



LAKE MORTGAGE COMPANY

Steps Away From Your Home

Top Tips For

**HOME BUYERS**



### **Tip #1: Too many credit inquiries within a short time period could lower your credit**

Given the state of the housing market, it's never been more important to understand your finance options and receive expert counsel before taking action.

Here is a tip you can use right away: Don't close your unused credit cards. Having available credit can improve your score. It is important; however, to keep your revolving credit low.

### **Tip #2: Why You Should Get Pre-Approved**

When you're shopping for a new home, it's important to leave as little to chance as possible. Because you need to be able to act quickly when you find the right property, and you want the seller to know you're serious, it's important to be pre-approved for a mortgage.

When you're pre-approved, you can:

- **Make an offer with confidence, knowing the lender is already on your side**
- **Save time by looking at homes you can afford**
- **Negotiate a better price for the home you want to buy**

You don't need to spend a lot of time researching finance options; that's our job! We'd love to help you find the loan that's best for you and complete the process...so you're one step closer to home ownership.

### **Tip #3: Things to Avoid Before Buying a Home**

Here are some common mistakes to avoid during the home buying process to make sure your transaction goes smoothly!

#### **- Don't Make an Expensive Purchase**

It's best to avoid making major purchases like furniture, cars, appliances, electronic equipment, jewelry, or vacations until after the closing. Financing large purchases with a credit card could bring your credit score down. Using cash to purchase high-ticket items can also create a problem, because many banks take your cash reserves into consideration when approving your mortgage.

#### **- Don't Get a New Job**

Lenders like to see a consistent job history. Generally, changing jobs will not affect your ability to qualify for a mortgage loan if you'll be making more money. But, lenders usually look for stability. Changing jobs during the loan approval process could raise some concern and affect your ability to gain loan approval.

#### **- Don't Switch Banks or Move Money Around**

As your lender reviews your loan package, you will be asked to provide bank statements for the last two or three months on your checking accounts, savings accounts, money market funds and other liquid assets. To eliminate potential fraud, most loans require a thorough paper trail to document the source of all funds. Changing banks or transferring money to another account could make it difficult for the lender to document your funds.

## **- Don't Disregard Your Lenders Requirements**

Even if you have been pre-approved for the loan, your lender will still need copies of your bank statements, W2s and other paperwork. It is up to you to provide all necessary documentation as soon as possible. Failure to submit certain qualifying documents could cause you to lose your loan and the financing you need to buy your home.

### **Tip #4: House Hunting**

Knowing how much house you can afford is just a starting point in your search for a new home. By answering the following questions, you can narrow down what features are most important to you:

- 1.How many bedrooms and bathrooms do you need?**
- 2.Do you want a new home or would you prefer an older one?**
- 3.Are there special features you must have?**
- 4.Is the school district a factor for you?**
- 5.Do you want to be close to a shopping center?**
- 6.Is commuting to work an issue? If so, how far are you willing to drive?**
- 7.Will you accept any style of home? What about colors?**
- 8.Do you want a fireplace, pool and/or air conditioning?**

Searching for a new home can be overwhelming. Here are a few tips to make it a bit easier!

- **Take a notepad and map with you. Save each home's fact sheet.**
- **Limit the homes you look at in one session to three, so you can focus on the details.**
- **Take a picture of the homes that appeal to you, so you can remember their features.**
- **Make sketches of floor plans to help you compare the homes you like.**
- **Ask questions about any problems in the home before you make an offer.**

We hope these tips help you find the home of your dreams!

### **Tip #5: Best Rate Versus Best Loan**

Is the best loan for you always going to have the best interest rate? Perhaps...But, be sure to read the "fine print" associated with any loan, and make sure your lender is acting in your best interest!

Here at Lake Mortgage we offer the winning combination of great service and competitive rates. We focus on locking in the best possible loan for you today and maintaining a relationship based on trust and respect, so that we may continue to be a reliable resource for you in the future.

### **Tip #6: How Much Can You Afford?**

Lending standards have become more stringent over the past few years, but what hasn't changed is the formula that determines the loan amount that you can afford. Things to consider are the loan program, your credit score, your debt-to-income ratio and other financial information.

### **Tip #7: Home Inspections**

What you don't know can hurt you! Home inspections are an integral part of buying a home. Insist on a professional home inspection by including it in the sales agreement, and note that the deal is contingent upon your approval of the inspection.

This won't surprise sellers who know their home will be put under a microscope by any potential buyers. The home inspection should include detailed information about the drainage, foundation, roof, interior and exterior paint, plumbing, wiring, heating, fireplace, tile, any hazards associated with the property, and a termite report.

During the final walk-through, you'll have a chance to examine the home to see if it's in the same condition as it was when you made your offer, or if any negotiated repairs have been made. Don't skip this very important step!

### **Tip #8: Making an Offer**

After weeks or months of searching, you've finally found it: the home of your dreams! While one challenge has been overcome, you now begin the negotiation process, starting with making your initial offer.

Here are a few tips to help ensure your success:

- **Ask your REALTOR® to show you selling prices of similar homes in the same area, which sold over the past year. Offer the lowest price (or less) that any comparable home has sold for, and increase your offer to compensate for any additional features.**
- **If you have time and money, hire an appraiser, so you have objective data on current market conditions to support your offer.**
- **Offer a larger deposit if you're competing for a hot property.**
- **Give your deposit to a neutral party (agent or escrow company) so it can be held in a trust account until the offer is accepted and the deal closes.**
- **Make sure the escrow instructions state that your deposit will be automatically returned if the deal doesn't go through within a specified time period.**
- **Spell out the type of mortgage you've secured.**
- **Offer the full price if you want to beat out the competition or get better terms.**

- **Give yourself a way out of a purchase agreement with contingency clauses.**

### **Tip #9: Kitchen Remodelling**

Kitchen remodels historically provide a significant return on investment, but you shouldn't lose sight of functionality as you create your new design. Make sure your kitchen works for you by answering the following questions before you invest in the project:

- **Are you gourmet? If you spend a lot of time in your kitchen preparing gourmet meals, plan for plenty of counter and storage space, as well as extra electrical outlets.**
- **Is defrosting your style? If you don't have the time or inclination to cook elaborate meals on a regular basis, you'll need plenty of pantry space to store the packaged foods needed to whip up quick meals. You need less surface area, but you'll definitely want enough space for a microwave oven.**
- **Is your family still at home? Family and friends are more apt to congregate around open kitchens. And, they're more likely to help if the kitchen has a counter separation from the dining area. If your kids have moved out, you may need less space for socializing.**
- **How big will it be? If your new kitchen will be much larger, you may want to include an eating space. If so, use a counter to separate the dining area from the kitchen so you still have an open, inviting atmosphere, along with separate work and eating areas.**

Don't fall prey to a designer's vision that doesn't match your own. You have to live with your new kitchen, so make sure it's exactly what you want.

### **Tip #10: How Much is Enough?**

How much is enough? That's a question we often field with regard to home loan down payments...and there isn't a stock answer to it.

Different lenders have different down payment requirements. Mortgages insured by the Federal Housing Administration (FHA) need a 3.5% down payment. Conventional loans generally require a minimum of 5% down payment.

- **If you are buying a \$200,000 house, a 3.5% down payment would be \$7,000, and a 5% down payment would be \$10,000.**
- **A larger down payment could lower your monthly mortgage payment and decrease or eliminate the need for Private Mortgage Insurance (PMI).**
- **It's a good idea to keep some money in an emergency fund for home maintenance or other surprises.**

When you're trying to calculate how much down payment you need to buy a house, there's no reason for you to crunch the numbers alone. Here at Lake Mortgage we can discuss your options and determine which loan program will work best for your specific situation.

### **Tip #11: Negotiating Your Way to Your Dream Home!**

Most people are prepared to negotiate when they go car shopping. But, what about when buying a home? Savvy homebuyers understand that everything is negotiable!

It's a good idea to sharpen your negotiating skills, or work with a talented real estate professional that can help you negotiate the best deal. Here are some areas that have room for negotiation.

- **The purchase price**
- **When you can move in**
- **Painting: Part of the home or the whole thing**
- **Repairs: Roof, plumbing, windows, etc.**
- **Yard: Landscaping, removal of unwanted trees or bushes, etc.**
- **Fixtures: Which lights, fans and appliances stay or go**
- **Furniture: Whether the seller will leave certain pieces**

We recommend working with an experienced professional who knows the market and is ready to negotiate on your behalf. Please let us know if you need a referral to one of the preferred real estate agents in our network.

Our team is ready to help you secure the best loan program to meet your needs. Our goal is to provide you with such great service, that you will gladly refer your family and friends to us for assistance with their mortgage planning.

Please contact us to schedule a consultation. We're here to help!

Sincerely,



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