

# ABC'S OF HOMEBUYING

SPRING INTO HOMEOWNERSHIP ONLINE WORKSHOP

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NMLS ID #733094

**You belong here.**

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# IS BUYING A HOME RIGHT FOR YOU?

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Buying a home requires that you get a firm handle on your finances, gathering your supporting documentation and answering a handful of questions, including:

- What is your gross monthly income?
- What do you spend each month?
- Do you have credit card debt?
- How much do you have in savings?

To get a rough estimate of what you can afford, most lenders suggest you spend no more than 43% of your monthly income — before taxes are taken out — on your total monthly payments obligations, including new mortgage payment, taxes and insurance, credit cards, installment loans, etc.

Things like utilities, car insurance and healthcare are not considered in this ratio.



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# HOW MUCH TO PUT FOR DOWN PAYMENT AND WHAT IS PMI?

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Typically, buyers put down 5 to 20% of the purchase price. Buyers putting down less than 20% are required to pay Private Mortgage Insurance (PMI) monthly until they build up 20% equity in their home. PMI is automatically terminated once the balance reaches 78% of original value or you can request to cancel PMI at 80%.

While the amount you pay for PMI can vary, you can expect to pay approximately between \$30 and \$70 per month for every \$100,000 borrowed.

PMI is not the same thing as homeowner's insurance. It's a monthly fee, rolled into your mortgage payment, that's required if you make a down payment less than 20%.

PMI enables you to buy now and begin building equity versus waiting five to 10 years to build enough savings for a 20% down payment.



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# PMI IN ACTION

## A \$200,000 HOME: 5% DOWN VS. 20% DOWN

	5% DOWN PAYMENT	20% DOWN PAYMENT
Down Payment	\$10,000	\$40,000
Loan Amount	\$190,000	\$160,000
Mortgage Type	30-year fixed-rate	30-year fixed-rate
Interest Rate	4.5%	4.5%
Monthly Mortgage Payment (Principal and Interest)	\$962.70	\$810.70
PMI	\$80.75*	\$0
Total Monthly Payment (Excluding Property Taxes, Insurance)	\$1,043.45**	\$810.70**

*\*Assuming PMI insurance rate of 0.51%; this cost can be cancelled from your payment once you reach 20% equity in your home for conventional loans.*

*\*\*Does not include property tax and homeowner's insurance payments*



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# WHO IS FIRST TIME HOME BUYER?

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- An individual who have not owned a principal residence during the 3-year period prior to purchasing a new home.
- A single parent who has only owned with a former spouse while married.
- An individual who is a displaced homemaker and has only owned with a spouse.
- An individual who has only owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations.
- An individual who has only owned a property that was not in compliance with state, local or model building codes and which cannot be brought into compliance for less than the cost of constructing a permanent structure.



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# WHAT IS HOMEBUYER DREAM PROGRAM & HOMEBUYER DREAM PROGRAM<sup>®</sup> PLUS? (HDP & HDP<sup>®</sup> PLUS)

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Program is offered by Federal Home Loan Bank of NY in conjunction with NVE Bank and provides funds up to \$19,500 for 2024 round in the form of a grant to be used towards down payment and closing cost assistance and up to \$500.00 to cover homeownership counseling costs to the first-time homebuyers who are earning at or below 120% of the Area Median Income and purchasing eligible homes in New Jersey. The grant is forgiven in 5 years as long as:

- The applicants must meet the definition of “First-Time Homebuyer”.
- The applicants must complete a homeownership counseling program.
- The applicants must provide a minimum equity contribution of \$1,000 towards the purchase of the home.




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# FHLBNY HDP & HDP<sup>®</sup>PLUS 120% AREA MEDIAN INCOME LIMIT

This Income limit DOES NOT apply to Bergen County American Dream Program

 <b>Mortgage Revenue Bond Median Income Guidelines: New Jersey State (2023)</b>		
	1 & 2 Person Households	3+ Person Households
County	Max. Allowable Income	Max Allowable Income
Bergen	\$152,040.00	\$174,846.00
Essex	\$148,200.00	\$170,430.00
Hudson	\$148,200.00	\$170,430.00
Middlesex	\$166,200.00	\$191,130.00
Monmouth	\$151,440.00	\$174,156.00
Morris	\$148,200.00	\$170,430.00
Passaic	\$152,040.00	\$174,846.00
Sussex	\$148,200.00	\$170,430.00
Union	\$148,200.00	\$170,430.00



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# WHEN CAN I APPLY FOR PRE-QUAL?

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Getting prequalified early in the process can be a good way to spot potential issues in time to correct them.

Prequalification process at NVE Bank is fast and easy. Simply submit your request online at [www.nve.bank](http://www.nve.bank) or call NVE Lending Center at 201-816-2800 and one of our Mortgage Loan Specialists will walk you through the process.



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# Q & A

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Any Questions?

Thank you for your time!

For more information call NVE Bank at 201-816-2800 ext 1230 or 1275

Or email to [lending@nvebank.com](mailto:lending@nvebank.com)



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