



## Getting A Mortgage

Before you are able to close on your home, your loan must go through the underwriting process. It is an underwriter's job to make sure you have represented yourself and your finances truthfully, and that you haven't made any false or misleading claims on your application.

The underwriter, who is employed by the mortgage lender, will check your credit score, review the home appraisal, and review your financial portfolio to ensure no changes since your original pre-qualification or pre-approval for the loan.

Since underwriting typically happens shortly before closing, you don't want to do anything while you're in contract that is going to hurt your credit score. Don't go buy any new boats, or cars, for example.

**Ask for referrals.**

Ask friends, family, your REALTOR, or loan officer for recommendations for lenders. Also, consider local credit unions. They have low rates if you qualify for membership.

**Obtain quotes from at least three lenders.**

Consult with both mortgage bankers and mortgage brokers to get the best interest rate.

*This chart was created by a lender, showing the steps they go through throughout the financing process:*

Application
Pre-Qualification
Pre-Approval
Contract Received
Appraisal Ordered
Appraisal Received
Submitted to Underwriting
Initial Underwriting Approval Received

Conditions Submitted
Final Underwriting Approval Received ("CLEAR TO CLOSE")
Buyer has Acknowledged the Preliminary Closing Disclosure
Closing Instructions Sent to Title Company
Approved Settlement Statement Received
Loan Funded!

## Home Inspection

The home inspection gives buyers the right to have the home professionally inspected. If something is wrong, you can discuss your options with your REALTOR. If you are not purchasing the home "as is", you may request that repairs be fixed, or you may decide to walk away. If you are purchasing the home "as is", an inspection will give you a complete list of all recommended or required repairs to the home. You may have the option to walk away, if done within the inspection period terms of the contract.

**Find a qualified inspector.**

Contact one of the professional organizations to find an accredited, self-employed expert who has performed a lot of inspections. Expect to pay about \$300 to \$500 for a general inspection.

**Request a detailed report in advance.**

Find out what the finished report will look like first. You want it to be at least 10 pages and include photographs of anything that's wrong.

**Consider additional assessments.**

Ask your REALTOR if they recommend additional inspections above and beyond the standard one. This will depend on the style of the house and when it was built. A typical example of this is a termite inspection.

**Attend the inspection.**

This is your opportunity to ask questions about the infrastructure of the house. Be sure to learn about the operation and locations of the gas and water shut-off valves and the breaker box.

**Ask the repairman to provide written estimates for all fixes.**

## Purchase Home Insurance

Now that we have completed our home inspections and are moving forward with the property, it's time to start shopping around for home insurance. We recommend comparing at least 3 different sources. Your current insurance company will have all your data and history on file, so that is a strong place to start. We also recommend speaking with insurance brokers, who can compare multiple companies for you.

You will need to have insurance all lined up before the lender will close and disperse funds.

## Hiring an Appraiser and Buying Title Insurance

When you buy a home, you "take title" to the property as the legal owner. This is confirmed and recorded by local public offices. As part of the closing process, your mortgage lender will require a title search, and you'll need to purchase title insurance to protect you from legal claims on your home.

Sometimes unexpected things may happen. A distant relative, or an ex-spouse, may come into the picture and make a claim that they actually own the home and that the seller had no right to sell it at all. Title companies clear title to ensure that this does not happen.

- Have the property appraised.**

To determine its value, you need an appraiser, which your lender will hire. Make sure the appraiser has a copy of the sales contract to verify what is (and isn't) being sold.

- Ask your broker to provide a list of comparable properties.**

Point out where the home being appraised has been improved and how that differs from other recent sales.

- Comparison-shop for title insurance.**

You can choose the provider for this coverage, which protects you and your lender against liens. There's no discernible difference in protection, so you can go with the cheapest option. Just be sure to ask the insurer for their rating.

## Navigating the Closing Process

If you're getting a loan, one of the best ways to prepare is to review the closing disclosure (also known as the HUD-1 settlement statement) with your REALTOR. This is the official document which will outline all debits and credits to buyer and seller. It will also outline your mortgage payments, the loan's terms (interest rate and duration), and any additional fees (closing costs). You'll want to compare your closing disclosure to the loan estimate your lender gave you at the beginning. If you spot any discrepancies, ask your lender to explain them.

- Consider hiring an attorney. (*Great news – NHTSR's Broker is also a licensed attorney!*)**

Lawyers aren't always necessary for residential purchases, but if your situation is complicated or if you're buying a foreclosure, it's a good idea to hire one.

**Lock in your interest rate.**

Do so 30 to 60 days before your close.

**Obtain a detailed list of closing costs from your lender.**

Besides the expense tied to your loan, you may have additional fees, such as title services and transfer taxes.

**Watch for bogus fees.**

Some lenders charge for preparing documents, messengering papers, or even printing e-mails. It's worth asking to have these items removed from your bill.

## **Conducting the Final Walk-Through**

Most sales contracts allow buyers to do a walk-through within 24 hours before closing. During this walk through, you're making sure the previous owner has vacated (unless a rent-back agreement is in place). You are also double checking that the home is in the same condition as was agreed upon in the contract. This is your last chance to point anything out that you may notice before the closing.

- Verify that all included appliances are in working order.
- Turn on every faucet and flush toilets.
- Plug something into each outlet.
- Check the smoke detectors.
- Test the heat and the air-conditioning.
- Look for water and mold on ceilings.
- Sign the contract.
- Move in.
- Throw a party and invite all your new neighbors. And your REALTOR.

## **Bring the necessary documentation to closing**

- Proof of homeowner's insurance
- A copy of your contract with the seller
- Your home inspection reports
- Any paperwork the bank required to approve your loan

- A government issued photo ID.
- Cashier's or certified check** (This is to cover any down payment and closing costs you owe)