot-water heater			
Capacity of hot-water heater			
Insulation			
Central air-conditioning			
Energy conservation features			
City water and sewer			
Age of electrical wiring			
Plumbing condition			
Sump pump/drainage			
Connected to sewer system			
Washer/Dryer outlets			
Security (dead bolt locks, smoke detectors)			
Broken windows			
Storm windows/screens			
Building code compliance (remodels & additions)			

Columbia Credit Union's

HOME MAINTENANCE CHECKLIST

	Periodically	Spring	Fall	Annually
I. FOUNDATION & MASONRY (Basement, Exterior Walls): To prevent seepage and condensation problems.				
a. Check basement for dampness & leakage after wet weather.	✓			
b. Check foundation walls, steps, retaining walls, walks, patios, driveways, garage floors, etc., for cracks heaving, crumbling.		✓		
c. Check chimneys, deteriorated chimney caps, loose and missing mortar.		✓	✓	
d. Maintain grading sloped away from foundation walls.				✓
II. ROOFS & GUTTERS: To prevent leaks, condensation, seepage and decay.				
a. Check for damaged, loose or missing shingles, blisters.		✓	✓	
b. Check for leaking, misaligned or damaged gutters, downspouts (leaders), hangers (straps), gutter guards and strainers.		✓	✓	
c. Clean gutters, leaders, strainers, window wells, drains. Be sure downspouts direct water away from foundation.	✓			
d. Cut back tree limbs growing over or on the roof.			✓	
e. Check antenna supports for sturdiness and possible source of leakage.				✓
f. Check flashings around rook stacks, vents, skylights, chimneys, for leakage.		✓	✓	
g. Check vents, louvers and chimneys for birds' nests, squirrels, insects.		✓	✓	
h. Check fascias and soffits for paint flaking, leakage and decay.		✓		
III. EXTERIOR WALLS: To prevent paint failure, decay and moisture penetration.				
a. Check painted surface for paint flaking or paint failure.		✓		
b. Check siding, shingles and trim for damage, looseness, warping and decay.	✓			
c. Check exterior masonry walls for cracks, looseness, missing or broken mortar.		✓		
d. Cut back and trim shrubbery against sidewalls.		✓	✓	
IV. DOOR AND WINDOWS: To prevent air and weather penetration problems.				
a. Check caulking and check for decay around doors, windows, corner boards, joints; recaulk as needed.			✓	
b. Check caulking and check for decay around doors, windows, corner boards, joints; recaulk as needed.			✓	
c. Check weatherstripping.			✓	
V. ELECTRICAL: For safe electrical performance.				
a. Learn location of electrical panel box for breakers or fuses. Never overfuse.				
b. Trip circuit breakers every 6 months; ground fault interrupters (GFI), monthly.	✓			

Columbia Credit Union's

HOME MAINTENANCE CHECKLIST

	Periodically	Spring	Fall	Annually
V. ELECTRICAL: For safe electrical performance. (continued)				
c. Mark and label each circuit.	✓			
d. Check condition of lamp cords, extension cords and plugs. Replace at first sign of wear and damage.	✓			
e. Check exposed wiring and cable for wear or damage.	✓			
f. If fuses blow or breakers trip frequently, call a licensed electrician.	✓			✓
g. If you experience slight tingling shock from handling or touching an appliance, disconnect the appliance & have it repaired. If lights flicker or dim, or if appliances go on and off unnecessarily, call a licensed electrician.	✓			
VI. PLUMBING: For preventive maintenance.				
a. Check faucets, hose bibbs and valves for leakage.	✓			
b. Drain exterior water lines, hose bibbs, sprinklers, pool equipment in the fall.			✓	
c. Check for leaks at sink, house traps and sewer cleanouts.	✓			
d. Draw off sediment in water heaters monthly or per manufactuer's instructions.	✓			
e. Have septic tank cleaned every 2 years.	✓			
VII. HEATING & COOLING: For comfort, efficiency, energy conservation and safety.				
a. Change/clean furnace filters, air conditioner filters, electronic filters as needed.	✓			
b. Clean and service humidifier.	✓			
c. Have oil-burning equipment serviced annually.				✓
d. Clean around heating & cooling equipment. Remove leaves, dust, overgrown shrubbery, debris.	✓			
c. On steam systems, "blow off" or drain low water cutoff per manufacturer's instructions or instruction tag.	✓			
VIII. INTERIOR: General house maintenance.				
a. Check bathroom tile joints, tub grouting & caulking. Be sure all tile joints in bathrooms are kept well-sealed with tile grout to prevent damage to walls, floors and ceilings below.	✓			
b. To prevent freezing, keep garage doors closed in winter; wrap exposed waterlines & drains with insulation.				✓
c. Close crawl vents in winter and open in summer.		✓	✓	
d. Check underside of roof for water stains, leaks, dampness & condensation, particularly in attics and around chimneys.				✓
e. Keep attic louvers & vents open all year round. Check louver screening.				✓
f. Change batteries in smoke detectors.				✓
VIII. Know the location of:				
a. The main water shutoff valve.				
b. The main electrical disconnect or breaker.				
c. The main emergency shutoff for the heating system.				

Making life better.

Columbia Credit Union
P.O. Box 324 Vancouver, WA 98666