

# TIPS TO MAKE YOUR HOME LOAN PROCESS GO SMOOTHLY

Getting pre-approved is a very important step toward becoming a new homeowner. But pre-approval doesn't guarantee your loan will close. Until your loan is approved and funded, it's important to avoid missteps that could affect your financial situation.

A lot can change between loan pre-approval and your loan closing. But there are plenty of actions you can take to help keep your home purchase on track.

- 1. Pay all of your bills on time.**
- 2. Use a personal check to pay earnest money.** If your purchase agreement includes earnest money, use a personal check from your own checking account to pay it, if possible, and maintain copies of the check.
- 3. Do not change jobs.** Your employment will be verified twice while your loan is in processing. Any job transfers or changes in your employment will raise questions in underwriting. Even if you're offered a higher paid position in your established job field, talk to your loan officer before officially making the switch.
- 4. Avoid opening new credit accounts.** Don't buy a bunch of furniture before your loan closes. Or a car. Or a boat. Or anything else that could hurt your credit score or affect your finances. Big changes to your credit or debts can turn your loan approval upside down and even if they don't, they'll trigger additional documentation and possibly delay your closing.
- 5. Don't close or overuse your existing credit accounts.** Big purchases could increase your monthly minimum payments and affect your loan approval. Closing an account with an excellent payment history could actually cause a temporary dip in your credit scores.
- 6. Keep your bank accounts in good standing.** Maintain your reserves, keep your balances positive and avoid transfers and large non-payroll deposits. If you plan on receiving a monetary gift from a family member, contact your loan officer to find out what documents you'll need to provide.
- 7. Make sure you're financially prepared for the upfront costs of home buying.** An earnest money deposit (no cash, please), an inspection, and an appraisal all need to be paid up front. Contact your loan officer to discuss the estimated costs in more detail.
- 8. Don't pack important documents like pay stubs, bank statements and any other documents that might be needed to update your loan file.** Your loan team will review your file throughout the process to ensure it continues to meet the terms of your approval. Don't be alarmed if your loan officer requests additional documentation at several points along the way.
- 9. File your taxes.** If you earn taxable income but haven't filed taxes in the past two years, contact your loan officer immediately, even if you received an extension. We are required to receive tax transcripts directly from the IRS in order to close on your home loan.

We understand life doesn't stand still, and sometimes big purchases or life changes are simply unavoidable. Here's the biggest takeaway: Stay in constant contact with your loan officer throughout the home buying journey. Let them know ahead of time about any potential changes to your credit or finances, and talk with them about what else you can do to help keep your loan on track.

Questions or concerns? We've got answers.

***How do I get the seller to pay my closing costs?*** In any real estate transaction both the buyer and seller have closing costs. Closing costs are not automatically rolled into the loan amount, so we encourage you to work with your real estate agent to negotiate for the seller to pay all or part of your closing costs. If the seller is not providing a credit for your closing costs, you are responsible for paying them.

***When can I lock in my interest rate?*** Your rate cannot be locked in until you've returned a fully executed contract to your loan officer. Most buyers will look to lock their interest rate when they're within 30-45 days of closing.

***Can I purchase discount points?*** As a buyer, you do have the option to pay money up front to secure a lower interest rate. Veterans United will not charge discount points unless you request a rate reduction. A lower interest rate means you'll reduce your total interest payments over the life of your home loan, so if you have extra cash on hand this may be a good option for you. Consult your loan officer for specifics.

***When is the appraisal ordered and who pays for it?*** The appraisal will be ordered after you have a fully executed contract. Appraisal is an out-of-pocket expense. VA appraisal fees vary by state but you can expect to pay about \$500.

***What is the VA funding fee?*** The VA applies and retains this fee to help keep the loan program going. If you're using your VA loan benefit for the first time, the funding fee is 2.30% of the loan amount. This amount increases to 3.6% if you have had a VA loan before. Buyers usually roll the funding fee into their loan amount. If you receive service-connected disability pay then the VA funding fee is waived.

***How long will it take for my loan to close?*** Every transaction is different, but most loans close in 30 to 45 days. Buying a foreclosure or a short sale may take longer. The important thing is to agree upon a realistic closing date that gives you plenty of time to obtain final loan approval.

***How do I make my first mortgage payment?*** Within the first 30 days after your loan closes, you'll receive a letter from your loan servicer with instructions for how to make your first payment. Unlike monthly rent, your mortgage is paid in arrears. As a new homeowner, that means you'll "skip" a month before your first payment is due. If you close your loan on January 1, for example, your payment will be due on or around March 1.

***What does my monthly payment cover?*** Your monthly payment will typically include the principal and interest on your mortgage, along with portions of your annual homeowner's insurance and property tax bills. The portion you pay towards homeowner's insurance and property taxes will be deposited into an escrow account. Your escrow account will be set up to pay your annual premiums automatically.

