

2

HIRE A LENDER

TIPS:

- Local lenders are best! We will provide recommendations. A great lender is an added advantage to your offer.
- Don't just shop rates – shop APR (annual percentage rate), which is the overall cost of the loan. It reflects the interest rate, any points, mortgage broker fees and other charges to get the loan.
- Your bank may not be the best service or cost. Service and reputation matter, a lot!
- Hire someone you trust and feel confident to get the job done. The lender is a key part of the entire process.
- Be honest about your income and debts. Don't take any financial actions without involving your lender first.

WHAT TO ASK A LENDER

What type of loan is best for me?

Conventional, FHA, VA, MSHDA, or Rural Development?

What price home can I afford?

What are the current interest rates?

The past 3 years, rates have ranged from 3-5%. Rates are based on market and credit score.

What are the lender's closing costs?

Often 1-4% of the sales price depending on the type of loan and your credit score.

What are my estimated prepaids (separate from lender closing costs)?

This is based on the property taxes, association dues (if any) and property insurance that vary from property to property and time of year.

Can you send me a loan cost estimate?

A line item detail of all estimated closing costs. The only way to compare lenders and know cash needs.

What is my timeline? Soonest I can get a loan?
How long from time of purchase to close?

Do I need to ask the seller for any help with closing costs?

How much money do I need for down-payment?

WHAT TO PROVIDE TO THE LENDER

- Let them know where your down-payment is coming from – savings, gift, 401K, other
- W2's or 1099's or both
- Tax returns
- Bank statements
- Paycheck stubs
- The whole truth

WHAT TO AVOID

- Late payments
- Adding debt
- New credit cards/credit lines
- Changing jobs
- Large deposit or withdrawals from any account

TIPS:

ARE YOU A CASH BUYER?

Proof of funds will need to be provided prior to offer being submitted.

It's not a cash offer if you're borrowing against your home or business. Still contingent on financing.

3

KNOW THE COSTS

EARNEST OR GOOD FAITH DEPOSIT

Due at offer acceptance.

This is part of your down payment. It reduces the amount of money you need to bring to closing and proves your intent to purchase the home. This deposit is refundable during the first 10 days after an offer is accepted, or while any contract contingencies are open.

\$ _____ **L**
1-10% of sales price

LOAN APPLICATION FEE

Due at offer acceptance.

Fee is collected by your lender and usually covers the cost of your appraisal. It's subtracted from your costs at close. Failing to turn in this amount and sign the application can delay the loan process. Treat your lender like a VIP and meet their requests within 24 hours of receiving them.

\$ _____ **L**
\$400-\$600

HOME INSPECTION

Due within 10 days of offer acceptance.

Fee paid to the home inspector you hire to ensure a thorough review of your soon-to-be-home. Plan to spend 2-4 hours at the home with an inspector and to pay at time of service. Additional inspections may be recommended, including pest/termite inspection, chimney/fireplace inspection, and radon, lead paint, mold, or energy testing (\$100 or more per test).

\$ _____ **OP**
\$350-\$700

SURVEY

Due at closing.

This fee ensures you get an accurate legal description and clear understanding of your land and your house, including any easements or restrictions on the use of your land. It's highly recommended and GRHT will get a quote before ordering.

\$ _____ **OP**
\$300-\$1,000

CLOSING COSTS & DOWN PAYMENT

Due at closing. (Don't forget to subtract earnest deposit and application fee already paid.)

Your lender should provide a final loan cost estimate at offer acceptance when you complete full loan application. Closing costs may be adjusted for the various fees listed above. Be sure to keep these funds liquid and available in cash. Do not make any money transfers or credit purchases without speaking to your lender.

\$ _____ **L**

BROKER FEE

Due at closing.

This is a fee charged by Keller Williams on each transaction.

\$ _____ **OP**
\$349

L Fees and amounts quoted by your lender **OP** Out of pocket costs in addition to fees quotes by your lender

AMOUNT I NEED FOR CLOSE \$ _____

AMOUNT I NEED SELLER TO PAY \$ _____

A BAD LENDER WILL

- Delay closing
- Frustrate everyone
- Cost you more
- Communicate poorly/infrequently
- Require duplicate items
- Not be available to you
- Have a known reputation and result in your offer not getting accepted!



REACH OUT TO GR HOME TEAM TRUSTED LENDERS – IT MATTERS!

WALK AWAY FROM YOUR MEETING WITH A TRUSTED LENDER WITH THESE ITEMS:

1. Establish price range of home you can afford. A good lender will discuss your income, debts, assets, and financial goals with the heart of a teacher and will determine the best price range for your stated monthly budget. This is a starting point and don't stop here!

2. Letter of Pre-Qualification
This letter is required to submit an offer on a home. The more detailed the letter and the stronger the reputation of the lender, the stronger your offer to the seller. The letter will indicate whether the lender reviewed all documentation (stronger) or just your credit report (weak letter). Don't wait until the weekend you find your dream home—along with 4 other buyers—and expect to get a letter right away. Get a letter now and give a copy to GR Home Team to keep in your file for you.

3. Verify Documentation and provide a written Loan Cost Estimate (Good Faith Estimate)
Most buyers neglect this last step until after they've written an offer on a home and then are surprised and sometimes saddened to learn the true cost of the home and all payments. Don't let this happen to you! Only the written loan cost estimate will detail all fees so you can compare lenders, and truly know down payment, monthly payment, interest rate, loan term, all closing costs (lender fees) and prepaids and escrows.

- Did you know your GR
- Home Team agent is
- creative, financially savvy
- and can better help you
- navigate all aspects of your
- home purchase the more
- information they have
- about your available funds
- and stressors?

Do you need money set aside for appliances or repairs? Will extra inspections be needed? Will the seller pay any of your closing costs and do you need them to? Will tax rates in certain areas or condo fees change the price range of the home you want? The more we work together as a team...

