

FIRST TIME HOME BUYER

5 THINGS TO KNOW BEFORE BUYING YOUR FIRST HOME

- 1. Prequalified vs. preapproved.** Prequalification simply involves a rough calculation of the mortgage payment you can afford. Preapproval means you're essentially good to go. You formally apply for the mortgage and pay an application fee. The lender determines that you are eligible for a mortgage of a certain amount.
- 2. Fixed-rate mortgage vs. adjustable-rate mortgage (ARM).** With a fixed-rate mortgage the interest rate stays the same throughout the life of the loan. Your monthly payment will remain the same during that time. With an adjustable-rate mortgage the interest starts at a lower level and then may go up or down at specified intervals.
- 3. Appraisal vs. inspection.** An appraisal assures the lender (and the buyer) that the property's value is at least equal to the mortgage amount. A home inspection examines the condition of the house and its mechanicals. The purpose is to protect you, the buyer, from nasty surprises. Hire a professional inspector and ask for references.
- 4. Closing costs.** No later than three days before closing, your lender will provide a statement showing you the final figure and a breakdown of all the costs (you got an estimate shortly after your loan was approved). Usually, you'll need to provide a cashier's or certified check for the closing amount (plus the down payment) at the closing.
- 5. Insurance needs.** If you own a home, you have the potential to suffer property damage or liability loss. Insurance needs will vary for each individual homeowner but buyers should consider: homeowners' insurance, private mortgage insurance, title insurance, mortgage life insurance, and flood insurance.

If you have any questions on the home-buying process or to speak with us about our First Time Home Buyer program call our lending team today at 781-433-2929.



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