

# Home Sweet Home



- All the materials and information included in this presentation is provided for educational and illustrative purposes only and is presented with the express understanding that Virginia Credit Union and its employees are not engaged in rendering legal, tax, investment, insurance, or other financial planning advice. Please consult a qualified professional if you have specific questions related to your individual situation.



# What do you think of?

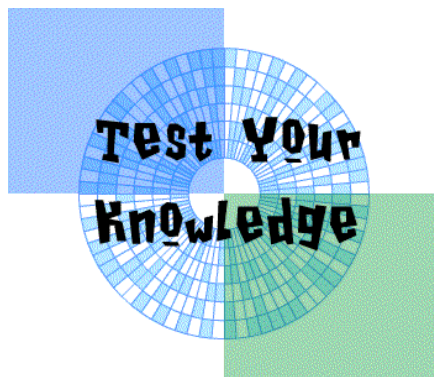
- Location
- Design
- Features
- Square footage
- Rooms
- Bathrooms
- Special needs





# Are you ready to be on your own?

- Take the quiz
- Every yes = 10 points
- 0-30 points = You need to do some homework!
- 40-80 points = You are progressing but still need some guidance.
- 90-100 points = You are off to a good start!



## Police Officer's Salary:

Gross yearly amount \$43,680

- Gross pay = \$3,640 per month
- Net pay=\$2,592 per month

See Monthly Budget Sheet on the back of the quiz

# Renting vs. buying

- What is the difference?
- What will best meet your needs?



# Renting

**Lease:** An agreement where a payment is made for the temporary use of a property owned by another person or company.

- When you rent you sign a legal document called a lease
- The owner of the property may be referred to as the lessor or landlord
- The party paying to use the property as the lessee or renter
- View lease





# Initial renting expenses

- Moving costs
- Rent for the first and last month
- Cleaning deposit
- Security deposit
- Utilities deposit
- Telephone or cable deposit
- Furnishings



## Renter's Insurance

- Insurance that covers renter's belongings if they are damaged or lost in a disaster

# Find a rental property

- Visit: [www.rentals.com](http://www.rentals.com)
- Put in the state and city you want to live
- Find a rental you like
- Write down the price, application fee and deposit



# Advantages of renting

- Low initial investment
- Less costly
- Limited responsibility
- Greater ease of mobility
- Lower insurance cost



# Buying a Home

- **Mortgage** = A loan to finance the purchase of real estate, usually with a specified payment period and interest rate
  - Fixed rate
  - Adjustable rate
- **Down payment** = The amount of cash a buyer puts toward a purchase such as 0-20%
  - Reduces the amount you need to borrow



# Mortgage payment

A mortgage payment is made up of the following:

- Principal
- Interest
- Taxes
- Insurance

PITI is a term you should know when buying a house





# Homeowners Insurance

- Helps cover the property and belongings of homeowners

## How much do you qualify for?

Available for PITI = \$1,072

Mortgage term = 30 years

Down payment = \$5,000

Interest rate = 7.0% fixed

You could qualify for a house that costs **\$166,000**



# Ongoing additional expenses

- Utilities
- Cable
- Telephone
- Maintenance/repairs
- Increase in taxes
- Furnishings



## Shop around

<http://www.hometownrealtyservices.com/>

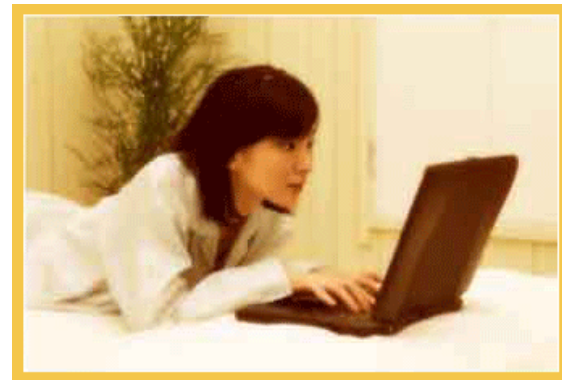
Enter: City and state

Enter: Property Type

Enter: Price range

Click: Search

Write down the price of a house and taxes



# What will your house payment be?

1. Go to [www.vacu.org](http://www.vacu.org)
2. Click on the tab Loans & Mortgages
3. Select Home Purchase
4. On the Home Purchase page use the slider to select
  - APR
  - Term
  - Loan amount



# Advantages of buying a house

- Can build equity
- Investment
- Tax benefits
- Security
- End to payments-eventually!





# Have a savings plan

- Put into practice all we have learned
- Pay yourself first and save
- Some of your savings could be used as a down payment
- Keep extra savings in case of an emergency
- Plan ahead so your house won't "fold" under pressure!



# Questions?