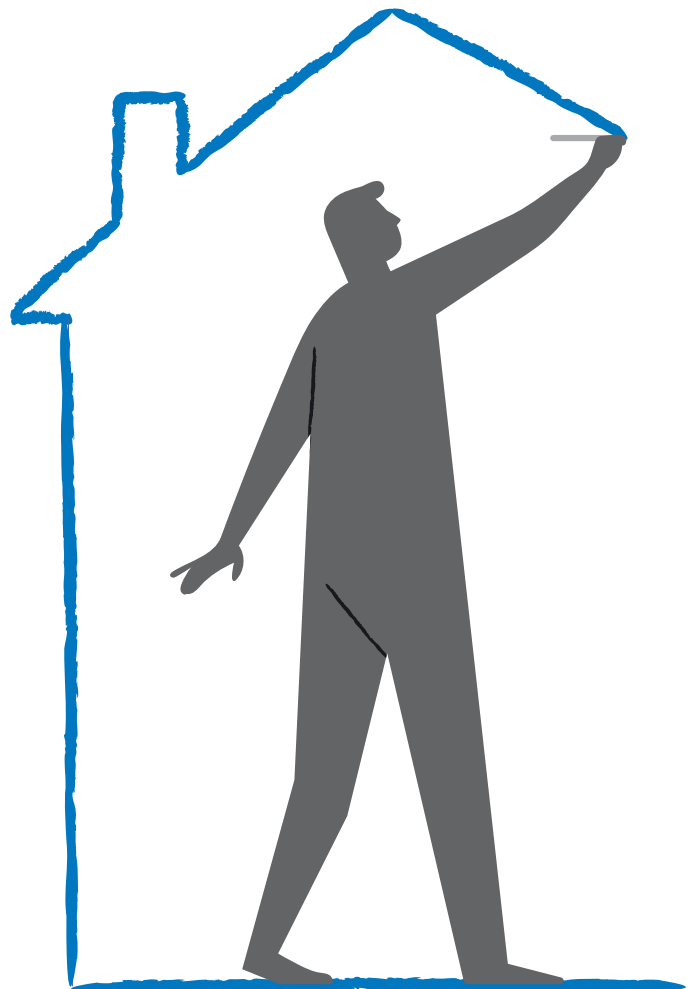




Thrivent Credit Union

First-time homebuyer's guide

From assessing your finances to finding your right-sized home, navigate the homebuying process with this easy-to-use guide.





Your first house is much more than a mortgage payment.

For many, it signifies commitment to a new kind of living. It's newlyweds starting a life together. It's a couple with small children. It's taking a new job and moving to a new location. It's the start of many memories grounded in a place that's more than just a roof over your head.

Your first house is special.

At Thrivent Credit Union, we get that. It's why we crafted a special handbook just for first-time homebuyers. We also know the homebuying process is complex. In this guide, get the information you need to navigate the process at your pace and start your homebuying adventure with clarity and confidence. The end result? A house that fits your priorities.

Your homebuying road map.....	3
Prepare to buy a home.....	4
Consider all the costs of ownership	5
Start the mortgage application process.....	6
Find a mortgage that's right for you	7
Choose a real estate agent who meets your needs.....	8
Before your first meeting	9



Home Loan Dictionary

Bookmark our [Home Loan Dictionary](#) and as you read through this eBook, get definitions for the terms used in the homebuying process.

Your homebuying road map

As you begin to collect information about the homebuying process, use this road map to understand where you are and what's coming next in your journey.



Conduct your financial assessment



Determine your purchase price



Find a lender



Find a real estate agent



Get prequalified



Begin your home search



Find your home



Make an offer



Work with your lender to find the right loan



Negotiate price



Complete home inspection



Complete appraisal



Lock in your interest rate and verify your loan application



Close on your new home

Prepare to buy a home

Start with a financial assessment

If you're thinking about buying your first home, you may be facing one overwhelming question: Where do I begin? It's easy to start trolling real estate listings and perusing open houses, but don't get too far ahead of yourself. It's important to start with the biggest influencer of your homebuying process: your finances.

Before you begin your home search, do a financial assessment. This is a process where you look closely at your spending and savings activities and outline future financial plans with a new house in mind. Use these questions as a starting place:



Get help with your financial assessment

[BalanceWorks®](#) is a budgeting tool available to members of Thrivent Credit Union. It can help you assess your finances and track your spending, saving and giving.

01 Do I have good credit?

Lenders care about your credit score. While it's not the only factor that matters, financial institutions look at it to assess how trustworthy you are.

Generally, a credit score above 700 is more attractive to lenders, while anything below 620 could make it harder to get a loan. If you have a poor score, put together a plan to raise your numbers before you apply for a mortgage.



[Learn more about credit and home loans](#)

02 How much can I afford?

This is a complicated question, but an important one. A mortgage calculator can help you identify your ideal monthly payment, but what you can “afford” isn't always what you should commit to. Remember, homeownership comes with additional costs outside of your mortgage payment. (Use Thrivent Credit Union's [Balanced Homebuying Calculator](#) to help you identify what that mortgage payment amount might be for you.) Consider committing to a monthly payment that gives you some cushion so you can address home emergencies and improvements as they arise.

03 How much will I need to put down?

First-time homebuyers need as little as 3% of the purchase price for a down payment. But the more you can put down, the more mortgage options you have and the more efficient your monthly payment becomes. Make sure you're able to make a down payment of some kind. If your down payment is less than 20% of the price, you could be required to obtain private mortgage insurance (PMI). The insurance protects the lender against the risk of default by the borrower.

04 What's my price range?

The price range for a home is based on the minimum and maximum monthly payments you've determined are best for you. If you look for homes on real estate websites, you can confine your search to only those that meet your budgeted range and avoid the temptation of spending more than you've planned.

Consider all the costs of ownership

When you buy a home, it's important to understand that a new home doesn't just mean a new monthly payment. It also means utilities, taxes and maintenance. These costs impact your cash flow and may affect your financial goals. If you aren't prepared for the additional cost of homeownership, the ramifications can be life-altering.

Think about these costs as you determine the affordability of homes you look at:

- Property taxes
- Insurance
- Utilities
- Trash service
- Water
- Outdoor upkeep
- Repairs or updates
- Emergencies
- Furnishings



[Learn more](#)

Discover how Balanced Homebuying™ leaves room for living, saving and giving.



Start the mortgage application process

Once you've identified how much you can afford and the ideal price range of your new home, you're ready to have a conversation with a lender. You should look at your lender as one of the many professionals you'll need in your corner as you begin your homebuying process. Your lender will play a big role in helping you understand the financial options that fit your goals and priorities. In initial discussions, be prepared to share your financial background with your lender, including:

- Income
- Debt
- Assets

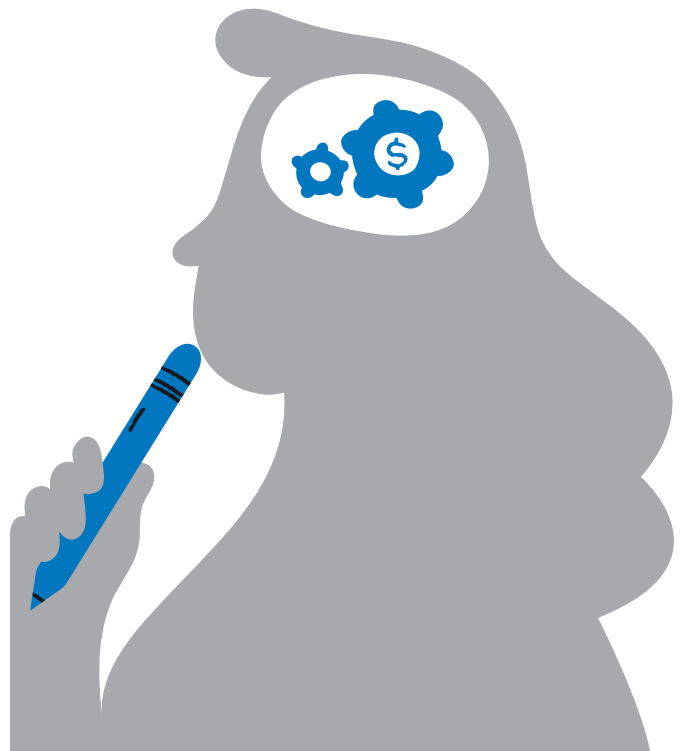
After the lender gets a general idea of your finances (typically done without proof of income or debt), you can start the first step of the mortgage application process, getting prequalified. It typically takes just a few minutes to go through the process. You'll explore your mortgage options and learn about the various structures of payments.

Getting preapproved is the final step in your mortgage application. To be preapproved, you typically must supply documents that allow the lender to check your credit history and score, and review your income and available assets.

After you find a house and make an offer to purchase, you'll work with your lender to further define the mortgage that fits your needs.



[Learn more about mortgage do's and don'ts](#)



Find a mortgage that's right for you

There are four main kinds of home loans to choose from. Each is different and meets various needs of homebuyers.

01 Fixed rate mortgage: This kind of mortgage requires a fixed payment over the life of the loan. That means your monthly payment will always be the same.

02 Adjustable rate mortgage: This loan has an interest rate that could go up and down during the life of the loan, changing your monthly payment. The payment could be lower up front but then could adjust after a certain period (usually five, seven or 10 years).

03 Jumbo loans: You could use a jumbo loan if you want to borrow more than \$548,250.* This loan comes with a fixed rate and level payments for the life of the loan.

04 Fixed VA loans: These loans are crafted only for veterans or surviving spouses. When you take out a VA loan, you don't need private mortgage insurance, and in some cases you don't need a down payment.

To help you and your lender determine which type of mortgage loan may be best for you, answer these questions:

- Do I plan to be in my home for more than 10 years?
- How quickly do I want to pay off my mortgage?
- Do I expect my income to increase in the coming years?
- How will my cash flow change in the coming years?
- How will new life milestones affect my cash flow?
- Do I want lower payments during my first few years as a homeowner?

*Jumbo loan threshold noted is for most states as of April 2021; dollar amounts vary for other high-cost areas in the United States.

Choose a real estate agent who meets your needs



While it's easy to look at online listings of homes for sale, there's tremendous value in consulting with real estate agents who understand the ins and outs of buying your first home.

Real estate agents know the market and can help you with important but sometimes hard-to-find information, such as:

- School district ratings.
- Neighborhood resale value.
- Home history.

When choosing a real estate agent, look for someone who understands your long-term housing plans and will respect your price range and financial priorities. Ultimately, you'll be accepting housing recommendations from the agent you choose. That means you'll need to be able to trust that person fully.

Looking for a real estate agent?

Thrivent Credit Union's Home Rewards Program helps buyers locate experienced real estate agents in their area. You'll work with a specialist who will help you throughout the search as well as the mortgage and closing process.

In addition, when you work with a real estate agent through [Home Rewards Program](#), you'll receive a rebate check of up to 20% of your real estate agent's commission upon closing.



Before your first meeting



Before you meet with a real estate agent, get prequalified for a mortgage and nail down the following considerations:

When you're ready, be sure to print a copy of our free [House Hunter's Checklist](#). It will help you assess and compare homes you're interested in.



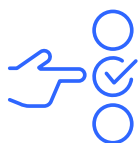
Location.

Where generally do you want to live? What school districts are important to you? What public features—like parks or pools—do you want nearby? Look for a real estate agent who knows the area and surrounding housing market well.



Timing.

When do you want to move? Do you have upcoming milestones, such as marriage, a baby on the way, or wanting to be settled before school starts? Knowing your timeline will help your agent determine how quickly you need to find a house.



Must-haves.

Make a list of the home features you “need” in a new home. Make a similar list of the “wish-list” items you’d like to see in your new home. It’s your real estate agent’s job to show you homes that match your price range but also accommodate your must-have items (like yard size, floor plan requirements, square footage, etc.).



Repairs or remodel?

Are you interested in buying and then remodeling? Understanding the amount of additional work you’re willing to do on your home will help your agent match the condition of the home with what you have in mind.



About us

Thrivent Credit Union (TCU) helps people achieve financial clarity by providing access to banking products and services that help bring balance to spending, purpose to saving, and intention to managing debt. We strive to put you at the center of everything we do, providing impeccable service and competitive rates, so you can make financial choices aligned with your values and priorities.

We're ready to help

Ask a mortgage loan officer about our first-time homebuyer products and assistance programs that may be available to you. Learn more about buying your first home and other services we offer. Visit thriventcu.com/contact-us to complete a contact request form, or call **866-226-5225**.

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Federally insured by NCUA
Must qualify for membership