

Buying a home can be a very intimidating process, especially if you've never done it before. The first thing you should do is figure out whether owning a home is right for you – it may or may not be, and this decision depends on what your circumstances are. These steps can help you through the process...

Step 1: Check Your Credit Report & Score

Before getting a mortgage or any kind of loan, you should always check your credit. You are allowed to receive one free copy of your credit report per year. You can do this by visiting Annualcreditreport.com. Scores range from approximately 300 to 850 and generally, the higher your score, the better loan terms you will qualify for. Don't forget to check your report for errors – If there are any, dispute them with your creditors and it may help your credit score.

Step 2: Figure out How Much You Can Afford

There are many online mortgage calculators available to help you determine an affordable monthly mortgage payment. Don't forget to factor in money you'll need for a down payment, closing costs, and fees (appraisal, inspection, etc.) Remember, you don't always have to put down 20% like your parents did – there are loans available with little to no down payment. An experienced home loan expert can help you understand your loan options, closing costs and other fees.

Step 3: Find the Right Lender and Real Estate Agent

To find the right mortgage lender, it is best to shop around – get recommendations from your friends and family and talk to at least two (2) mortgage lenders. Be sure to ask a lot of questions and make sure their answers are clear. It's important to find someone you are comfortable with and who makes you feel at ease.

Once you have the right mortgage lender, make sure you at least get **pre-qualified**. A pre-qualification is only an estimate based on what you tell the lender and is not a guarantee for a loan.

You can take it one step further by getting a **pre-approval** before you start home shopping. A pre-approval will give you a better idea of how much of a loan you qualify for – you will need to provide your name, social security number, income, etc. and the lender will actually pull your credit. With a pre-approval, when you're ready to make an offer, it will look more appealing than other buyers since your financing is guaranteed and the process can go quicker.

Step 4: Look for the Right Home

Determine how many bedrooms and bathrooms you'll need and have an idea of how much space you will need based on the size of your family. How big do you want the kitchen to be? Do you need lots of closets and cabinet space? Do you need a big yard for your kids and/or pets to play in? Take into account, there are extra responsibilities and costs that go along with owning a home-such as lawn care, home maintenance and repairs, etc.

Once you've made a list of your must-haves, think about the kind of neighborhood you want, types of schools in the area, the length of your commute to and from work, and the convenience of local shopping. Take into account your safety concerns as well as the rate of home appreciation in the area.

Step 5: Make an Offer on the Home

Once you've found the home you want, it's time to make an offer. Most sellers price their homes higher, expecting there will be some haggling involved. A good place to start is about five percent (5%) below the asking price – you can also get a list from your real estate agent to find out how much comparable homes in the area have sold for. Once you've made your offer, it's not necessarily final. The seller may make a counter-offer to which you can also counter-

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offer if you still don't want to pay what they're asking – but you don't want to go back and forth *too* much. Once you've agreed on a price, you'll make an earnest money deposit, which goes in escrow to give the seller a sign of good faith.

Step 6: Get the Right Mortgage for Your Situation

There are many different types of mortgage programs out there, and as a first-time home buyer, be aware of the basics of adjustable rate or fixed rate:

- **Adjustable** rate mortgages (ARMs) are short-term loans that offer an interest rate that is fixed for a short period of time, usually between one (1) to 10 years. After that, the interest rate can adjust every year, up or down, depending on the market. These are good for people who don't plan on living in their home very long and/or are looking for a lower interest rate and payment.
- **Fixed-rate** mortgages are more traditional and offer a fixed interest rate (resulting in a fixed monthly payment) for a longer period of time, usually 15 or 30 years, and are also available in 20 or 25 year terms. These are good for people who like a predictable payment and plan on living in their home for a long time.

Remember to ask your mortgage lender or mortgage banker a lot of questions about which mortgage is right for you and your situation.

Step 7: Find the best Home Owners Insurance

To find the right home owners/hazard insurance, once again it's best to shop around – get recommendations from your friends and family, talk to at least two (2) agents and get quotes. Remember, this covers your home and all your belongings – ask questions and make sure their answers are clear. It's important to find someone you are comfortable with and who makes you feel at ease.

Step 8: Close on Your Home

Get a home inspection before you close – it will be well worth the money spent because it ensures the property's structural soundness and finds any potential repairs that need to be made to the house.

Be sure you talk to your mortgage banker to understand all the costs that will be involved with the closing so there are no surprises. Closing costs will likely include (but are not limited to) your down payment, title fees, appraisal fees, and points you may have paid to buy down (lower) your interest rate.

Setting a closing date that is convenient to both parties can be tricky, but not impossible. Remember, you may have to wait until your rental agreement runs out, and the seller may have to wait until they close on their new house.

Step 9: Move In!

You've got your mortgage loan and closed the deal – now it's time to move in and start enjoying your first home!

Buying a home for the first time doesn't have to be a hassle if you're prepared and you know what to do and when to do it. Be sure to choose an experienced home loan lender, a friendly, knowledgeable real estate professional and a insurance agent because they are the key to helping you have a smooth home buying experience!