



Who wrote the article. This article was written by CBC Mortgage Agency (<https://chenoafund.org>) staff writers for the purpose of helping homebuyers learn about the mortgage industry, down payment assistance, and related topics.

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Article begins on next page.

Article Title: What to Expect When You Buy Your First Home

For most people, the biggest purchase they will make in life – by far – is buying a home. It's an exciting process, but it also can be daunting and fraught with stress.

A bit of anxiety is inevitable. But with some solid planning and research, you can ensure your journey to the day you unpack boxes at your new address is a predictable one.

Once you've found the house of your dreams, the homebuying process should begin with some serious self-evaluation: are my finances in good order, and can I afford this?

The best way to fully answer those questions is to talk to a loan specialist. These folks work in all sorts of settings, from mortgage brokers' offices to banks and credit unions. Find one you trust (personal referrals are always best) and have a frank discussion about your income, expenses, and credit history.

Assuming all systems look like a go, you will then fill out a loan application and get "pre-qualified" for your mortgage. Obtaining a letter certifying that you are pre-qualified helps you determine how much home you can afford. It also validates for the seller that you can, in fact, get a loan to buy the house you say you want. That gives the seller peace of mind – and can give you leverage in negotiations.

As part of the loan application process, your credit history will be disclosed and given a hard look by lenders and other parties. Brace yourself. Credit reports essentially are evaluations of how you've managed your financial life, and they can hold some unpleasant surprises. Among other things, you can be dinged for late payments on credit cards as well as large and maxed out balances on accounts, unpaid debts sent to a collection agency, and events such as bankruptcies.

To avoid hitches in your homebuying journey, it's a good idea to make sure you're familiar with your FICO score before you start the loan process. Because lower FICO scores typically translate into higher interest rates and

fees, it sometimes pays to wait on seeking a home loan until your credit picture improves.

Once the loan application process is underway, your lender or mortgage broker will ask for a long list of supporting documents. These include copies of pay stubs; Social Security numbers and birthdates for all borrowers; proof of your work history for the previous 24 months; copies of W-2 forms, and even banking and investment statements. If applicable, you'll also need a divorce decree detailing any child support or alimony obligations.

Handing over all of this information can feel intrusive, but don't take it personally. For one thing, you've got no choice. More importantly, it's just your lender's way of validating that you are a good risk deserving of a large loan.

Once you've been pre-qualified for a loan, you or your real estate agent can usually take the next big step down the homebuying road – ordering an appraisal of the home. An appraisal is required by lenders to prevent them from loaning you more money than the house is worth, and the appraisal fee will be included in your closing costs.

Now we're getting near the finish line. But first, your loan package must be "submitted to underwriting." Sounds fancy, but in fact it's just a comprehensive review by the lender of all the elements influencing your loan, from your financial documents to the title search and appraisal.

After that's complete, you'll arrive at that wonderful place called *closing*. It's the last step on the home-buying trail, the final hurdle before you get the keys and pop the champagne. Set aside some time for this appointment, because you'll be reviewing and signing a lot of documents. There's loads of fine print, so make sure you understand what you're signing, and that the terms match your expectations.

In some cases, you'll be required to set up an impound account to cover property taxes and homeowners insurance, in addition to your monthly mortgage payment. This is dependent on the terms of your loan, so be sure to ask questions if the process is unclear.

Along with the paperwork, you'll need to wire funds or provide a certified or cashier's check to cover the down payment, closing costs, prepaid interest, taxes, and insurance. If you're receiving down payment assistance, the details may vary a bit.

Once you've wrapped up your signing and payment process, your lender will distribute your loan funds to the closing agent, a process called "funding the loan." Those are the magic words – your cue to pick up your keys and call in the moving vans.

Completing a home purchase is a complicated process, one requiring inner fortitude and patience. But the rewards – your very own house and the chance to build equity for your family's future – are well worth it.

Source: Chenoa Fund, <https://chenoafund.org>

The Chenoa Fund is an affordable housing program administered by CBC Mortgage Agency (CBCMA), a federally chartered governmental entity. CBCMA specializes in providing down payment assistance financing under FHA and conventional guidelines.

