



NEW HORIZONS CREDIT UNION

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9 Overlooked Realities of Homeownership

Most homebuyers focus almost exclusively on the principal and interest payment when shopping for a home. However, your monthly housing cost involves far more than just the loan itself.

Our Mortgage and Loan Operations team at NewHCU has compiled nine essential realities to keep in mind before you start your homebuying journey.



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1. Your Payment is More Than Just the Mortgage

The monthly mortgage payment is often just the base. You must also budget for:

- **Property Taxes:** These fluctuate annually.
- **Homeowners Insurance:** Often underestimated by first-time buyers.
- **HOA Fees:** Dependent on the neighborhood's amenities.
- **Private Mortgage Insurance (PMI):** Typically required if your down payment is less than 20%.



The Reality Check: Adding these costs can easily turn a \$2,200 base mortgage payment into \$2,700 or more.

2. Property Taxes Can Spike After Purchase

Many buyers are caught off guard when their tax bill increases after closing. Because homes are often reassessed at the new purchase price, that low tax bill you saw on a real estate website likely won't be the same one you receive. Be prepared for your tax obligations to jump, especially in high-growth areas.





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3. Insurance Costs are Rising

Particularly in the Southeast, premiums are climbing rapidly. Insurance carriers are increasingly selective, and the age of your roof or the condition of the home can make it difficult—and expensive—to find affordable coverage. Always get an insurance quote early in the process.



4. Interest Rate vs. Total Cost

Obsessing over the interest rate can cause you to miss the bigger picture. A slightly higher interest rate on a lower-priced home can be significantly more affordable than a lower rate on an overpriced one. Shift your mindset to focus on the Total Cost of Ownership rather than just the rate.



5. Closing Costs are Larger Than Expected

Closing costs typically range from 2% to 5% of the purchase price. These include lender fees, title services, upfront escrows (taxes and insurance), and HOA transfer fees. The upfront escrow requirements are often the biggest surprise for new buyers.





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6. Protect Your Credit Score

Avoid any major credit changes while in the homebuying process. Opening a new credit card, financing furniture, or missing a payment can drastically impact your loan approval or cause your interest rate to increase at the last minute. Keep your financial footprint stable until the keys are in your hand.



7. Cash Reserves Provide Peace of Mind

Even if your specific loan program doesn't mandate a large cash reserve, lenders prefer to see extra savings remaining after closing. Maintaining a "cushion" not only strengthens your approval but also provides peace of mind for those unexpected immediate repairs that often follow a move.

8. The Reality of Appraisal Risk

In shifting markets, an appraisal can become a hurdle. If the home does not appraise for the agreed-upon purchase price, you may be required to cover the gap with additional cash, renegotiate with the seller, or face the possibility of the deal falling through.





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9. Time is Money

The homebuying process is lengthy, but delays can be costly. Rate locks have expiration dates, and unexpected delays can lead to extension fees or missed opportunities. Staying organized and responsive helps you stay on track with your seller's timeline.



Advice to consider:

- Buy below your maximum approval
- Seek a mortgage financial expert to avoid stressors
- Protect your cash savings
- Plan for rising costs
- Avoid being “house rich, cash poor”

At NewHCU, our dedicated Mortgage department is here to guide you through every step of your journey. From pre-approval to closing, our experts are ready to ensure you have the knowledge and support you need to make the right financial decision.

Ready to start? Contact a NewHCU mortgage expert today.