

DirectQM, Inc.

HOME BUYING GUIDE

FAQ'S

Will getting a mortgage hurt my credit?

In summary, getting a mortgage does not necessarily mean that your credit will be damaged, but it's important to maintain good credit habits and avoid excessive inquiries during the application process to minimize any potential impact on your credit score.

What does lock your rate mean?


Locking your interest rate means the rate will stay the same from the time you lock the rate until the expiration of the lock period, which is normally 30 days, regardless of the market conditions. Your final interest rate may be higher or lower than what is initially quoted to you until you "lock" your rate.

How many times will the lender run my credit?

However, it's possible that a lender may require a more recent credit report if the initial report is considered outdated or if significant changes have occurred since the report was pulled. For example, if there have been major changes to your credit utilization, payment history, or credit score, a lender may require a more recent credit report before approving your mortgage application.

When should I lock my interest rate?

This depends on each individual, but ask your mortgage adviser or real estate agent for their input, but ultimately, it's up to you when you are comfortable to lock your rate. Remember once you lock your rate, it will stay the same from the time you lock the rate until the expiration of the lock period which is normally 30 days depending on your decision with your loan officer.



What's the difference between an inspector and an appraiser?

A home inspector is typically a professional with a background in home building or remodeling who is hired to inspect a home and identify any potential issues or deficiencies that may need to be corrected. An appraisal, on the other hand, is a separate process that is typically performed by a licensed appraiser. The appraiser will evaluate the market value of the property based on a variety of factors, including comparable sales, market data, size and condition of the home, and amenities.

What is closing?

Closing is the final step in the home buying process, and typically takes place on the agreed upon closing date in the contract. This date is usually set to occur approximately 30 days after the accepted offer from both the seller and buyer.

REQUIRED LOAN DOCUMENTS

If you've already found a specific property you want to buy, the first thing to document is the address of the property. For this we need a copy of the contract, with all the riders. To document the identity of the home buyer, we need a valid driver's license or other valid government photo identification.

Income

When applying for a mortgage, lenders will typically require documentation of the borrower's income and employment history to verify their ability to repay the loan. This may include providing the last two paycheck stubs, the last two years of W-2 forms, and the previous two years of federal tax returns filed, for both personal and business (if applicable).

Assets

Lenders typically require proof of income to assess a borrower's ability to repay the loan. The required documents may include the last two paycheck stubs, W-2 forms for the past two years, and the borrower's federal tax returns for the past two years. If the borrower is paying or receiving maintenance or child support, a copy of the order or divorce decree may also be required to assess the borrower's liabilities and expenses.

Liabilities

In addition to the monthly bills and outstanding debt mentioned, we will also need documentation for any other liabilities, such as car loans, student loans, personal loans, or any other debt obligations. This documentation should include the lender's name and contact information, the account number, the outstanding balance, and the monthly payment.

Residency

The lender will need to verify the homebuyer's residency history for the past two years. This is done to ensure that the homebuyer has a stable housing history and is not likely to default on the mortgage.

Miscellaneous

In the case of bad credit, the lender will typically request a letter of explanation detailing the circumstances surrounding the delinquencies and any steps taken to address them. Back-up documentation such as bank statements or proof of payment may also be requested.

ABOUT COMPANY



What is the Pre-Approval process?

It's important to note that the pre-approval letter is only conditional and not a final approval. The lender will still need to verify the information provided and review additional documentation before issuing a final approval and closing on the loan. It's also important for the borrower to continue to maintain good credit and financial behavior during this time, as any changes could impact the approval process.

What is an offer letter?

An offer letter is a letter that your lender sends to your realtor when you make an offer on a home to accompany the purchase agreement. This letter serves as a confirmation to the seller that you have secured financing and can afford to purchase the home. This letter is different from your initial pre-approval letter because it includes the specific details of the property you are purchasing, such as the address, purchase price, and closing date. This letter is important in the negotiation process because it helps demonstrate to the seller that you are a serious buyer who has the financial means to close the deal.

GUIDE TO HOME APPRAISALS

1. Location: The appraiser will consider the location of the property, including the neighborhood, school district, and proximity to amenities such as parks, shopping centers, and public transportation.

1. Size and Layout: The size and layout of the home, including the number of bedrooms and bathrooms, square footage, and the overall flow of the floor plan.

1. Condition: The appraiser will evaluate the condition of the property, including the age and condition of the roof, foundation, HVAC system, and other major systems.

1. Comparable Sales: The appraiser will look at recent sales of similar properties in the area to determine the market value of the home.

1. Upgrades and Features: The appraiser will consider any upgrades or unique features of the property, such as a swimming pool or custom kitchen.

All of these factors will be used to determine the fair market value of the property.



DO'S & DON'TS IN THE LOAN PROCESS



Do's

1. Stay organized
2. Ensure accuracy with your information
3. Submit documents fast and early
4. Keep all income documents and statements
5. Make all payments on time

Don'ts

1. Failing to understand credit requirements
2. Not providing accurate information
3. Making large purchases before closing
4. Changing jobs during the loan process
5. Failing to provide documentation

Call or email with any questions.

HOMEOWNER INSURANCE TIPS

Shop Around

- Make sure the insurance policy you choose provides adequate coverage for your needs. Don't just choose the cheapest policy without considering the coverage limits and deductibles.
- Ask about discounts that may be available to you, such as bundling policies or having certain safety features installed in your home.
- Review the policy carefully before signing and ask any questions you may have. Make sure you understand the terms and conditions, as well as any exclusions or limitations in the policy.

What It Covers

Additionally, home insurance policies can also cover other types of damages and incidents, such as water damage, mold, and even identity theft. It is important to carefully review your policy to understand exactly what is covered and what is not. Some policies may have exclusions or limitations on coverage, so it is important to speak with your insurance agent or provider to make sure you have the right coverage for your specific needs.



How To Lower Your Rates

Taking preventative actions and reducing liability risks can help lower your homeowners insurance premiums. Here are some additional things you can do to potentially lower your rates:

- Increase your deductible: A higher deductible can lower your premiums, but be sure you can afford to pay the higher deductible if you need to file a claim.
- Bundle policies: As you mentioned, bundling your homeowners insurance with other policies like auto or life insurance can result in a discount.
- Maintain good credit: Many insurers use credit scores to determine rates, so maintaining good credit can help keep your premiums lower.
- Shop around: Don't be afraid to shop around and compare rates from different insurance companies to make sure you're getting the best deal.

HOMEOWNER INSURANCE TIPS



Don't Wait To File a Claim

It's important to report any claims as soon as possible to your insurance company, especially if you want to be eligible for benefits. Many insurance companies have a time limit for reporting claims, and waiting too long may cause the problem to worsen, which could affect your eligibility for coverage. Additionally, some insurance policies may require that you report a claim within a certain time frame in order to receive benefits. Therefore, it's important to review your insurance policy and understand the specific requirements for reporting claims.

Keep a Record

It's important to carefully review your policy to understand what is and isn't covered. Exclusions can vary depending on the insurance company and the policy, so it's important to ask questions and clarify any uncertainties with your insurance agent. Additionally, supplemental coverage may be available for certain risks that are not covered by your standard policy, such as flood insurance.

What It Doesn't Cover

- Take photos or videos of the damages to help support your claim.
- Keep all correspondence from the insurance company, including emails and letters.
- If necessary, consider hiring a public adjuster to help with the claims process. They can help negotiate with the insurance company on your behalf to ensure you receive a fair settlement.