

Burford & Henry

Real Estate Services

10189 Route 322 • Shippenville, PA 16254
www.burfordandhenry.com

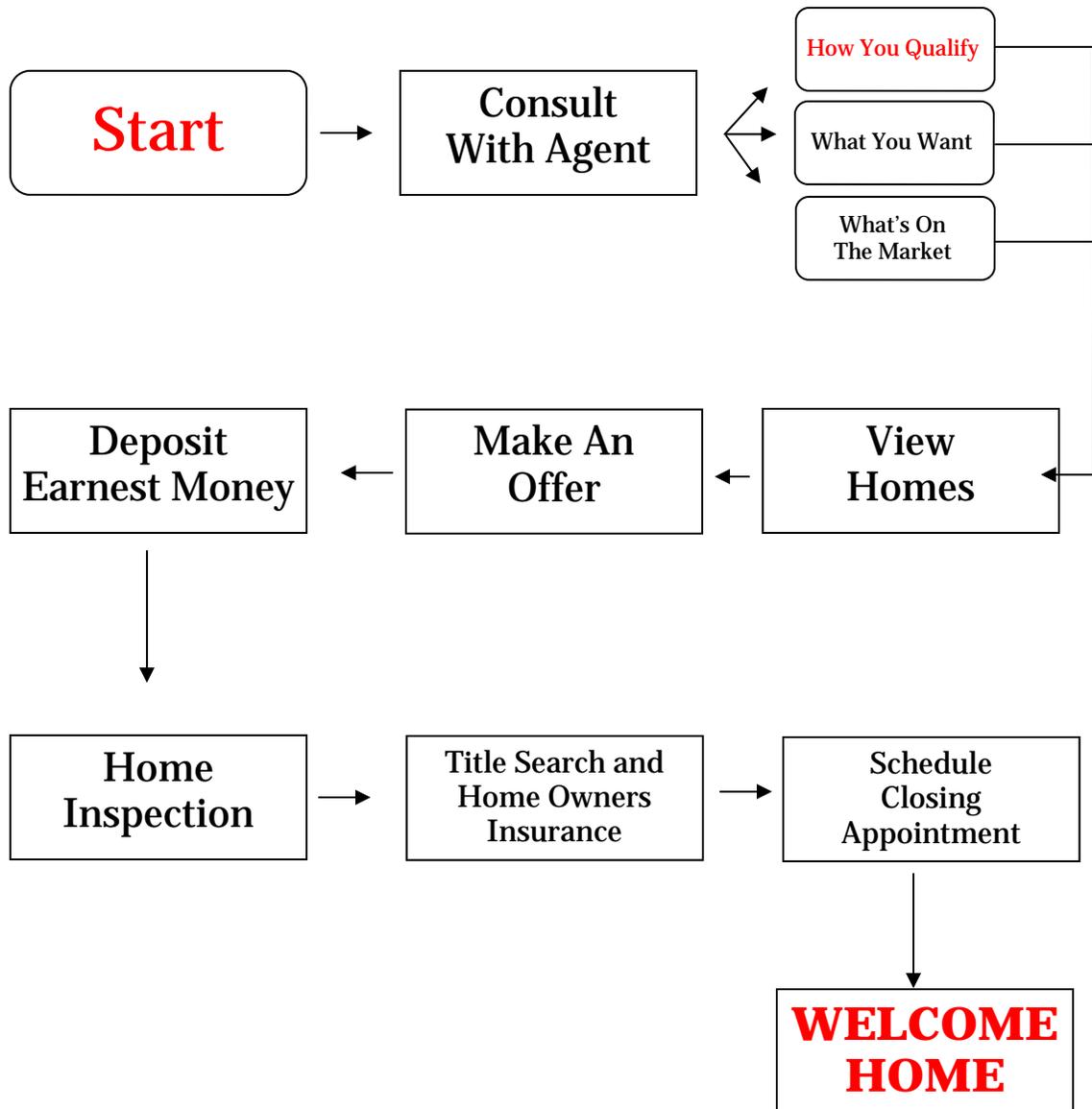
Sales • Appraisals • Management • New Construction

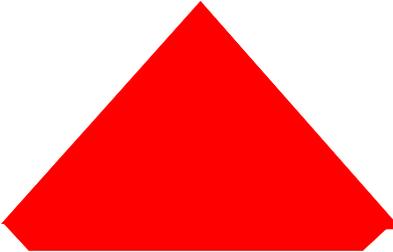
"Something Different"

Phone: 814-227-7355
Fax: 814-227-2450

Simplified

HOME BUYING PROCESS





Burford & Henry

Real Estate Services

10189 Route 322 • Shipperville, PA 16254
www.burfordandhenry.com

Sales • Appraisals • Management • New Construction

"Something Different"

Phone: 814-227-7355
Fax: 814-227-2450

The “DO NOT” List

Tips To Having Good Credit When You're Ready To Buy

- *Don't fall behind on existing accounts**— In other words, pay your bills! This includes your mortgage and car payments. On 30-day late payment can cost you anywhere from 30-80 points or more depending on the other factors being reported on your reports.
- *Don't pay off old collections or charge-offs during the loan process**— Paying collections will decrease your credit score immediately due to the “date of last activity” becoming recent. If you want to pay off old accounts, do it through closing, and make sure that 1) you validate that the debt is yours, and 2) the creditor agrees to give you a letter of deletion.
- *Don't max out or overcharge your credit accounts**— This is the fastest way to bring about an immediate drop of 50-100 points in your credit score. Try to keep your credit card balances below 30% of their available on your monthly statement, and especially during the loan process. If you decide to pay down balances, do it across the board. Meaning, make an extra payment on all of your cards at the same time.
- * Don't consolidate your debt onto 1 or 2 credit cards**— It seems like it would be the smart thing to do; however, when you consolidate all of your debt onto one card, it appears that you are maxed out on that card, and the system will penalize you as mentioned above. If you want to save money on credit card interest rates, wait until after closing.
- *Don't do anything that will cause a red flag to be raised by the scoring system**— This would include adding new accounts, co-signing on a loan, or changing your name or address with the bureaus. The less activity on your reports during the loan process, the better.
- *Don't do it alone**— If you feel that the credit challenges you're facing are too much, don't give up. Call a mortgage professional! In many cases, small changes to your credit profile could yield big results that could save you thousands of dollars on your mortgage.

Burford & Henry Real Estate Services

10189 Route 322 • Shippenville, PA 16254
www.burfordandhenry.com

Sales • Appraisals • Management • New Construction

"Something Different"

Phone: 814-227-7355
Fax: 814-227-2450

Who is Who?

Buyer's Agent— Real Estate agent that works with buyers to find a home to buy and negotiate a purchase agreement.

Seller's Agent— Also known as the "listing agent", this Real Estate agent has a contract to sell a home and markets the property through publications, internet, and open houses.

Home Inspector— Hired by buyer to inspect the home, providing thorough reports detailing condition of the home.

Appraiser— Professional that confirms the value of the home based on recent sales of similar homes in the market area.

Title Agent— This is an attorney who searches local records to insure that the buyer obtains the property free of liens or encumbrances, prepares the deed transferring ownership from seller to buyer, conducts closing, issues title insurance and prepares final settlement paperwork and records mortgage and deed at the courthouse.

Loan Officer— Works with buyer on preapproval, takes loan application and obtains items required for approval.

Loan Processor— Orders title work, appraisal and expedites getting the loan file from application to closing.

Underwriter— Employee of the lender who reviews application, income, assets, credit, appraisal, and other items to insure loan meets guidelines and issues final approval.

Loan Programs/Down Payment

FHA— requires 3.5% down payment. Seller can cover up to 6% of sales price toward buyer's closing costs.

USDA— zero down payment required. Seller can cover up to 6% of sales price toward buyer's closing costs.

VA— zero down payment required. Seller can cover up to 4% of sales price toward buyer's closing costs. Must be honorably discharged Veteran and meet service requirements.

Conventional— requires a minimum of 5% down payment. Seller can cover up to 3% of sales price toward buyer's closing costs. Program generally used by buyer's putting 20% down.

Items Needed for Approval

1. 2 most recent W-2's
2. If you are self-employed or receive commissions, 2 most recent Federal Tax Returns.
3. 2 most recent paystubs
4. 2 most recent monthly bank statements on all checking/savings accounts (all pages)
5. Other items as determined by unique situation.

Useful Website

Free annual credit report.....
www.AnualCreditReport.com

The Mortgage Loan Process

- **Preapproval**— buyer reviews initial application with loan officer and sends income and banking documents for approval. Loan officer obtains credit report and issues preapproval.
- **Search & Contract**— buyer works with Realtor to find a home within the approved purchase price and negotiates contract with seller.
- **Loan Application**— upon receipt of contract, loan officer meets with buyer, completes thorough loan application and gathers additional documents as loan programs requires.
- **Processing**— loan officer submits loan file to loan processor who orders title work, appraisal and additional items as required.
- **Final Approval**— once all documents have been approved, underwriter issues final approval. Processor and closers work with title agent to coordinate settlement with parties.
- **Closing**— buyer and seller meet with closing agent to sign final paperwork.