

ALTRA  HOME



BASICS OF HOME BUYING

STEP 1 - PREAPPROVAL

When you're ready to buy, the first step is to talk with an experienced lender. You can call or email to make an appointment to explore your options and ask questions. Some borrowers prefer to apply right away. You can apply online any time 24/7/365 and a lender will contact you. Altra's experienced lenders will review your income, debts, savings, then obtain your credit report, and go over the loan program that best fits your needs. Here are a few basics of home buying that are good to know:

1. CREDIT SCORE

- We will obtain your credit report and review your credit information and other documentation to determine the best loan option for your personal situation.
- Credit Scores attempt to predict how reliably a borrower will make payments. The higher a borrower's score, the more likely it is they will make on-time payments. Mortgage rates and terms are priced based on risk - in other words, the higher your credit score the lower your interest rate is likely to be.

2. INCOME

- Income and/or job stability are important in determining whether you are able to take on additional debt and handle the monthly payments of your new home.
- We will ask you to provide documentation of your income and source of down payment. With changes in technology, we may be able to verify your employment and income electronically without any documentation from you. If we can't, we typically need your two most recent pay stubs and W-2s from the last two years. Self-employed or commissioned borrowers (and some others) will need to provide two years of signed federal tax returns. Your lender will let you know if you need to supply these.
- Your lender will calculate ratios to help determine what price range you should be considering for your purchase. We want to see members get the house of their dreams, but we also want to help them to not over-extend themselves.

3. DOWN PAYMENT

- Most loans will require a 5% down payment. Typically we need your two most recent monthly savings and investment account statements to document the source of your down payment.
- FHA loans require a 3.5% minimum down payment and it can be fully gifted from a family member.
- Eligible veterans can obtain a Federal VA loan without any down payment required.
- In some communities, grants and/or forgivable loans may be available for first time homebuyers with low or low-to-moderate income (ask Altra's experienced lender if you qualify).

When you and your lender have determined the amount you are comfortable borrowing, they will issue a preapproval letter indicating the pre-approved maximum purchase price. You can provide this to your real estate agent and/or sellers when making an offer on a home. A preapproval letter provides you with a competitive advantage over other potential buyers who are not yet preapproved.

STEP 2 - HOUSE HUNTING

You may have already found the home of your dreams, but if not, you can start looking for homes that fit your approved loan amount and that have the features and style you want and are located in the area where you wish to live. We suggest working with a Realtor as they have access to many homes and can narrow the selection for you. Remember, you can choose a Realtor to work for you as a buyer without incurring any additional expense. We suggest you find one you're comfortable with rather than working with the Realtors who are representing the interests of the sellers of the homes you are viewing.

» STEP 3 - MAKE AN OFFER

When you have found the “perfect” home, you will make an “offer to purchase” which is a legal contract between you and the seller that, once accepted, becomes binding subject to contingencies.

Typical contingencies include appraisal, financing, a satisfactory inspection, plus any additional contingencies your Realtor may suggest. Once your offer is accepted, you will provide Earnest Money to the seller. This is essentially a small down payment to demonstrate the seriousness of your offer.

Once the offer is accepted, you will provide the fully executed purchase contract (signed by all parties) on the home you wish to buy, plus any amendments or counter offers, and receipts for earnest money or down payment deposits to your Altra lender. We'll get the loan started by providing loan disclosures for you to review, sign, and return.

We'll then order the appraisal (used to determine the market value and that the price you are paying for the home is reasonable), arrange for title insurance, and process and underwrite your loan so it is completed and ready for your closing.

» STEP 4 - UNDERWRITING

When the appraisal is received and all other documentation is collected and reviewed, your loan request will be reviewed by our underwriting department for final approval.

» STEP 5 - CLOSING

Once approval is received we will coordinate and confirm a closing date and time with all parties. Contact your insurance agent at least 10 days before your closing date so they can provide us with the homeowner's insurance binder.

The loan closing will be conducted by a title company, attorney, or an Altra lender. If you need to bring anything to the closing, we will inform you in advance. After signing the required documents, you'll get the keys to your new home. Congratulations!

SOME OTHER THINGS TO KEEP IN MIND...

- Provide all information your lender requests as quickly as possible and sign and return all forms and disclosures the same day you receive them.

Remember - delays in response almost always mean delays in closing your loan. The mortgage loan process includes a couple of times when the borrower needs to sign or acknowledge something before we can continue the process. The sooner we get your acknowledgement, the faster the process will be. Using e-consent can help keep the process moving. Your lender will assist you with this.

Also, if any of your personal information or life circumstances change (such as a change in employment, acquiring additional debt, or a decrease in the amount of money you have in savings), it could prevent us from closing the loan as expected. To avoid negative surprises, it is very important to discuss any debts you are contemplating, such as buying a car, getting a new credit card, buying furniture for your new home, etc. with your Lender before doing them.

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