

The View

2014 • Fourth Quarter

Updates, News, and Information For Telco Members



Connecting Families
& Building Futures

Holiday Closings

Martin Luther King Day
Monday, January 19

Presidents Day
Monday, February 16

Member Benefits

Telco Members To Receive Loan
Interest Rebate - See Page 3

TrueStage™ Insurance
Provides Credit Union
Discount Rates to
Telco Members - See Page 3

Save To Win Program
Continues Through 2015.
Check Online or In Your
Branch For Details - Win
Cash While Collecting Interest
On Your Savings CD

The Path To Happy Home Ownership

The prospect of owning your first home stirs lots of excitement - and lots of questions. Selling your home and preparing to buy another one can be just as exciting. Getting the right mortgage is a key component to all of these scenarios. This issue of *The View* is dedicated to help you plan and prepare for making the best decisions and getting a mortgage that works for you.

Is buying a house a smart move for me?

Don't let the mortgage misery of recent years scare you away. Buying a home is still a good investment, if you buy and borrow smart. That means not getting in over your head. The mortgage specialists at Telco can help you determine what you can handle financially.

Financial readiness is only part of the equation. Are you personally ready to be a homeowner? Only you can answer that. Home ownership devours a chunk of your free time. If you can't live with that, you may be happier renting.

When should I talk to a mortgage person?

Too often first-time buyers start by shopping for a house. That's like going out to look at cars before you know what you can afford. You could waste time looking at Cadillacs when you should be shopping for a Chevrolet. Know what you can afford before you start house shopping. Have a conversation early with a mortgage specialist at Telco to get preapproved before you go shopping.

What are my mortgage options?

Two key mortgage categories include:

Fixed-rate: The interest rate stays the same throughout the life of the loan, typically 15, 20, or 30 years. Your monthly payment will remain the same during that time. The shorter the loan terms, the less you'll pay in interest.

Adjustable-rate: The interest rate starts a bit lower and then may go up or down at specified intervals.

The fixed-rate loan gives you the security of knowing your payments won't rise. But if you're certain you'll be selling the house in a few years, an adjustable-rate mortgage, locked in for at least that many years, might be right for you.

These are just a sample of the options to consider. **Your credit union has an extensive portfolio of mortgage options** that include first-time buyers, Community Partners, rehabilitation, and new construction with land loans. You might not know it from the daily news, but this is a good time to apply for a home loan. Rates still are low and payments can be manageable. A Telco loan officer can explain your options, so your payment is one you truly can live with.



Variety of Mortgage Programs For Telco Members

First Mortgage

- Mortgage terms from 5 to 30 years
- Fixed rate mortgages as low as 3.5%*
- Variable rate loans as low as 1.75%*
- Competitive home financing on loans up to \$417,000
- Work with one mortgage specialist from start to finish

First-Time Home Buyer

- Down-payment and closing cost assistance available for some buyers*
- Mortgages available for free-standing houses, townhouses, condos, manufactured houses

Community Partners

- Affordable mortgages designed for law enforcement, teachers, firefighters, and health care workers*
- Available for first-time buyers and non-first-time buyers

Competitive Rates

The availability of mortgage programs and the associated interest rates change throughout the year. Current rates are posted at your local Telco branch. However, there is a lot more to the 'affordability' of a mortgage than just the interest rate. The best way to know your best option is to talk to one of your Telco mortgage specialists.

Telco Mortgage Specialists

David Smith: 800.222.1025 Ext. 2114

Travis Privett: 800.222.1025 Ext. 2710

Brandy Ponder: 800.222.1025 Ext. 2172

Kim Poore: 800.222.1025 Ext. 2192



* Certain Restrictions May Apply ** Annual Percentage Rate



Construction Loans

- Loan terms up to 12 months
- Borrow up to 80% loan-to-value based on construction and land costs
- Variable rates at Prime plus 2.75%* APR**
- We'll consider owner/builder borrowers
- We underwrite the entire project at one time, wrapping construction loan and permanent mortgage together
- One application process, no need to duplicate time and fees

Land Loans

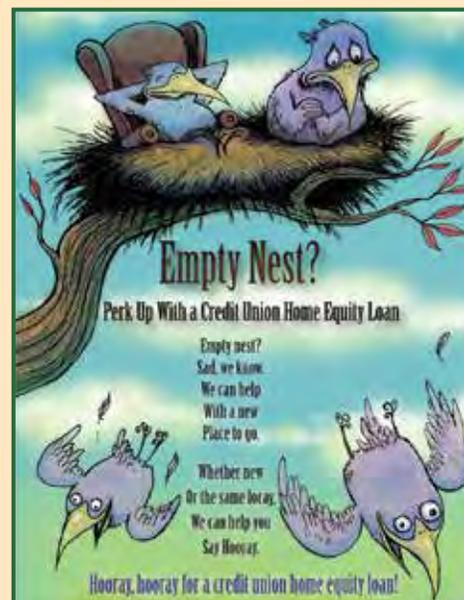
- Available for new home construction
- Fixed rate terms up to 10 years at 8.75%* APR**
- Variable rate terms up to 15 years at Prime plus 2.75%* APR**
- Borrow up to 70% loan-to-value

Home Equity Line of Credit

- A Home Equity Line of Credit is an open ended, interest only, adjustable rate mortgage
- A great tool for home improvement or as reserve for emergency expenses
- Interest rates as low as 5%* APR**

Second Mortgage

- Use home equity for a purchase, debt consolidation, major remodeling, or college expenses
- Fixed rates on loans up to 80% of the value of your home, less the first mortgage balance
- Convenient terms of 60, 120, or 180 months
- Interest rates as low as 5%* APR**



Key Benefits of Refinancing

If you're holding a mortgage with a higher interest rate, we have a better deal. Eligible homeowners find that refinancing often lets them:

- Reduce monthly payments
- Reduce lifetime interest expenses
- Take cash out to use for remodeling or a home addition
- Build equity faster

Call us to see how a refinance might unlock some benefits for your household.

The Equal Housing Lender logo is located in the bottom right corner of the advertisement.

Branch Locations & Business Hours

Asheville - Main Branch

710 Leicester Highway
Asheville, NC. 28806
828.225.5919

Asheville - Downtown Branch

36 Tunnel Road
Asheville, NC. 28805
828.252.6888

Skyland Branch

1871 Hendersonville Road
Asheville, NC 28803
828.210.2090

Candler Branch

1141 Smokey Park Highway
Candler, NC. 28715
828.225.5919

Weaverville Branch

34 Ridgecrest Road
Weaverville, NC. 28787
828.645.6003

Hendersonville Branch

1452 7th Avenue East
Hendersonville, NC. 28792
828.595.9841

Morganton Branch

127 West Parker Road
Morganton, NC. 28655
828.433.0016

Hickory Branch

355 US Highway 70 SW
Hickory, NC. 28602
828.322.8566

Branch Hours:

Monday - Thursday
8:30 am - 5:00 pm

Friday
8:30 am - 6:00 pm

www.TELCOccu.org

Your Online Resource For...

Home Banking
Online Bill Pay
Current Rates
Latest Telco News
Financial News
Consumer Education

800.222.1025

Talk To Your Telco
Member Services Representative

Is A 30 Year Mortgage The Most Affordable?

If you're thinking of applying for a new mortgage or refinancing an existing one, consider a short payoff term. **You could save tens of thousands of dollars** by financing for 20, 15, or 10 years instead of 30.

A shorter term mortgage means you own your home sooner, but it might also mean a higher monthly payment. Weigh how much more you would pay in the short run against how much you would save in the long run.

* **Factor in the closing costs.** If you are considering refinancing an existing loan, make sure you plan to stay in the house long enough to recoup the expense of refinancing with the new savings.

Review your other debts. Eliminate expensive debts - for example large credit card balances - before paying extra on your mortgage.

Evaluate your income source. Is your job or other income source secure? If not, a longer mortgage with a lower monthly rate might interest you. The lower payment would allow you to make extra payments on the principal when you can. One extra mortgage payment a year could shorten a 30-year loan by three or four years, and save you thousands of dollars in the long run.



TruStage™ Home Insurance

Whether you live in a house or a high rise, you want reliable insurance protection at rates you can afford. The TruStage Home Insurance Program, endorsed by Telco, is only available to credit union members.

This TruStage program offers discounts, personalized service and fast 24/7 claims service (including holidays) Even if you already have insurance, a simple call could save you money. For a no obligation quote call 888.380.9287 or use the online link at www.Telcoccu.org.

YOU COULD SAVE
ON YOUR
HOME INSURANCE
Exclusively for credit union members



Giving Back To Our Members

In addition to the low interest rates and flexible terms, **getting your loans with Telco can put money back in your pocket.** To reward its member-owners for their loyalty, Telco returned a portion of loan interest back to member-owners who utilized Telco for their borrowing needs. At the beginning of each year, 1% of interest paid the previous year (if \$10 or more) was returned to the member.

A distinct benefit of borrowing from Telco Community Credit Union is that each borrower is an owner of this cooperatively organized financial institution. We are especially proud of all of the hard work that makes this loan interest rebate possible.

People Helping People – it's built into our core. We are a Credit Union, it's in our name and we are proud of it!



Before Buying Your First Home...

Buying a house is an exciting time. A little scary, as well, but your allies at Telco have your back. We can help you minimize anxiety by being prepared. Talking to a mortgage specialist sooner rather than later is beneficial, and getting prequalified for a mortgage can set realistic parameters for most of the other steps towards buying a home that works for you.

You may hear the terms preapproval and prequalification as you prepare to buy a house. These procedures are not the same, although many people confuse them.



Prequalification simply involves a rough calculation of the mortgage payment you can afford. Why is it helpful? It lets you know from the start how much home you can afford so you don't waste your time shopping in the wrong price ranges.

Determining how much you can afford includes looking at your 'debt-to-income' status. The classic guideline for home affordability is the 28/36 rule.

The first part of this debt-to-income guideline says that your monthly house payment - including mortgage principal and interest, property taxes, and home insurance - should come to no more than 28% of your monthly gross income (what you earn before income taxes, Social Security, and other deductions come out of your check). Using this guide, someone grossing \$4,000 a month should spend no more than \$1,120 ($4,000 \times 0.28$) each month for house payments.

The second part advises that your total monthly debt obligations should add up to no more than 36% of your gross income. So, for the example of someone earning \$4,000 a month, that limit would be \$1,440 ($4,000 \times 0.36$). That should cover all debt payments you make each month: mortgage, credit cards, college loans, car payments, and child support, for example.

Many homeowners have learned the hard way that you're better off buying less than you can afford. Think about it this way - everyone whose home has been foreclosed was approved for a mortgage, so being approved isn't the same as being affordable.

Preapproval happens when you formally apply for a mortgage, and your mortgage specialist determines that you are eligible for a mortgage of a certain amount. So why is it called preapproval, rather than approval? That's because, before making a final commitment to you, all of your personal and financial information needs to be verified, and the property you want to buy has to have a formal appraisal completed.

To make the preapproval process seamless, assemble these financial documents:

- Your credit report. Obtain a copy as early as possible and scour it for accuracy. To obtain a report visit annualcreditreport.com or call 877-322-8228.
- W-2 forms. Make copies from the past two years.
- Pay stubs. Copy your two most recent ones.
- Financial account statements. Collect statements (including retirement accounts) from the past few months.
- Information on vehicles you own. Include make, model, and resale value.
- Credit card account information. Include numbers and types of cards, balances and minimum payments.
- Auto-loan account information. Include account numbers and statements.
- Other loan account information. Think student loans and personal loans.
- Gifts. If you're fortunate enough to have any money for your down payment gifted to you, identify how much and where it will come from. Be prepared to document that it's a gift and not a loan.

5 Steps for First-Time Home Buyers

- 1. Build your credit score.** This three-digit score mirrors your credit habits and will determine if you get a home loan and at what rate.
- 2. Build a down payment.** You may need as much as 20% to 30% to qualify for the best rate; if you aren't there yet, talk to a credit union lender about your options.
- 3. Find an agent.** A buyers' agent works on your behalf rather than the seller's. Ask friends and family for agent recommendations.
- 4. Get preapproved.** Your credit union loan officer can help you learn what you can afford, how much you qualify for, and what kind of loan is best for you.
- 5. Locate the right house.** Research neighborhoods and check out homes online to get ballpark pricing.

Benefits of Home Ownership

- **Stability** - It's rewarding to have a place to settle down in and call your own.
- **Tax deduction** - You usually can deduct mortgage interest on your tax return.
- **Appreciation** - Over time, the value of a home generally increases.
- **Increase in net worth** - Mortgage payments help you build equity.
- **Borrowing power** - Equity built up over time may help you qualify for future loans.