

# Saving for home ownership

For most people, buying a home is an exciting and challenging venture - it is the quintessential American dream. However, saving for a home purchase takes commitment, research, and sometimes sacrifices. This fact sheet provides general information on the costs involved and the types of expenditures you will need to save for in order to buy your first home.

## The Down Payment

The down payment will be the most significant of your pre-purchase costs. The rule used to be that you needed to put down 20% of the purchase price, and you would obtain an 80% mortgage. Today, homebuyers can buy a home with less down; however, if you do put less than 20% down, you will probably have to purchase mortgage insurance. Mortgage insurance will likely cost .5-.85% of your loan amount and you must maintain mortgage insurance until your home equity reaches 20%. Keep in mind that the more you put down, the less your mortgage payment will be.

## Earnest Money

Earnest money is a cash deposit you make when you submit your offer; it proves to the seller that you are serious about making the purchase. Your real estate broker deposits the money in an escrow account, and if your offer is accepted the funds are applied to the down payment. If your offer is rejected your earnest money will be returned to you. It is typical to budget about 2% of the price of the home for earnest money.

## Closing Costs

Closing costs include all fees required to execute the sales transaction, such as attorney fees, title insurance, appraisals, points, and tax escrows. Typically these fees are paid up front and cost 3-5% of the purchase price. \*WECU®'s closing costs are typically lower than the industry standard.

## Post-purchase Reserve Funds

You may also need to prove to your lender that you have reserve funds to protect against potential cash flow problems. This not only is assurance for the mortgage holder, but is also peace of mind for you. You should have two to three months' worth of housing payments in a savings account where you can access them without penalties for early withdrawal.

## Cost Breakdown

So how much money should you save to buy a home? The figure will depend on a number of factors, from current interest rates to your credit rating and repayment terms. You may also want to save up for landscaping, immediate repairs, redecorating, furnishings (particularly if you are moving into a much larger space), and moving expenses.

### Example for a \$200,000 home:

10% Down payment \$20,000  
3.5% Closing costs \$7,000  
2 Month reserve fund\* \$3,300  
Total estimated pre-purchase costs \$30,300



\*\$1,650 per month for Principal, Interest, Taxes, Insurance (PITI) and mortgage insurance. Example based on a 30-year fixed mortgage, 7% interest, \$2,256 annual property tax, \$600 annual homeowners insurance, and .65% mortgage insurance.

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## 2011 Board Elections

WECU® is not a bank; we are a member-owned, not-for-profit financial cooperative. Instead of customers, we have members. And instead of a small group of investors, we have a volunteer Board of Directors and Supervisory Committee who are elected from, and who represent, the members of the credit union. These dedicated men and women provide strategic direction over the business and affairs of WECU®, and oversee the safety and soundness of your credit union. If you are interested in running for a WECU® Volunteer position, please visit our website at [www.wecu.com](http://www.wecu.com).

## The Senior Picnic is here again!

Are you 65 years or older, or have you had a WECU® account for over 20 years? If so, WECU® would like to invite you to join us for our annual "Senior" Picnic. Every year WECU® members gather for an afternoon of lunch and catching up with old friends and neighbors. The Picnic will take place in the multi-purpose room at Bloedel Donovan Park on Tuesday, August 3rd from 11:30am until 2:00pm. Lunch will be served at 12:00 noon. Call 676-1168 Ext. 7000 to make your reservation. The deadline to RSVP is Monday, July 26th.



## Our privacy pledge

Whatcom Educational Credit Union is owned by its members and run by a Board of Directors you elect. Since 1936 the Credit Union has provided financial products and services to our members. You have trusted us with information about yourself and your family, and we recognize and respect your expectations of privacy. We have not and will not violate that trust by selling member information for solicitation or any other purpose. We will continue to strive to earn your trust and your business by honoring your privacy. We take your privacy very seriously. Please take a moment to read through our complete privacy policy enclosed with this newsletter or on the web at [www.wecu.com](http://www.wecu.com).



## WECU® in Whatcom County and the World!

In 2002 WECU® expanded our charter, making all residents of Whatcom County eligible for membership. Since 2002 our membership has been growing steadily. Currently we have 11 branches and over 62,000 members. While most of our membership is in Whatcom County, WECU® has members all over the country...and the world! In Whatcom County 25% of the population has an account with WECU®, meaning that one out of every four of your neighbors is a WECU® member. Additionally, about 1.3% of Skagit County's population belongs to WECU®.



The vast majority of WECU® members - 94% of our membership-live in Washington State and roughly 97% live in the Pacific Northwest. However, we also have members in all 50 states, and in 30 foreign countries. While we currently advertise primarily in Whatcom County it appears that word of WECU® is getting out, and people are taking their accounts with them all over the globe!

*Wayne Langei*  
President/CEO



## Congrats Chuckanut Bay Rugby!

Congrats to local rugby team, Chuckanut Bay U-19 Steamers and summer staffer Niki Mihovilovic who recently won the Washington State Rugby Championship! Go Bay Go!

## An important reminder

Reminder: when you opened your account at the credit union, you signed an account card. That account card includes an option that allowed you to designate a “payable on death” (POD) beneficiary for your accounts at the credit union.

Pursuant to the Membership and Account Agreement, the credit union will disburse the funds held in all of your credit union accounts to your POD beneficiary upon your death.

This is just a reminder that the beneficiary designated on your account card is the POD beneficiary for all of your accounts at the credit union, including savings, checking, and certificates under your member number, unless you executed a separate POD designation for any certificates that you hold. This includes accounts opened under this member number at the time you first opened your account at the credit union and all subsequent sub-savings, checking, and certificates. We recommend that you check who your beneficiary is annually. You can change your POD beneficiary at any time by coming into one of our branches. For your information, our Membership and Account Agreement states:

### POD Beneficiaries

A Payable on Death (POD) designation is an instruction to the Credit Union that a designated account is an account payable to the owner or owners during their lifetimes, and upon the death of the last joint account owner, payable to any named and surviving POD beneficiary designated on your Account Card. Accounts payable to more than one POD beneficiary are owned jointly by such beneficiaries with right of survivorship. Any POD beneficiary designation shall not apply to IRA accounts, ESA accounts, or HSA accounts which shall be governed by a separate beneficiary designation. Savings Certificate accounts will be governed by the POD beneficiary designation on the account card unless a separate beneficiary designation form is signed by all account owners. The Credit Union shall at no time have any obligation to notify any beneficiary of the existence of any account or the vesting of the beneficiary’s interest in any account, except as otherwise provided by law.

## NON-PROFIT OF THE MONTH

### Brigid Collins Family Support Center

Brigid Collins Family Support Center strengthens families in our community by providing a variety of support services. Established in 1990, the private, non-profit



was named after Sister Brigid Collins, a St Joseph Hospital administrator and long-time advocate for children and families. In 2009 Brigid Collins served over 1,700 families with 15 innovative and research

proven programs. At their nationally accredited Children’s Advocacy Center, children who have been abused have to tell their story only once to receive justice and healing. Our community’s Hispanic families find support through the Familia Latina program and have access to all of Brigid Collins services, from prenatal education, case management, foster child family support, and child sexual abuse therapy groups, to newsletters focused on child development stages and parent support groups. The Brigid Collins Family Support Center envisions a community which nurtures ALL of its children. And to that end, their mission is to break the cycle of child abuse in Whatcom County. You can help by volunteering, sponsoring and attending an event, naming Brigid Collins in your will, or making a personal or corporate contribution.

For a tour of their programs or to find out more visit [www.brigidcollins.org](http://www.brigidcollins.org), or call (360) 734-4616.

## HOLIDAY CLOSING

All WECU® branches will be closed on Monday, July 5th in observance of Independence Day.

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### Educate yourself

Obtaining high quality, objective home ownership education is essential for first-time homebuyers. The Department of Housing and Urban Development (HUD), (800) 569-4287, can put you in touch with the nearest housing counseling professional in your area. Develop a reasonable savings goal and time frame; learn how large of a mortgage you qualify for and the approximate price range in which you should be looking. You will also receive feedback about your credit score, and how to make improvements.



### Review your budget

Review your assets and liabilities including every possible source of funds. Include all checking and savings accounts, CDs, stocks, mutual funds and savings bonds. Retirement funds such as a 401k or an IRA can be counted toward the reserve requirement. You may even be able to borrow against your 401k plan and use the proceeds toward the down payment (check with your human resources department for details and restrictions). Prepare a cash flow budget to determine how much you can realistically save each month. You may want to sacrifice some expenses or delay the purchase of non-essential items in order to meet your monthly goal.

### Save effectively

Some good techniques for effective saving include: Set up direct deposit with your employer so that a portion of your income is siphoned directly to a savings account; what you don't see, you don't miss.

Track your spending. Awareness leads to diligence and thrift. Get your partner, spouse or family involved. It is easier to save when everyone is excited and working toward the same goal. Tape a photo of the home or type of home you are saving for on the refrigerator or computer as a constant reminder of your objective.

Saving for a home is a choice so if you find your savings plan to be unfeasible, consider extending the timeline. Or, if you really want to stick with the

original time frame, you may want to purchase a home that has a smaller purchase price - and buy "up" later. The idea is not to abandon the dream, but to reassess, reorganize, and persevere.

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888.456.2227

### Automated clearinghouse items

Please be aware that your debit card number cannot be used as your account number when setting up an ACH (automated clearing house) item. The number on your debit card is an encoded number and will cause the item to be returned to the credit union.

### Opportunity Council School Supply Drive

On August 4th, the Opportunity Council will park a school bus in front of its office as a part of their annual 'Fill the Bus' School Supply Drive. Join us again this year in our effort to ensure that

Whatcom County kids will have the supplies they need to be successful this upcoming school year. Drop off school supplies at any participating WECU® branch by

August 3rd and we will bring them down to the Opportunity Council! The Opportunity Council also accepts financial donations; contributions can be mailed to the Opportunity Council office, 1111 Cornwall Avenue, Bellingham WA 98225.



## seminars

### Seminars on hold until fall

Our seminar program is on hold for the summer. We hope you enjoy the beautiful weather and all of the great outdoor evening activities Whatcom County has to offer. Check our website [www.wecu.com](http://www.wecu.com) and newsletters for our fall seminar lineup and have a fantastic summer!

***Our vision: Provide the means for members to achieve their dreams.***

This credit union is federally insured by the National Credit Union Administration.