



The American Dream: Planning for your new home

For many people, owning a home is a major part of the American Dream. A home is a symbol of financial success and stability. It is also a big responsibility – one that you will need to accept for many years to come. Buying a home is the largest purchase most people will ever make. If you are looking to turn the American dream into a reality, here are some things to consider before you attend your first open house.

Can I afford it?

Buying a house will have a significant impact on your finances, so it is important to make sure you can handle it.

Create a forecast budget that includes all homeownership costs. Include the mortgage payment, homeowners insurance, property taxes, utilities, home maintenance fees and association dues (if applicable). Also account for unplanned expenses that inevitably occur when you need to buy a new refrigerator, repair the furnace, replace roof shingles, etc.

Am I mortgage worthy?

Before applying for a loan, review your financial situation to make sure you get the best interest rate on your loan. Mortgage lenders generally use four factors to determine a borrower's qualification for a mortgage loan:

- **Stability of income** – Lenders want to know that your income is reliable. A long work history shows income stability. If you are self-employed, the lending institution will request previous income tax returns and financial statements for the business.
- **Adequacy of income** – A lender's risk assessment is measured by determining whether you have an adequate amount of stable income to support the mortgage payment and other financial obligations.
- **Sufficient money to close** – Closing costs vary by geographic location, but typically include application fees, title insurance, appraisals, inspection fees and property taxes. Keep in mind that you are prohibited from borrowing money to close on a mortgage without full disclosure of these intentions to the lender.

- **Creditworthiness** – Lenders will perform a detailed examination of your credit report to assess the likelihood that you will repay as agreed. Pull your free credit report at www.annualcreditreport.com and look for opportunities to increase your credit score. You will be asked to provide a statement explaining any derogatory information in your credit report.

Do I plan to live here for at least five years?

Unless you plan to live in a home for at least five years, you likely won't recoup any of the expenses associated with buying and selling the house.

Additionally, the first few years of mortgage payments primarily pay off interest, not principal, so it takes years to build equity in your home.

Make sure you consider factors such as commute time to work and the quality of the school district.

Want to learn more about the home buying process? Accel Members Financial Counseling offers first-time homebuyer counseling free of charge. During a session, certified housing advisors will educate you on the home buying process, and help you prepare for the requirements and responsibilities of home ownership. To learn more and schedule an appointment, call 877-33ACCEL or visit www.accelservices.org.



America Saves Week: Take Your Financial Future into Your Own Hands

By Katie Bryan, America Saves Communications Director

America Saves Week, set for the week of February 23, is the perfect time to review your finances, set your savings goals for the year, and set up a system that will allow you to save automatically.

Did you know that only half of Americans report having good saving habits? Even if you are already saving, it's good to take a look at your greater financial picture and decide whether there's potential to save more or set a new savings goal. Join thousands of others who are pledging to pay down debt, save money, and take financial action during America Saves Week.

Not sure what to save for? Here are the most popular saving goals of those who have pledged to save through America Saves:

Save for Emergencies – Research has shown that low-income families with at least \$500 in an emergency fund are better off financially than moderate-income families with less than this amount. Nearly a quarter of savers who have taken the America Saves pledge have chosen “emergency savings” as their first wealth-building goal.

Save for Retirement – Retirement savings is a top priority for many savers. Saving for retirement now will ensure that you have enough money to maintain a comfortable standard of living when you stop or reduce the amount of hours you work.

Save for Education – Saving for education is the second most popular goal savers select when they pledge to save with America Saves. There are many different things to factor in when saving and paying for college.

Pay Down Debt – Getting out of debt is the #3 goal savers select when they pledge to save. The good news is that there is hope. With planning, discipline, patience, and

maybe some outside help, almost anyone can reduce their debts and start to accumulate wealth.

Save for a Home – For decades, home ownership has been the main path to wealth for most Americans. Today, home equity – the market value of a home minus the balance on any home loans – represents more than four-fifths of the typical family's wealth.

Not sure how to save for your goals? Here are some saving strategies to help:

Save Automatically – The easiest and most effective way to save is to automatically deduct money from each pay check. This is how millions of Americans save at their bank or credit union, and how millions of employees save through 401(k) and other retirement programs at work.

Save at Tax Time – Do you spend weeks eagerly anticipating your tax refund? When the money finally comes in, is it gone tomorrow? Many people view tax refunds as unplanned bonuses. They see the money as a gift from the government, to use for splurges or treats. But a tax refund provides the opportunity to improve your financial situation.

America Saves Week is coordinated by America Saves and the American Savings Education Council. Started in 2007, the Week is an annual opportunity for organizations to promote good savings behavior and a chance for individuals to assess their own saving status.

GreenPath will be coordinating special webinars during America Saves Week, starting Monday, February 23. In addition, we will be providing free downloads of timely resource packets and infographics. Log on to www.greenpath.org/americasaves for more information.

What do credit union members think about Accel?

Credit union members have the opportunity to let us know the most important benefit they received from completing a financial assessment with an Accel counselor. Here is a comment from a member who spoke with an Accel counselor:

“I was nervous to call in and speak with someone about my finances. I was worried of being made to feel condemned or embarrassed. Much to my relief, my counselor was compassionate, kind, and did a thorough job going through all the different bills, income, and expenses I have and the options I had to relieve my debt burden.”

As a member of First Energy Family Credit Union, you can take advantage of the **Accel**, a program of GreenPath, Inc. Accel is a **free** financial education and counseling service. For more information, call 1-877-33ACCEL (332-2235) or visit us on the web at www.accelservices.org.

