

First Time Home Buyer Questions

Question: Can I become a homebuyer even if I have bad credit, and don't have much for a down payment?

Answer: You may be a good candidate for one of the federal mortgage programs. Start by contacting one of the Fox Valley Savings Bank lenders that can help you sort through your options.

Question: How much money will I have to come up with to buy a home?

Answer: Well, that depends on a number of factors, including the cost of the house and the type of mortgage you get. In general, you need to come up with enough money to cover three costs: earnest money – the deposit you make on the home when you submit your offer, to prove to the seller that you are serious about wanting to buy the house; the down payment – a percentage of the cost of the home that you must pay when you go to settlement; and closing costs – the costs associated with processing the paperwork to buy a house.

Question: How do I know if I can get a loan?

Answer: Using our [simple mortgage calculators](#) to see how much mortgage you could pay is a good start. If the amount you can afford is significantly less than the cost of homes that interest you, then you might want to wait a while longer. But before you give up, why don't you contact a real estate broker or FVSB lender? They will help you evaluate your loan potential. Your lender will know what kinds of mortgages are available and can help you choose the program that is right for you. Another good idea is to get pre-qualified for a loan. That means you go to a lender and apply for a mortgage before you actually start looking for a home. Then you'll know exactly how much you can afford to spend, and it will speed the process once you do find the home of your dreams.

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Question: So what will my mortgage cover?

Answer: Most loans have four parts: principal – the repayment of the amount you actually borrowed; interest – payment to the lender for the money you’ve borrowed; homeowners insurance – a monthly amount to insure the property against loss from fire, smoke, theft, and other hazards required by most lenders; and property taxes, the annual city/county taxes assessed on your property, divided by the number of mortgage payments you make in a year. Most loans are for 30 years, although 15-year loans are available, too. During the life of the loan, you’ll pay more in interest than you will in principal – sometimes two or three times more! Because of the way loans are structured, in the first years you’ll be paying mostly interest in your monthly payments. In the final years, you’ll be paying mostly principal.

Question: What do I need to take with me when I apply for a mortgage?

Answer: If you have everything with you when you visit your FVSB lender, you’ll save a good deal of time. You should have:

- 1) Social security numbers for both your and your spouse, if both of you are applying for the loan;
- 2) Copies of your checking and savings account statements for the past 6 months;
- 3) Evidence of any other assets like bonds or stocks;
- 4) A recent paycheck stub detailing your earnings;
- 5) A list of all credit card accounts and the approximate monthly amounts owed on each;
- 6) A list of account numbers and balances due on outstanding loans, such as car loans;
- 7) Copies of your last 2 years’ W-2s; and
- 8) The name and address of someone who can verify your employment.