

First Time Homebuyer Webinar

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Host



Contact Information

- Chris Blajeski
- cblajeski@uwcu.org
- 608.232.9000 2309 / 608.630.5876
- 8401 Excelsior Dr, Madison, WI 53717
- MLO NMLS# 433760

Seminar Guidelines

- Video and audio are disabled during 30-minute presentation.
- Questions can be submitted through the chat function, and it will be monitored by a UWCU Mortgage Loan Officer
- Our experts are ready and waiting for any questions – answers will follow the presentation.

Chat Monitor



Contact Information

- Todd Merow
- tmerow@uwcu.org
- 608.232.9000 2032 / 608.630.5876
- 8401 Excelsior Dr, WI 53717
- MLO NMLS#

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Why work with UW Credit Union?

31 Branches Statewide

THE MEMBERSHIP ADVANTAGE

- 95.1% of members say they would recommend us to others**
- UWCU is one of Wisconsin's top lenders*
- Local lender with great service
- Free application
- Competitive rates and programs
- Complete solutions to help you qualify faster

The Lowest Closing Costs. For Real.¹⁾

First-Time Homebuyer Discount: Up to \$1,250 off closing costs

*UW Credit Union is ranked among the top ten home loan lenders in the state based on information from county Register of Deeds Offices; CoreLogic.

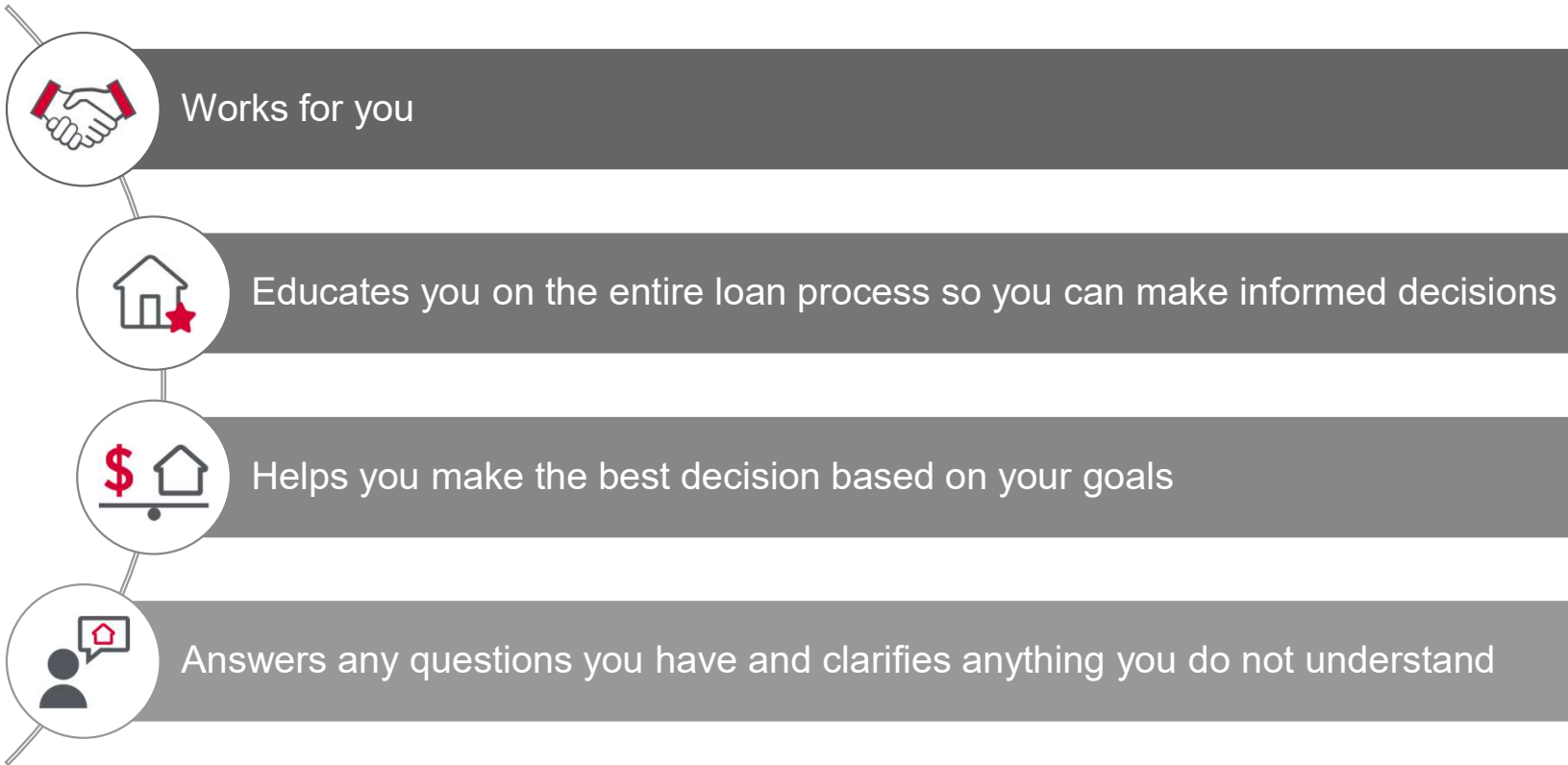
**UW Credit Union [Annual Report 2022](#)

⁽¹⁾[Restrictions apply – member must meet parameters](#)



Locations in the Madison Area, Greater Milwaukee Area, Green Bay, La Crosse, Stevens Point, Oshkosh, and Whitewater

Role of a Mortgage Loan Officer



Questions We Can Help You Answer

Credit Concerns

- What is credit?
- How do I establish good credit?
- What affects my credit score?
- How do I budget my monthly payment?

Unfamiliar

- What do all the terms mean?
- Where do I start?
- Why are there so many options?
- Which loan option is best for me?

Purchasing

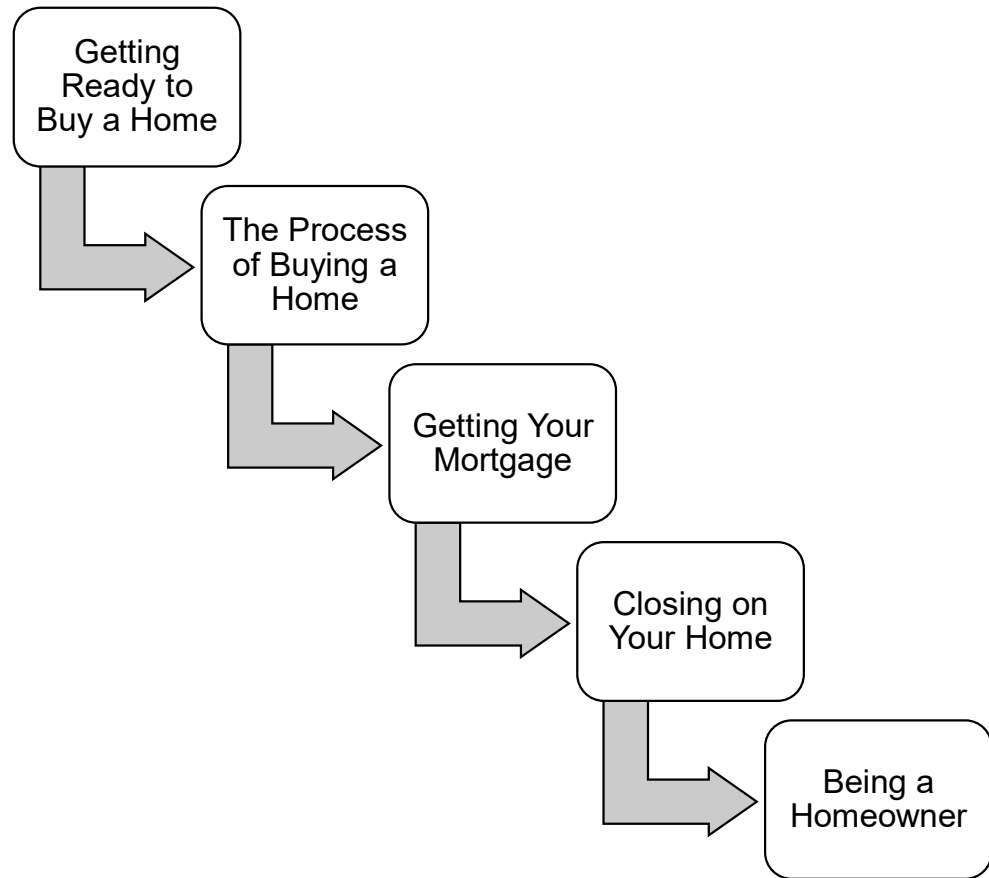
- Am I ready to buy a home?
- What are my wants vs. my needs?
- Why is purchasing right for me?

Affordability

- What can I afford?
- What will my monthly payment include?
- How much money do I need to put down at closing?
- Do I qualify for Down Payment Assistance?



5 Steps to Homeownership



Step 1:

Getting Ready to Buy a Home



Owning vs. Renting

Predictable Monthly Payments and Owning Can Be Cheaper

- You can have a predictable mortgage payment and many times it can be less expensive to own!

Appreciation

- Owning provides you an asset that can increase in value over time.
- Great investment for retirement or a rainy-day fund.
- Builds generational wealth.

Freedom to Make Modifications

- Renters need permission to alter the space - Homeowners can make any house their home!

Community Ties

- Allows you to have an impact on your community.
- Taxes you pay benefit local schools, businesses and organizations.



Owning vs. Renting in Milwaukee Area

OWN



Purchase price Down payment 5% Interest Rate	\$280,000 \$14,000 6%	Monthly Amount
1 st Mortgage	\$266,000	\$1595
Taxes	\$3,900	\$325
Homeowners Ins.	\$1200	\$100
Mortgage Ins*.	\$2628	\$219
Total Payment		\$2,239.00

Bdrms: 3
Bath: 2
Sq. Ft: 1428
Monthly Mortgage:
\$2,239.00

RENT



Bdrms: 3
Bath: 2
Sq. Ft: 1335
Monthly Rent:
\$2,300

*Based on a credit score of 700

DISCLAIMER: THESE ARE MEANT TO BE EXAMPLES AND MAY NOT BE TOTALLY REFLECTIVE OF PAYMENT, BASED ON BORROWER QUALIFICATIONS

Owning vs. Renting in Madison Area

OWN



Purchase price Down payment 5% Interest Rate	\$410,000\$ 20,500 6%	Monthly Amount
1 st Mortgage	\$389,500	\$2335
Taxes	\$5928	\$494
Homeowners Ins.	\$1596	\$133
Mortgage Ins*.	\$3856	\$322
Total Payment		\$3,284.00

Bdrms: 3
Bath: 2
Sq. Ft: 1412
Monthly Mortgage:
\$3,284.00

RENT



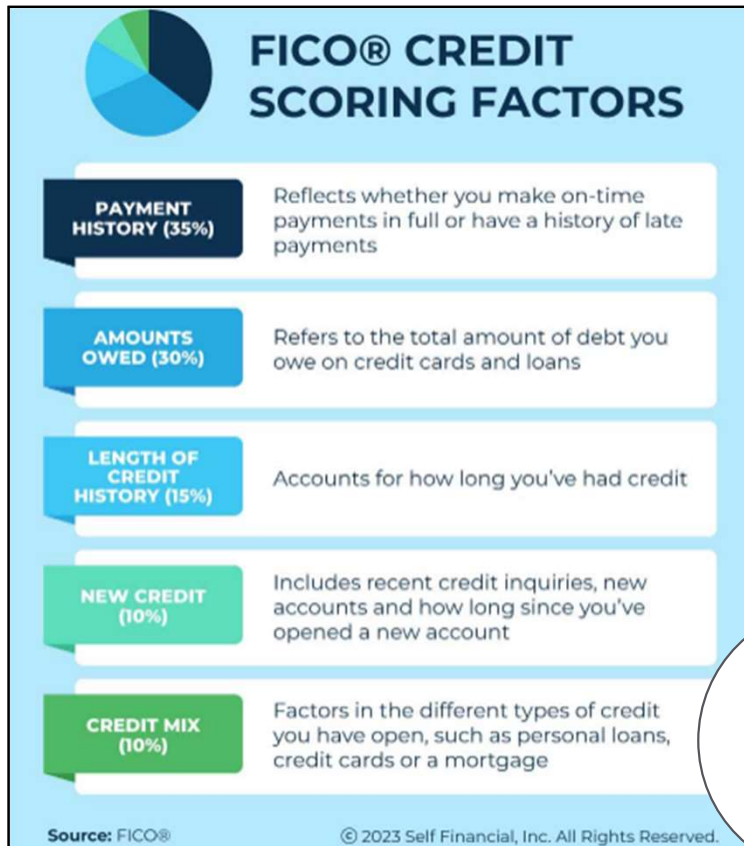
Bdrms: 3
Bath: 2
Sq. Ft: 1289
Monthly Rent:
\$3,800

*Based on a credit score of 700

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Credit Score

Your credit score can affect your down payment, interest rate, and closing costs.



**Scores
can range
from 300
to 850**

- Get a free copy of your credit report from [UW Credit Union!](#)
- See what your credit score is - and work through UWCU's multiple [trusted resources](#) that are free and confidential!
- Worried about credit inquiries?
 - Multiple "like" inquiries within 45 days count as a single inquiry.
- Do not incur any new debt during the Home Loan Process.
- If you need assistance with your debt load – we can also assist you with that.

Lowering Monthly Payments Can Help You Step into A New Home

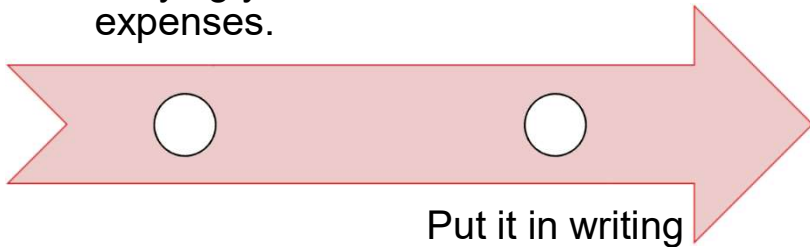
- **Simplify your finances:** Consolidate high interest credit cards debts into a single manageable payment through [Personal loans](#) or [Credit Card Balance transfers](#). This helps you save money by lowering your interest rate, minimize stress, and streamline your finances.
- **Leverage your assets:** Utilize the equity in your vehicle to tackle high-interest debts, turning an asset into a powerful financial tool.
- **Student Loan Simplification:** Payoff your debt sooner with a shorter term, lower your monthly payment with a longer term, or consolidate your loans into one simple monthly payment



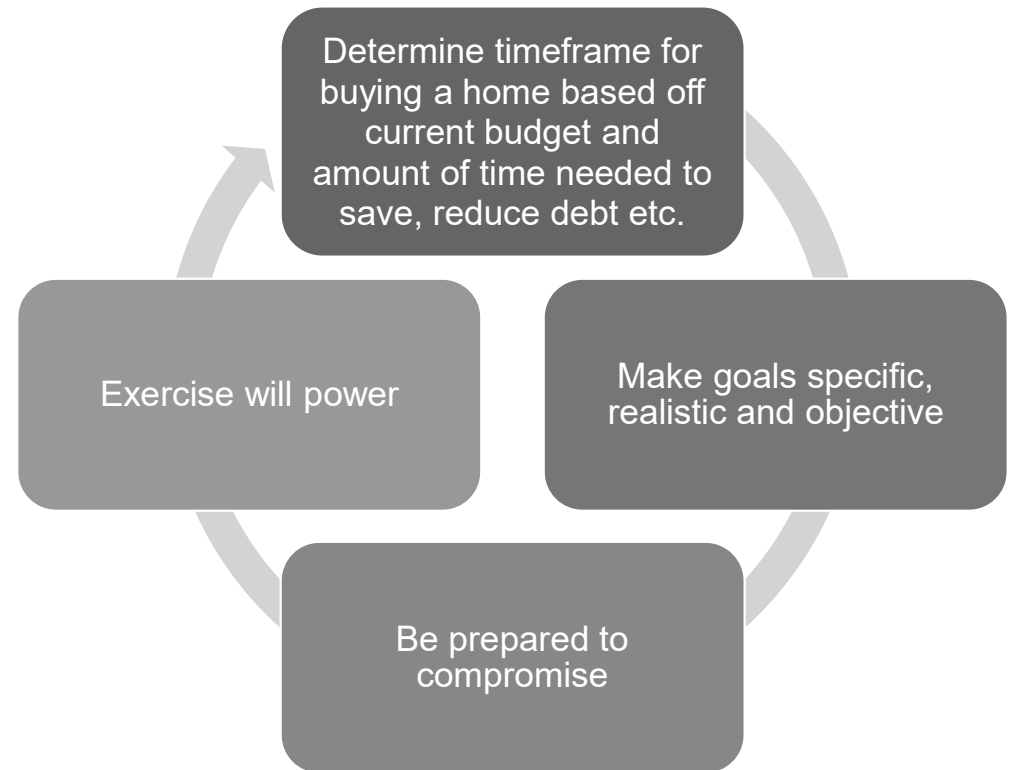
Saving and Budgeting

Manage your money and create a budget

Start with
identifying your
expenses.



Put it in writing
and stick to it.



Step 2

Buying a Home



What To Look For In A Home

Know what you need in a home vs. what you want

Location and neighborhood

Annual real estate taxes

Utilities - what they are, age of equipment and cost to run

Age of home

Condition of home and maintenance concerns

Living space, and storage

Wants vs. Needs

NEEDS	WANTS
3 bedrooms	Granite countertops
2 bathrooms	Stainless steel appliances
Garage	Hardwood floors throughout
Close to work	Walk in closets
In current school district	3 car garage
Well maintained	Lots of land

Common Mortgage Terms

Important terminology that will be used to help you understand the process

Term	Definition
Loan to Value (LTV)	Percentage of mortgage in relation to home value. Example: Purchase Price of Property - \$100,000 - Mortgage \$97,000 = 97% LTV
Debt To Income (DTI)	The percentage of your current monthly debt payments + your new mortgage payment divided by your GROSS monthly income
Down payment	Amount of money borrower pays upfront towards property's sales price/value. Is not part of Closing costs or prepaids
Closing Costs	Costs incurred to get a mortgage. An appraisal, credit report, flood cert., title, recording, closing, and homeowners' insurance are some actual costs.
Prepaids	Funds collected at closing for expenses that will eventually be due. May include real estate taxes, homeowner's insurance, homeowner's association fees. They are held in the escrow account until they are due and then paid on your behalf
Escrow Account	An account set up to pay property related expenses, like real estate taxes and homeowner's insurance. A portion of your monthly payment goes into the account.
Appraisal	A written opinion of a property's current market value based on comparable property sales
Private Mortgage Insurance (PMI)	Usually required when down payment is less than 20%, Paid for by homeowner, which compensates lender if mortgage loan is defaulted.
Amortization	The amount in years or months over which the mortgage is paid – each payment reducing the principal and interest.

Your Monthly Mortgage Payment	
Principal	Portion of payment that reduces loan balance
Interest	Portion of payment that pays interest that is due
Taxes	Usually 1/12 th of annual real estate tax bill
Insurance	Usually 1/12th of annual homeowners' insurance bill
Private Mortgage Insurance	Amount based on program, down payment, and credit score



What to Know About Mortgages

General common things to know about Mortgages

PROGRAMS

Conventional Loan:

- Most common - Fannie and Freddie

FHA Loan:

- Insured by Housing and Urban Development (HUD) with different mortgage insurance requirement.

VA Loan:

- For eligible Veterans and a % is guaranteed by the Veterans Administration.

WHEDA Loan:

- For eligible borrowers under specific income limits. Allows low to zero downpayment.

TERMS AND PAYMENTS

Adjustable-Rate Mortgage (ARM)

- Interest rate is fixed for a period of months initially and can change after that causing monthly payment to increase or decrease.

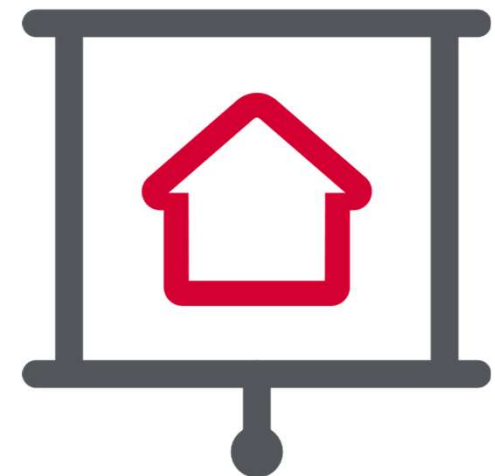
Fixed-Rate Mortgage

- Interest rate is the same for the entire term of the loan.

DOWN PAYMENT OPTIONS

As low as 3%

- Several loans require as little as 3% for a down payment and will require mortgage insurance.
- A VA Loan has zero minimum payment down for eligible Veterans



How Much Should You Put Down?

Things to know about your Down Payment

20% down payment is not required for most borrowers.

Loan programs allow down payments as small as 3% or 5%, depending on the property type.

Mortgage Insurance is most often required when you have less than 20% down payment.

Down payment assistance, [Home Buyers Round Table](#)



Step 3

Getting a Mortgage



Getting a Preapproval from UWCU

Complete [Free Online Application](#) or apply directly with a Mortgage Loan Officer


This should be done before you start looking for a home

Valid for 4 months and can be modified or extended if needed



Trigger Leads – put a stop to them before you apply with UW Credit Union

What to know and how to stop them



When you apply for a mortgage loan, a copy of your credit report is pulled. This triggers an inquiry.

The **credit bureau** then turns around and sells your name to other mortgage companies. It's not against the law for credit bureaus to sell your information to third-party vendors.

This is called a trigger lead.

Deal with a trusted professional, not some telemarketer. **At UW Credit union WE are not selling your information** – but here's how to stop these annoying trigger leads from happening!

Visit [OptOutPreScreen.com](https://www.optoutprescreen.com) and sign up to stop the credit bureaus from selling your information as a trigger lead.

Once completed, the process generally takes five days to complete and **will apply only to future lead requests.**

The options available are FREE and you can:

- **“Opt-Out” from receiving calls for 5 years**
 - via the website electronically
- **“Opt-Out” from receiving calls permanently**
 - by mailing in a form available on the website



Commonly Asked Questions

1. What is our process for preapproval and closing?

- We'll give you a preapproval upon receipt of a fully completed application and you meeting program guidelines.

2. How do we communicate with homebuyers?

- We will communicate with you in the manner you choose – in person, phone, email, video calls or a combination – whatever works for your schedule.

3. What will your down payment requirement be?

- Your minimum down payment depends on the type of loan that best meets your needs and qualifications.

4. Does UWCU utilize Down Payment Assistance?

- We work with several entities that administer a wide range of programs, including grants.
- We also are offering closing cost credits up to [\\$1250 for first time homebuyers!](#)

5. What are closing costs? How much will I pay?

- Closing costs are the fees and charges you'll need to pay before your home loan can be completed, such as title insurance, homeowners' insurance and recording fees.
- UW Credit Union, we're proud to offer great [closing cost discounts](#) and the lowest closing costs around.

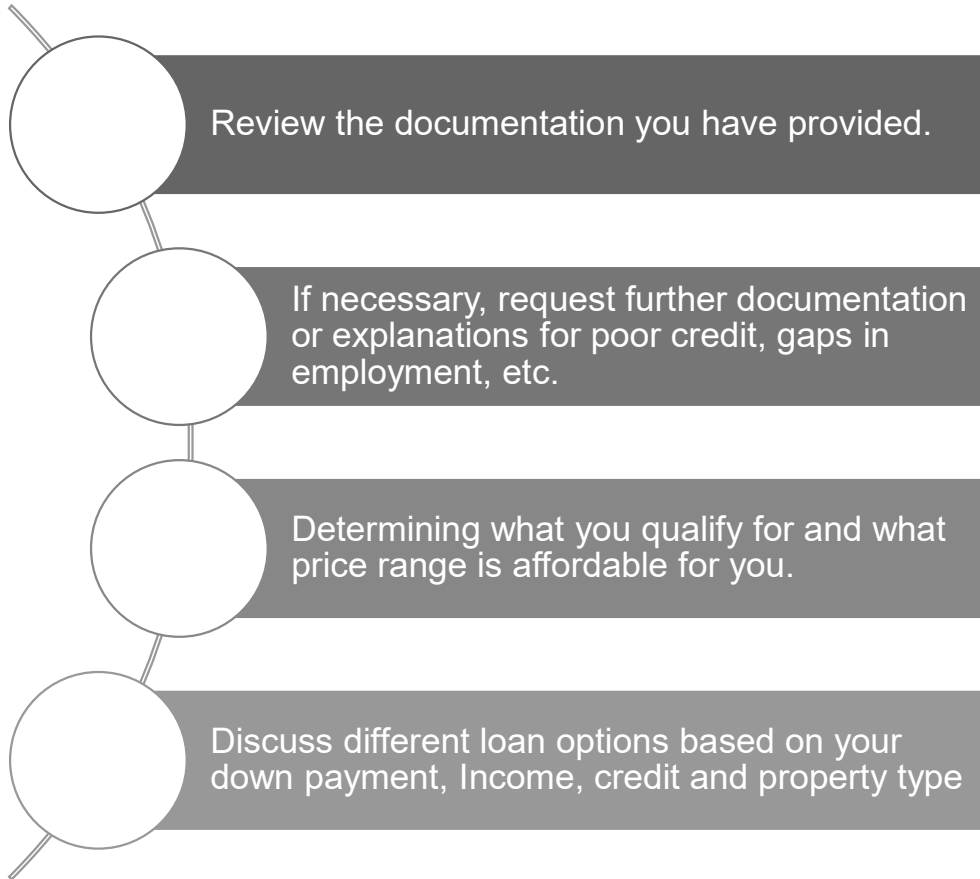


Items That Need to be Provided to the Loan Officer

Residential history for last 2 years	Employment & Income History for last 2 years	Assets for Down Payment	Personal Debt	Identification
Any current real estate holdings	Paycheck stubs from last 30 days showing year-to-date earnings	2 Months Bank account statements from all Non-UWCU accounts you will be using funds for closing	A list of any new or unreported debts not on your credit report	Government issued photo ID
Landlord names and addresses for the past two years if a renter	W-2 forms/1099's (issued by employer) for the last two years	Gift Letter if you will be receiving a gift for funds to close	Explanation for any recent credit inquiries	Social Security number
	<u>IF SELF EMPLOYED</u> Most recent 2 years Federal tax returns with all schedules			

These will help us determine the best first mortgage loan and down payment assistance options for you!

What your Mortgage Loan Officer will do



If you qualify for a mortgage, your mortgage loan officer will provide you with a:

Preapproval Letter: Preliminary credit approval based on a review of your income, assets & credit report

This is when you can begin looking for a home!



Things a Realtor Will Help You With

Looking for a House

- Guide you through the home search as an expert about areas, neighborhoods, schools etc.
- Help you meet your buying objectives & stay within budget
- Be a resource about local amenities, utilities, zoning and more.
- Ensure your experience complies with current laws and regulations.

Putting in the Offer

- Will assist in writing the Offer To Purchase
Negotiate and help finalize a purchase agreement
 - An Offer To Purchase usually has a quick deadline for response and may consist of counter-offers!
- The Offer To Purchase may include “contingencies” as part of the Offer
 - Home Inspection
 - Sellers may provide a Real Estate Condition Report disclosing any “defects”. This may trigger an inspection.
 - Financing contingency (Not necessary with a UWCU preapproval!)
 - Appraisal
- Set amount of the Earnest Money deposit included in your Offer
 - Pay any Earnest Deposit in your Offer to Purchase (this is like a “security deposit” on your offer.) Be prepared to provide the documentation for this!
- Make sure inspections are completed
 - Home Inspection
 - Any other inspections required or determined necessary



After an Accepted Offer to Purchase

Send the fully executed accepted offer and all addendums to your UW Credit Union loan officer

- Provide the documentation for any Earnest Deposit in your Offer to Purchase
- Provide updated documents for your loan application that may be outdated
- Make sure all funds needed to close are in account with a “paper trail” documenting fund source
- Start working with a Homeowners Insurance Agent to get coverage equal to your home loan amount

Your Mortgage Loan Officer will proceed with the following steps

- Provide you with a Loan Estimate of all estimated closing costs and prepaids based your purchase.
- Order the appraisal to make sure the property is worth what you are paying for
- Once file is complete, send loan to underwriting for Loan Commitment.
- Provide Loan Commitment to you, and all Real Estate Agents
- Order Title Insurance
- Schedule closing with You, Sellers and the Title Company



Step 4

Closing on your Home



What to Expect at Closing

1. A minimum of three business days prior to the closing date, UWCU will provide you with a closing disclosure detailing your final fees and your cash needed at closing
2. Your loan officer will let you know if you need a cashiers check or if you must wire the funds needed to close to the title company.
3. A title company will close your loan and all parties will sign papers officially transferring ownership of the property to you.
4. Two important documents you'll see at closing include a mortgage note and a mortgage deed of trust.

Mortgage Note

This document states your promise to repay the mortgage. It indicates the amount and terms of the loan and what the lender can do if you fail to make payments.

Mortgage or Deed of Trust

This document secures the note and gives your lender a claim against the home if you fail to live up to the terms of the mortgage note.

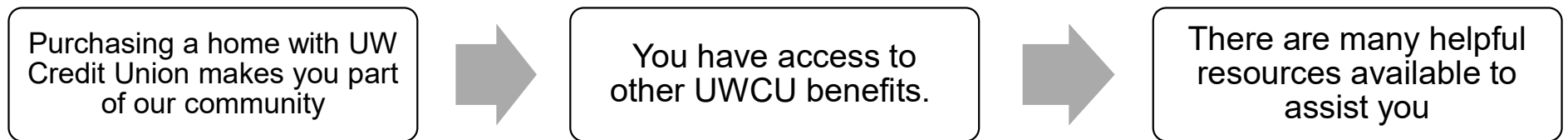


Step 5

Being a Homeowner



Congrats! You are a Homeowner



Resources

1. [Mortgage Learning Center](#)
2. [Understanding Your Credit Score](#)
3. [Get your credit score and credit report for free](#)
4. [Greenpath Financial Wellness](#)
5. [Consumer Financial Protection Home Loan Toolkit](#)
6. [Down Payment Resource](#)
7. [Online autopayment for UW Credit Union](#)



Start Your Journey Here

www.uwcu.org

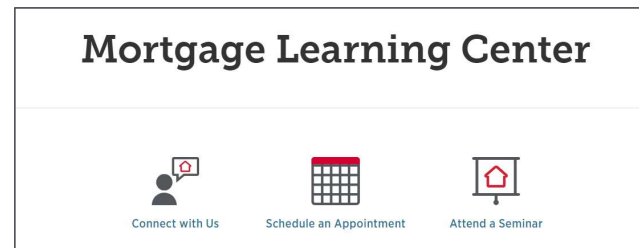
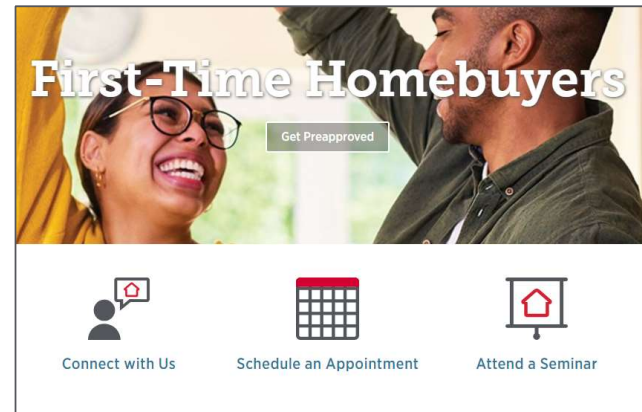
Online calculators

- [Rates and payments](#)
- [Qualifier](#)

[UWCU Mortgage Loan Officers](#)
[First-time Homebuyers Guide](#)
[Mortgage Learning Center](#)

Guide for First-Time Homebuyers

Buying your first house is an exciting new experience, but it also might seem overwhelming and complicated, too. Our articles and resources are designed to empower you with the knowledge you need to confidently achieve your goal of homeownership.



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Questions?



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Please contact one of our Mortgage Loan Originators or visit us at www.uwcu.org for more details. The information provided in these materials does not cover all of the requirements of our loan programs. Guidelines are subject to change without notice.



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