

THE CLEAR MORTGAGE

home buying guide

This guide will give you some insight on the loan process, specifics within the process, trusted resources, as well as other useful information for you to use when looking for a home.



FAQ's

Will my credit be damaged by getting a mortgage?

No. This is a common misconception that is often brought up in the home buying process. Getting your credit pulled for a mortgage is considered a "soft pull," and 1-2 pulls generally do not affect one's credit score, but if affected, will only decrease the score by 2-4 points, which will then rebound within 30-60 days. Getting several pulls from different banks or mortgage companies will however affect the credit score and can bring the score down more than 2-4 points in the process.

How many times will my credit be checked during the home buying process?

Credit reports need to be updated every 90 days, as that is the length of time that they are "good for" in the lending world. Some will inform of 120 days for a credit report, but if you go under contract at day 119, credit must be re-pulled. It takes about 30 days to close a mortgage, so 90 days is a good rule of thumb.

What does it mean to "lock in" your rate?

This means that we, as the lender are hedging

a bet with the fed and our investors. This is commonly known as "mortgage backed security" and we will "lock" your rate in based on how we feel the market is going to perform during the lock period of your loan process (typically, locking for 30 days will get you the best rate and thus is lower risk of the market moving too much). Most lenders get money from the same places, which is why rates are pretty similar across the board, making choosing your lender a matter of who you know, like and trust to get the job done for you.

When should I lock in my rate?

Locking in an interest rate is one of the most talked about topics anywhere and quite frankly, i believe in locking in the rate when a contract goes live and we know a closing date. the reason for this is: We generally have very little predictive knowledge of what will happen with interest rates over time, unless we know a war is pending or something that is drastic on the horizon, which can mean an uptick in interest rates. the old quote, "a bird in the hand is worth two in the bush" applies here. It's better to know what your payment will be when you close than to jeopardize not qualifying or being house poor if rates go in an upward direction during the loan process.

What factors influence mortgage rates?

The biggest driver that impacts interest rates is movement in the bond market. This is a good, simple explanation (although lengthy), with regard to how interest rates are determined and how they change. <http://www.investopedia.com/articles/03/111203.asp> Unfortunately, there is no easy answer and thus the link to explain the intricacies of rate changes.

What's the difference between inspector and appraiser?

A **home inspector** is one who has a background in home building/remodeling that inspects the home to determine its structural integrity and if any repairs or deficiencies need to be corrected. These are performed when first going under contract to make sure the home is in a condition that is suitable to follow through with the purchase. An appraisal is performed after the home inspection is found to be suitable and the appraisal is completed by a licensed **appraiser** that uses comparable sales, market data, size of your home, conditions, and amenities of your home, etc. to determine the market value for the purchase and to corroborate that the value is in line with the purchase price.

When is closing?

Closing takes place typically on the agreed upon closing date in the contract and is **usually about 30 days** from the accepted offer from both the seller and buyer. closing is when the seller and buyer legally change ownership of the home.



required documents for the loan process

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

For income, we'll need the last two paycheck stubs, the last two years of W-2's and your previous two years of federal tax returns filed, for both personal and business (if applicable). If the homebuyer is either paying or receiving a form of maintenance or child support, a copy of the order or divorce decree may be required.

assets

For income, we'll need the last two paycheck stubs, the last two years of W-2's and your previous two years of federal tax returns filed, for both personal and business (if applicable). If the homebuyer is either paying or receiving a form of maintenance or child support, a copy of the order or divorce decree may be required.

liabilities

We must document liabilities. we will need these monthly bills: utilities, phone, cable and internet (which will usually appear on the credit report, but its good to have them anyway), and any credit card debt or outstanding bank loans.

residency

Next we will ask the home buyer about their past two years residency. For this, the documentation required is either a copy of a lease if they are renting, or a copy of canceled checks If paying a relative or a mortgage history if the home buyer is living in a home that they are planning on selling or renting, which also may require a copy of a lease of the property with at least one payment. If the home buyer is selling their current home, the listing and eventually the closing statement will be requested.

miscellaneous

If the home buyer has had bad credit, we'll need letters of explanation and back-up documentation. If the home buyer has filed a bankruptcy we'll need papers including petitions, list of creditors and discharge. If the property is a condo or has an associations, we'll need a name and phone number. If the home buyer is a veteran, we'll need the dd214.



What is the difference between a pre-qualification and a pre-approval?

A **pre-qualification** is a conditional commitment in writing for an exact loan amount based solely off the information provided on your application and credit report. A **pre-approval** indicates that your application information has been verified with supporting documentation and has been underwritten for a true loan offer. This puts you at an advantage when dealing with a potential seller, as he or she will know you've taken an important and reliable step towards obtaining an actual mortgage.

What can you expect during the pre-approval process?

You will complete an official mortgage application (on-line, over the phone or in person). Your lender will check your credit score. You will supply your lender with the necessary documentation to perform an extensive check on your financial background your loan will be fully under-written by our underwriting team. The lender will return with a conditional pre-approval letter which will include the maximum sales price, the type of loan, your loan to value ratio, the term of your loan as well as other identifying information.

What is an offer letter?

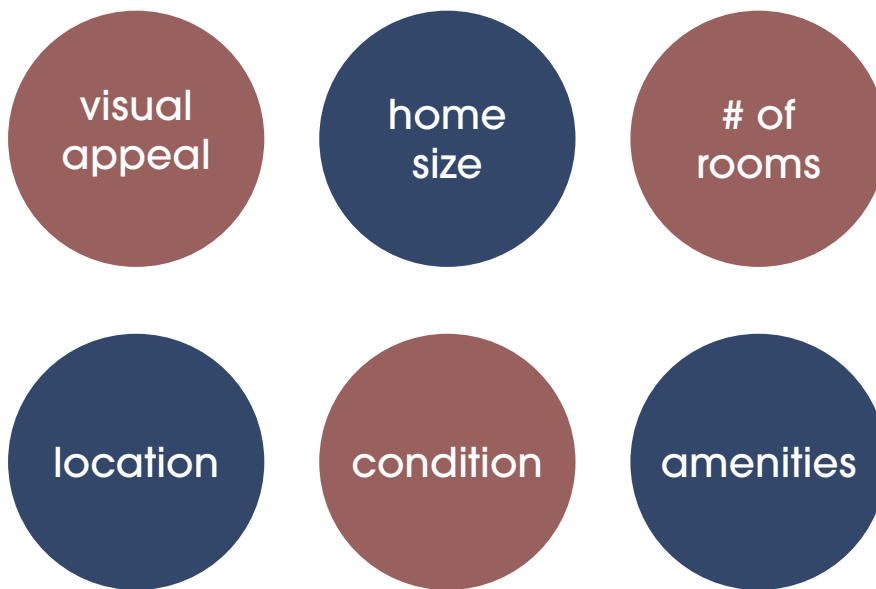
An **offer letter** is a letter that your lender sends to your realtor when you make an offer on a home to accompany the purchase agreement. This letter is different than your initial pre-approval letter in that the price listed on this letter matches the price on your purchase agreement. This is done to ensure the strength of your stance throughout the negotiation period.



a guide to home appraisals

This should help you navigate through the process of buying a home in today's real estate market. In the event that you are buying a house, the type of appraisal you want is a "market value appraisal," which will provide you with the fairest result. Just another reason why a guide to home appraisals is so important.

A home appraisal is an evaluation of the cash value of a house and property and can be based on the following factors:



The appraisal value must be based upon a legal concept known as "highest and best use" which states simply that the appraised value of an item must be based upon how the property might best be used, not how it is being used at the time of sale.

Important to Note

While there are standardized guidelines for appraisers to use, the appraisal is legally defined as an informed professional opinion comprised of a series of educated assumptions, and as such, it is open to interpretation and appeal.



tips for finding a professional appraiser

- 1** Make certain that they are licensed to perform real estate appraisals by the state in which you are buying your home.
- 2** Do not be afraid to ask for credentials.
- 3** Make sure they are experienced at working with consumers as oppose to real estate professionals only. a home's market value appraisal is based upon different factors than those of commercial real estate.
- 4** Ideally, they are familiar with the neighborhood. If a number of houses have sold in the neighborhood recently, getting the appraiser who appraised one or more of those homes can be helpful.

appeal process for buyers & sellers

Take the report to the lender or other institution with whom there is an issue.

Explain any mistakes that were made, from your point of view. make a special point of highlighting mistakes which are readily quantifiable.

One part of the appraisal report will be a list of “comps” chosen by the appraiser.

These are comparable houses, in the same neighborhood which have sold in the last six months.



Ask these questions about the comps

1. How much did each house sell for?
2. Does the house have any advantages over the homes listed as “comparable” in the appraisal report?
3. Does it sit on more land or have more bedrooms, more bathrooms, or greater square footage?

how to lose a mortgage in 10 ways

(Hint) Don't do these 10 things.



To watch the video click play or click [here](#)

If you have any questions,
please email or call.

adriana@clearkc.com 913-205-3654

7

homeowner insurance tips

shop around

- Research prospective insurance agencies before you commit to a policy.
- Read reviews and consider recommendations from friends and family.
- Finding a cheap rate is great, but remember that in the case of an emergency you will need to be dealing with the insurance company directly. Having an insurance company with great customer service can help alleviate

what it covers

- Most policies will pay for damage to your home and possessions in the events of storms, fire, theft and vandalism.
- It provides liability insurance if someone gets hurt on your property and decides to file a lawsuit.
- It can also cover the costs of a hotel if you are temporarily displaced from your house.

how to lower your rates

- Things like a working smoke detector and burglar alarms can lower your rates.
- Preventative actions can reduce premiums.
- By reducing your liability risks, you can qualify for lower rates. You may also save some money by bundling your other insurance policies with your homeowners, like auto or life.

don't wait to file a claim

- Report any claims as soon as possible. Many insurance companies have a time limit for reporting claims.
- If you wait too long, you may not be eligible for benefits, especially if waiting has caused the problem to worsen.

keep a record

- Document everything that occurs during a loss. Write down the damages and what you have done to help mitigate the damages.
- In addition to saving receipts, contracts, and appraisals, document phone calls by writing down who you spoke to and when. Insurance claims can be cumbersome and confusing. Don't depend on your memory alone to remember all the details

what it doesn't cover

- Standard policies have exclusions, including: earthquakes, power failure, war, nuclear hazard, government action, faulty zoning, bad repair or workmanship, and defective maintenance. Flooding and water damage are usually only covered in certain conditions.
- Talk to your insurance agent about the details of your policy. You may want to consider purchasing supplemental coverage.

how jewelry is covered

- Jewelry is usually covered in a homeowner's policy - but beware - it is typically only covered to a certain amount.
- When you sign up for homeowner's insurance ask your agent about the limits.
- If you own jewelry which has a value that exceeds the standard policy, you may want to consider buying supplemental insurance so that in case it is lost or stolen - you are covered 100%.

meet our team



adriana bates

OWNER | SR LOAN OFFICER NMLS #440092

I work with you during the loan process as a confidant, educator and adviser. I not only identify your financial situation, but also strive to understand your priorities during this process. i believe in the value of making educated decisions, and want to provide you with enough knowledge so you are empowered to do so.

adriana@clearkc.com



lacey glennon

EXTERNAL LOAN OFFICER NMLS #1811645

I work closely with your realtor and am so happy for the opportunity to earn your business. it is my goal to advise you throughout the process on what to expect from us, and what your role entails, in order to make it as smooth as possible. I'm involved in the initial education/consultation, in discussing your options, talking with you during the process, and in ensuring we get to the closing table.

lacey@clearkc.com



jessica cole

OPERATIONS MANAGER

I manage the office's logistical issues, and handle marketing as well. That being said, i am always up to date of every loan status, and know the loan process backwards and forwards. I'm here as a resource for you as well, to help answer questions or provide advice if necessary

jessica@clearkc.com

~~lender fees.~~

(that's like a thousand bucks no one has to pay.)



N M L S # 1 8 4 4 2 8 5

Clear Mortgage
325 Southwest Boulevard
Kansas City, MO 64108

913-205-3654
clearkc.com

