

The First Time Homebuyers Survival Guide



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Commonwealth
Bank & Trust Company

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Sales and Mortgage Progression

From A to Z

- 1.** Apply for a pre-approval to find out how much house they can afford.
- 2.** Meet a Realtor to begin your home search. You should provide the Realtor with your criteria/list for your home in order of importance. For example, location, number of bedrooms, number of bathrooms, garage, basement closet space, older home/newer home etc.
- 3.** You and the Realtor will work together to narrow your search, then schedule appointments to view homes of interest.
- 4.** When you find "The One", you and your Realtor will present an offer to the seller with your pre-approval in hand and earnest deposit ready.
- 5.** Wait for an accepted offer. Sometimes you will have negotiate or counter offer with the seller a few times before you reach an agreed offer. You now have a binding contract.
- 6.** You will schedule and perform a home inspection, if called for in the contract, and then you release the inspection contingency if no major problems are found.
- 7.** Your mortgage loan officer will order the title and appraisal.
- 8.** The appraiser schedules an appointment with the seller or seller's Realtor.
- 9.** Once the processor and your loan officer receive and review all of the documentation and establish that the file is complete and correct, it will be sent to underwriting.
- 10.** The underwriter will approve the loan requirements with or without conditions and ask for additional information if necessary.
- 11.** Once all additional information is satisfied, the loan is approved.
- 12.** Insurance, necessary inspections, repairs and/or a survey (if required) are ordered.
- 13.** You and your loan officer set up a date and time for closing.
- 14.** Your closing takes place and the title is transferred from the seller to you. The deed and mortgage are recorded and made public record.

Make Your Move

A checklist to help prepare for the big day

Arrange for a mover or moving truck (Call Early!)

- Check the yellow pages
- Ask for referrals from friends

Get moving supplies

- Cartons, tape, scissors, labels
- Packing materials: newspaper, bubble wrap

Change you address

- Complete a "Change of Address" card with the post office
- Notify business associates: employer, insurance agent, bank, credit card companies
- Notify professional contacts: attorney, accountant, doctor, dentist
- Notify other contacts: clubs, associations
- Notify friends and relatives

Settle Financial Matters (if you are moving out of town)

- Close local charge accounts
- Transfer bank accounts
- Empty safe deposit box

Cancel services and establish services in your new home

- Newspapers
- Home security
- Garbage collection
- Cable TV
- Lawn or snow removal
- Cleaning service

Cancel utilities and establish utilities in your new home

- Telephone
- Electric
- Gas/Fuel Oil
- Water/Sewer

Contact schools and daycare

- Notify of move
- Get children's records and transcripts

Tie up loose ends

- Return borrowed items, including library books
- Pick up dry cleaning, laundry, items for repairs
- Obtain medical and dental charts and records
- Get copies of prescriptions

Closing On Your New Home

You're finally in the home stretch. Closing, also known as settlement or escrow, is the last step. This is the official transfer of the property from the seller to you. Once it's completed, you'll be the proud owner of your new home. In the meantime, here's what you need to know to prepare for your closing. If you have additional questions, your loan officer will be happy to assist you.

What To Bring

- ❑ A certified check (payable to your self) for the amount specified in your most recent Good Faith Estimate received from your loan officer.
- ❑ Your personal checkbook to cover extra charges if necessary
- ❑ A copy of your driver's license

What To Expect

- ❑ Contrary to stories you may have heard, the typical closing proceeds without complications and only lasts an hour or so. It usually takes place at the office of the title company. Primarily, you'll sign numerous papers and documents, all of which will be explained to you along the way. You'll finalize your mortgage, pay what's due and get the keys to your new home!

What You'll Pay

- ❑ Your Good Faith Estimate outlines the various expenses you'll incur at the closing. Basically, you'll need a certified or cashier's check that covers:
 - ❑ The balance of your down payment (subtract the earnest money you paid when your offer was accepted on your home).
 - ❑ Fees for other services including loan origination fees, tax and insurance escrows, recording fees, transfer taxes and possibly your owner's title policy.
 - ❑ Prior to closing, you will receive a formal Settlement Statement that details and documents the actual charges.

Commonwealth Bank

The experts in purchase financing

Why it pays to use a purchase mortgage specialist when financing your home

Whether you're buying your first home, moving up, or moving away, your Commonwealth Bank & Trust mortgage loan officer can make it easy for you to get the money you need to turn your dream into a reality.

Number One in Purchase Productivity

The majority of our business involves purchase transactions. you can have peace of mind knowing that our focus is on finding the best loan program to get you into your dream home.

We are ready to help you buy a home when the right one becomes available. We will work with you to identify your goals and review the loan programs and payment options. We provide flexible down payment and closing programs. We are familiar with today's complex purchase agreements, financing addendums, and commitment date requirements. In addition, our state of the art technology allows approvals in minutes, and our partnership with our local title company Goldberg & Simpson, allows us to close loans quickly.

Number One in Experience

We hire the highest quality loan officers, with an advantage of 15 years in the industry. These seasoned professionals work hard to customize a loan to meet your needs.

Number One in Customer Service

Your complete satisfaction with your mortgage financing is our top priority!

The Pre-Approval Advantage

Buyers who arrange their financing first have a distinct advantage. With a pre-approval letter in hand, you and your Realtor can shop for your new home knowing how much you can comfortably afford. When you are ready to make an offer on a home, your pre-approval is an important negotiating tool. In competitive situations, a pre-approved mortgage can make the difference between getting the home of your dreams and losing out to someone else.

Call us today for a free, no-obligation consultation. Even if you have already talked to other lenders, we'd like the opportunity to show you how we compare, and how we may be able to save you money.

Viewing Properties

One of the most exciting aspects of buying a home is looking at different properties in your price range and seeing houses in all sizes, conditions and styles. It's the best real estate education of all.

How Many To See

How many homes should you plan to view before you make a decision? That's up to you, and will depend on the neighborhood, the market and your specific requirements. Most home buyers view between 5 to 8 homes. With all the homes on the market at any given time, the key is to focus your efforts on suitable properties. Your Realtor will help by eliminating homes that don't meet your criteria, and tracking down those that do.

What To Expect

Your Realtor is happy to show you any house that's on the market. Once you're ready to view a property, here's what you can expect:

Before:

- Schedule all visits in advance with your Realtor. The seller typically needs at least 2 hours notice, although 24 hours is preferred.
- Plan to spend up to 30 minutes seeing each property. Allow for travel time.
- Wear shoes that slip off easily
- Try not to bring small children. They'll probably become tired and bored, and without them you'll be better able to focus on the task at hand.

During

- Pay attention to the home's curb appeal, floor plan and overall amenities.
- Take notes, ask questions and make comments that will help your Realtor understand your needs and what you like and don't like about the home.
- Be considerate of the owners, who may or may not be present during the tour.
- Relax and have fun!

Home Inspection

Perhaps one of the most important protections a buyer and a seller can have in a home sale or purchase is a whole-house home inspection. In addition, you should have a termite or other wood destroying insects inspection and any other type of inspection that your particular property may require.

Many buyers want to save a little money by waiving their right to a home inspection. We advise against such a decision. There are numerous aspects of a property that may need to be repaired or replaced. The seller may not even know of some defects and may not, therefore, be able to disclose them to you.

Likewise, your Realtor cannot guarantee that a property is free from defects. A Realtor only knows as much about the property as the seller has disclosed and as much as he or she can see with his or her own eyes. Most Realtors are not certified home inspectors. Most sellers do not even know all of the potential problems with their homes.

What Is Title Insurance?

You've signed a purchase agreement and you're scheduled for closing on the home of your dreams. Who wants to think about something as obscure as title insurance? Actually, you'd be foolish not to.

A title is the document that verifies your legal right to your new home. To make sure there are not past error or legal entanglements that might affect your ownership rights, all properties are subjected to a title search before closing. Sometimes, however, a title problem will unexpectedly surface days or year later. If a problem does occur, you'll be glad to have the protection of insurance. There are two kinds of title insurance: one that protects the lender (required) and one that protects you (optional). Don't underestimate the importance of this coverage.

Lenders Policy

- Mandatory for buyers to purchase
- Covers title defects, easement problems, judgments or liens
- Remains in effect until the mortgage is paid off
- Protects the mortgage lender

Owners Policy

- Optional for buyer to purchase, but a small investment for peace of mind
- Protects you, the buyer, against title defects, easements, judgements or liens
- Pays for court costs and fees associated with claims, plus any other losses
- Covers you and your heirs forever, even after you sell the property

Potential Threats to Your Title

- Sudden appearance of unknown heirs
- Discovery of forgery, fraud or impersonation
- Evidence of altered deeds
- Discovery of unfilled or defective legal documents
- Liens of unpaid taxes or assessments