Dear Members,

Thank you for your business and supporting the credit union for another successful year! KCT held its Annual Meeting in March and is excited to share the Annual Report with you. [Click here to review the Annual Report]

In this edition of the KCT Difference, I would like to talk about steps you can take to make the home or car buying process easier by getting preapproved with KCT. We understand that you may have questions regarding our products and the loan process. KCT staff are here to help and are always happy to answer questions you may have regarding any big purchase. Don't put off that big purchase as experts are predicting rates to rise.

**Loan Preapproval**
Learn why it's to your advantage to get preapproved for a loan when making a large purchase. Know how much you can afford, whether you're looking to buy a car or home.

**Home Buying**
We understand that buying your first home is a big decision that can be difficult and scary. Learn home buying tips especially if you're buying your first home. If you want to learn even more, reach out to our Residential Lending Specialists to answer any questions.

**Rising Interest Rates**
Interest rates are predicted to continue to rise this year. Don't wait if you are looking for a large loan in the near future as it may end up costing you more in the long run.

Thank you for your continued support and membership!

Respectfully,

Mike Lee  
President/CEO
Why Should I Get Preapproved For A Loan?

Q: Is there any reason to get preapproved for a loan?
A: For a large purchase, such as a home or car, having that preapproval in hand before you start shopping is crucial. A preapproval is a written letter from a lender specifying how large of a loan you will be eligible for. The letter will also detail your estimated interest rate on the loan.

Here are some other key advantages of getting a preapproval:

1.) You’ll know what you can afford
Having this information in hand will simplify your search. It will also help you avoid disappointment later. Be sure to calculate other monthly costs, such as property taxes, home insurance and increased auto insurance rates when determining the amount of money you’ll need to shell out each month.

2.) Don’t get taken for a ride
When you’re unsure about how much you can spend on a car, the dealer will capitalize on your uncertainty by trying to sell you a car that barely skims the maximum amount you’ve told them you can afford. They may also focus only on a monthly amount you can afford. They’ll then try to inflate the payment with unnecessary charges and fees only because they fit within your named payment amount.

In contrast, when you show the dealer your preapproval letter, they will have to show you cars with price tags that fit within your loan amount.

3.) Be taken seriously
A car dealer will take you more seriously when you walk in with a preapproval. Having that information in hand shows you’re ready to buy. When purchasing a home, a realtor will be able to assist you more efficiently when you know exactly how much house you can afford. They’ll also give you better service since you’re showing that you’re serious about buying a home. In fact, many realtors will only work with buyers who’ve obtained a preapproval.

4.) Know you have financing you can trust
When you show up at the car dealership with a preapproval from your credit union, you know the deal is in your best interest. Many dealers have access to several financing options and they’re almost always going to offer you options that are in their own wallet’s best interests.

5.) Purchase your dream home
A preapproval helps you stand out from the pack. If you’re house-hunting in a competitive market, having your preapproval will give you a leg up on bidding wars. A seller will be more eager to work with someone who’s already started the mortgage process.

In the market for a new home or car? Don’t forget to call, click, or stop by KCT Credit Union to hear about our fantastic rates on mortgage and auto loans.

Auto Loan
rates as low as
1.74% APR*
Up to 60 months

*Annual Percentage Rate (APR). Advertised rate is based on excellent credit history and discounts. 1.74% APR applies on vehicles model year 2017 or newer for a 60-month term or shorter.
Offer valid thru April 30, 2018. Other terms and conditions may apply. Payment example: a $20,000 loan with a 60 month term at 1.74% APR would have 59 payments at $348.53 and a final payment of $348.40. Payment may vary from example if electing GAP coverage, Mechanical Repair coverage, or KCT Protection.
Rates subject to change. All loans subject to approval.

**New and existing (non-delinquent) KCT Platinum or Platinum Rewards cardholders will receive a 0.25% discount on an approved auto loan rate. Receive an additional 0.25% discount on approved auto loan rate when you setup or have an existing automatic deposit into your KCT Checking account of at least $500.00 per month with automatic loan payment.
Mistakes First-Time Homeowners Make

Q: My husband and I have been renting an apartment since we got married. We recently decided to buy our first home. Some friends of ours had lots of trouble with the process, and wound up buying a house they can't really afford. We don't want to go through what they did. What can we do to buy our dream home without all that grief?

A: Buying a house is one of the biggest decisions you will ever make. It’s great that you and your husband are planning ahead for this important milestone. These are common mistakes that first-time homeowners make—and how to avoid them.

1.) Not Knowing Your Housing Budget
The term “house poor” is an apt one for the many people who buy a house that is costing them more than their income allows. It’s uncomfortable to be in this situation, so you’ll want to avoid buying out of your financial comfort zone.

You sound like planners, so you probably already have a budget and some idea of your expenses for running your current household. Now is the time to review that budget. Some of your expenses are going to increase in a new home - utilities, for instance. If you’re moving from an apartment to a larger home, that can cost much more. Some of the other budget items may change, too. Renter’s insurance and laundromat costs may drop off the list. Add up all your expenses, but leave out rent or mortgage payments. When you subtract the total of this list from your take-home pay, you will have a pretty good idea of how much you have left for mortgage payments. Use our mortgage calculator online at kctcu.org to calculate mortgage payments based on various interest rates. Generally, housing costs should be 30 percent or less of your before-tax income.

2.) Looking Outside Your Housing Budget
There is nothing worse than finding your dream home only to realize that it’s way out of your reach. It’s a common mistake to look at properties that are too expensive for your budget. This tends to set you up for disappointment. Even if you manage to purchase the home, you may find yourself in the same situation as the friends you mentioned in your question: too much house and too little money.

After doing your research, you’ll know how much you can afford to spend on a new home. You can then pinpoint properties in your price range. Most home purchases require compromise. Maybe you’ll decide on a smaller house in a neighborhood with the best schools in the city. If space is your highest priority, you might decide on a large house in a less-exclusive neighborhood. Every house has some advantages and disadvantages, but keep your search within your financial comfort zone.

3.) Purchasing Based on Future Changes
If you are having trouble finding a house in your price range, consider ways to reduce your current expenses. This will mean having more money available to make a larger monthly mortgage payment. The mistake some people make is assuming they can make these changes once they own a house. However, these budget changes should be in place before you buy a house, even if it means delaying the purchase. Give yourself at least six months to see if you can stick to your new budget.

4.) Treating Your Home as an Investment
First-time buyers often expect that they will be able to sell their house in five or 10 years for a large profit. The last decade has brought major changes to every housing market. While a house in certain areas was almost guaranteed to appreciate in value, this is no longer a sure thing. Economics professor Art Carden, from the Brock School of Business, has this advice, “Buy a house to live in and be prepared for lots of unseen upkeep costs that range from mowing the lawn to emergency repairs.”
From home buying to using your home’s equity, KCT is with you every step of the way.

*Annual Percentage Rate (APR). Home Equity Line of Credit (HELOC). The intro rate of 1.99% APR is valid for the first 6 months following your closing. Afterwards, your rate will change to the prevailing rate based on the Prime Rate, currently at 4.75% APR, lien position and amount requested. The APR for KCT’s HELOC may change quarterly on January 1, April 1, July 1 and October 1 based upon the Prime Rate as reported by the Wall Street Journal. The floor for KCT’s HELOC is 4.00% APR, and the ceiling is 18.00% APR. Owner occupied, primary residence only. Interest may be tax deductible, consult your tax advisor to find out if you qualify. Minimum HELOC line amount is $5,000 with an initial draw of $5,000. Rates subject to change. All loans subject to approval. Membership and other qualifications apply.

KCT Credit Union will waive closing costs if initial draw is $15,000 or greater. Closing costs include a $245 appraisal fee (approximate) and a $65 title search fee. You may be charged a $50 inactivity fee if no transaction is made within 12 months. A late charge of 5% or $10, whichever is greater, will be assessed if payment is more than 10 days late.

We do business in accordance with the Federal Fair Housing Law and the Equal Credit Opportunity Act. *Free appraisal on refinance or purchase of principal residence single-family homes. Free appraisal on conventional loans only for 15, 20 and 30 year fixed-rate mortgages with a minimum loan amount of $125,000. Offer valid thru June 30, 2018.
Rising Interest Rates

Interest rates have been steadily increasing over the last year. So, if you’re thinking of taking out a large loan in the near future, you might be waiting until those rates start going down again.

Here’s why that might not be the best idea.

**Interest rates will continue to rise**
Experts predict interest rates on financial products will continue increasing throughout the year. It’s not looking great for those who are taking out a short-term loan, either. Experts claim 2018 will see three interest rate hikes, each being 0.25%. If you need to borrow money, it’s best to do it sooner rather than later.

**Mortgages**
Mortgage interest rates are on the rise and are currently close to 4.6%, up more than 20% from a year ago. For the most part, mortgage rates are linked to bond yields. When bond yields rise, so do mortgage rates. The recent tax overhaul caused investors to favor stocks over bonds, and consequently, mortgage rates have been climbing since September.

Some experts are predicting a turnaround for mortgages in 2018, with the rates possibly dipping below 4% sometime this year. However, all agree that by year’s end, the mortgage rate will settle at 4.5%.

No one can be certain of anything, though, and waiting until the rates drop might prove to be pointless. In fact, you might even end up paying a higher rate for that delay.

**The good news**
Experts predict a great year for returns on savings, especially CDs. Some claim an average one-year CD will yield a 0.7% return by the end of 2018. So, if you’ve been thinking about opening a share certificate or other savings options, talk with KCT Credit Union to get started.

**What it means for you**
Let’s review the practical steps you can take in this economic environment:
1.) If you’re thinking of taking out a mortgage or another long-term loan, don’t wait for rates to decrease; it isn’t likely to happen anytime soon.
2.) Try to pay off your debt at a quicker pace than you’ve been doing until now to avoid getting hit with rising interest rates.
3.) 2018 is a great time to increase your savings and to open a share certificate.

Volatile economy got you stressed? Call, click or stop by the credit union. We’ll guide you through any financial turn!

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**Grow your savings**
Call or visit us today 847-741-3344

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Build Stronger Communities Together
Earth Day Celebration

Presented by The Natural Resources Committee of Geneva & The Geneva Park District
Saturday, April 21, 2018
11:00 am - 3:00 pm
Peck Farm Park
4038 Kaneville Road, Geneva, IL 60134

Take the vacation you’ve been dreaming of
Apply today for a KCT Vacation Loan
Borrow $1,000 - $5,000
for 18 months
as low as 4.99% APR*

Join us in celebrating our new South Elgin branch
Wednesday, May 23
4:00-6:00 pm (Ribbon Cutting @ 4:30 pm)
Refreshments will be served

KCT Bulletin Board