

HOMEBUYER GUIDE



BENCHMARK
MORTGAGE
COMPANIES

BREAKING DOWN THE BARRIERS THAT
COMPLICATE THE HOMEBUYING PROCESS
HELPING TO BRIDGE THE GAP BETWEEN
EDUCATION AND HOMEOWNERSHIP.

Getting Started

CONGRATULATIONS ON YOUR DECISION TO BUY A NEW HOME!

This is a big step, and we're glad we can be here to help you with this important life change. We've compiled this **10 STEP GUIDE** to help you with your journey.

STEP 1: GETTING PRE-APPROVED



Before you start looking for a home, you will need to know how much you can actually spend. The best way to do that is to get pre-approved for a mortgage.

Pre-approval is not required to start home shopping, but we highly suggest getting approval beforehand so you can shop with confidence. In a competitive buying environment, pre-approvals can often times have the upper hand in multiple offer situations.

STEP 2: FIND YOUR HOME, MAKE AN OFFER, AND SIGN THE PURCHASE AGREEMENT



Ask your real estate agent about earnest money and seller-paid closing costs.

- **Purchase agreement:** This is the document received after mutual acceptance on an offer, which states the final sale price and all terms of the purchase. The specific items in this contract vary by state.
- **Earnest money:** Buyer pays this to the seller before closing to ensure the buyer's seriousness about purchasing the home. This money is not an additional cost and will be credited towards the purchase price at closing.
- **Seller-paid closing costs:** Closing costs associated with your loan that are paid by the seller's proceeds to reduce out-of-pocket expenses for you.

STEP 3: HOME INSPECTION



You have the choice to order a home inspection at this time. Your real estate agent will assist with ordering this and will let you know the upfront cost of the inspection.

- **Home inspection:** Your home inspection should be performed by an inspector who will educate you and provide details on the home's condition for existing and potential problems. While home inspections are not mandatory, they are highly recommended so that you are aware of problems before you decide to buy a property. These problems could result in offering a lower purchase price, or moving on and finding a home that is better suited for you.

STEP 4: MORTGAGE LOAN APPLICATION



You've been pre-approved for a loan, found a home that meets your needs, and have made an offer to buy it. The seller has accepted your offer.

Your loan officer will let you know what you will need to complete a loan application. This is a straightforward step in the process, but necessary to complete and send your status into the processing stage.

STEP 5: INITIAL PROCESSING



Once you have a purchase agreement and a completed loan application, your file will move into the processing stage. This is another important step in the loan approval process.

Loan processors collect a variety of documents from you, as well as the property being purchased. They will review the file to ensure it contains all of the documents needed for the underwriting process. Consult with your loan officer about locking in your interest rate and signing your initial disclosures. Also at this time, you will be asked to obtain homeowners insurance.

- **Locking in your interest rate:** A rate lock is a guarantee from a mortgage lender that they will give you a certain interest rate, at a certain price, for a specific time period.
- **Homeowners insurance:** An insurance policy that combines various protections for your new home. Let your insurance agent know coverage will need to meet 100% of the insurable value of the property.



STEP 6. HOME APPRAISAL

Once your offer is accepted, an appraisal will be ordered for your new home.

- **Home appraisal:** An appraisal provides valuable information for the buyer, but the appraiser's primary mission is to protect the lender. Lenders can't lend more money than the property is worth and that's why the appraisal takes place before the lender grants final approval of the buyer's loan. The appraiser surveys the physical condition of the home and runs a comparative analysis of similar homes recently sold. A copy of the appraisal report is always provided to the buyer.



STEP 7. FILE IS SUBMITTED TO UNDERWRITING FOR APPROVAL

Keep in mind the underwriter may request a few additional items for review prior to issuing the final approval.

At this stage, it is very normal to get additional requests to submit information. If you have been requested to submit additional documents, be sure to get everything back within 24 hours so there are no delays with your closing.

- **Underwriting:** The process a lender uses to determine the risk of offering a mortgage loan to a borrower. During this process the underwriter uses industry guidelines to analyze the various aspects of the mortgage and provide recommendations regarding the risks involved. Ultimately, it's the underwriter who makes the final decision on whether to approve or decline a loan.

YOU'VE HAVE REACHED A HUGE MILESTONE!

You're so close to owning a home. Please be sure to stay in touch with your loan officer about any last minute financial decisions.



STEP 8. CLOSING DISCLOSURE (CD) SIGNED AND CLOSING PACKAGE SENT TO THE TITLE COMPANY

When you receive the CD, sign it as soon as possible so there are no delays with your closing.

This is a form that gives you finalized details about your mortgage loan. It includes the loan terms, your projected monthly payments, and the amount you will need to pay in fees and other closing costs.

- **Title company:** The title company verifies ownership of the property and determines the valid owner through a thorough examination of property records in a title search. The title search determines the legal owner of the property; reveals any mortgages, lien judgments, or unpaid taxes outstanding on the property; and details any existing restrictions, easements, or leases that affect the property. The title search ensures you'll be the legal owner of the property and we, as your lender, will be in first lien position.



STEP 9. FINAL NUMBERS REVIEWED

A few days prior to closing, we'll contact you with the final numbers.

You'll have specific instructions on whether to obtain a cashier's check and who it should be made out to, or if a wire is needed for funds to close.

You'll need to obtain this at least one day prior to closing. Each title company has different requirements as to whether they will accept a cashier's check or if you need to have a wire transfer.



STEP 10. CLOSING DAY

Congratulations, it's time to get your new keys!

Don't forget your drivers license, checkbook, and funds for closing.

You'll sign all of the final disclosures; note and mortgage. We'll be there with your closing agent to answer any questions. Once the documents are signed, the keys will be yours!

WHAT ARE YOUR NEXT STEPS?

If you feel you are ready to begin the process, let us help you determine the best way to move forward. We hope to have answered some of your questions, but we've been around long enough to know that you may have more! So, give us a call at **(804) 424-2200** - that's what we are here for.

Our website, www.benchmarkmortgage.com, is also a great resource for home buyers. We have educational videos, calculators, and informative downloads to help answer even more of your questions and educate you about the home buying process. Check it out!

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