



BUYING A HOME 101



Before you consider buying a home, there is a lot to think about and consider as a buyer. The more you know, the better you can execute – making the process of home buying exciting and rewarding.

First Steps

Pre-qualification for a mortgage is the best way to start. Lenders use a variety of criteria to evaluate what you can afford as a buyer in the pre-mortgage process. This includes income, credit score, cash for down payment or closing costs and any existing debt or other financial obligations. These can have a definite impact on what you can afford. Two key ways to determine what you can afford include a housing expense to income ratio which evaluates an estimated mortgage payment versus your monthly income and a debt to income ratio which looks at monthly expenses you already incur versus your monthly income.

Your Credit Score Leads the Way

The credit score can be your best asset and knowing what is on it is even more important. There are three credit reporting agencies where your credit score is kept. It is a model used to evaluate you as a consumer in terms of paying bills on time; amount owed; if you have filed bankruptcy; had judgments or liens entered against you and even how many times lenders have reviewed your credit. This score is used to help lending institutions make decisions on loan amounts and interest rates. If you are trying to buy a house, don't make large purchases with a credit card or loan – this can have an adverse impact on your score.

Make sure to prepare for the home buying process – it's key to scoring your dream home!



What can you do to make it easier for getting a mortgage loan approved? Several factors are evaluated in this process, including credit score, income and any assets so it's important to make sure you know your financial standing – in other words those items that can make or break your loan application.

Keep It Current

Make sure that all accounts are current and payment are made all time. This includes car and house payments, credit cards and even accounts that can be paid off at the time of closing. Even one late payment can cause problems.

Get Organized

Make sure to keep a folder with all necessary documents such as pay stubs, statements of bills and any other information that a mortgage lender would need. Have these ready and organized so your lender does not have to search for information.

Know Your Status

Many factors can have an impact on obtaining a loan such as changing jobs, any additional inquiries on your credit report, major purchases, changing bank accounts and not listing funds that are to be used toward closing costs. Make sure you consider any financial decisions because they can cause problems with the mortgage process. Make sure your financial status is your focus so you can obtain the best interest rate possible

Buying a home is one of the best investments you can make and by being proactive, you give yourself an advantage by knowing all of the steps to success. So, what can you do as a buyer that can make this process easier for you? Knowledge and preparation are essential and your team of real estate and mortgage lenders can work with you to meet your goal of owning a home.

Mortgage Pre-Qualification

How much can you afford? One of your smartest moves is to know in advance your price range and get pre-qualified through your mortgage lender. By knowing your price range, you can make better decisions when looking for your home.

Using Your Agent

Knowledge is power. And working with your real estate agent to establish what features and amenities you want in a home can make the home buying experience more successful and lead you to find the home you've always wanted.

Making the Offer

Once you're ready to make the offer, your real estate agent presents it and then the seller makes the next move which would be accept, counter, or reject. If an agreement is reached, the real estate agent acts as coach for arranging the Purchase Agreement to be signed by you and the seller. This document will outline the terms of the sale.

Inspection Time

A home inspection works as a safeguard before the purchase is complete. Remember to have a professional inspector come in after an offer is accepted to evaluate the house and provide a scouting report on any safety issues. This gives you as the buyer an opportunity to evaluate the home and reject the initial offer.

Appraisal – Know Your Worth!

The appraisal process gives you the peace of mind of knowing the current market value of the home and is required by a mortgage lender – and can help you with the purchase of the home you have always wanted!

Title Insurance

This insurance ensures that your home doesn't have anything attached to it such as liens and establishes a clear channel of ownership. It protects the buyer against these types of issues.

The Closing

The closing is that final step in the homebuying process. A closing agent will oversee this process which includes the final transfer of ownership.

SCORE!

And the home is yours! Congratulations and thank you for having us as part of your team!



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