



Getting Pre-qualified for a Home Loan

The first thing you should do is call a lender of your choice and get pre qualified. During this process the lender will want to know what your current income is as well as monthly debts. See attachment 1 for a list of things to include in your income. Keep in mind all income must be verified. Therefore only include income you can prove. The lender will also pull a credit report. The lender will then tell you how much they are willing to lend you and at what rate. Now that you know how much money you have to shop with you can now set an appointment with the lender to bring in all of your verifications and to make a loan application. You are now ready to start looking for your new home.

Loan Application

Once a loan application is made, the lender generally, immediately mails requests to verify the information given by the purchaser on the loan application. These requests are mailed to employers, banks, creditors, landlords, etc.

Once the lender receives the contract on your property choice, an appraisal is ordered on the property immediately. Once the lender receives the appraisal, they put the information together with the verifications that have been returned and forward to an underwriter to approve the loan. The loan package cannot be forwarded to the underwriter until all information requested has been returned to the lender.

If all information is returned promptly, a lender can have a loan ready to go to the underwriter in two to three weeks (could be more or less, depending on lender). If, however, an employer, creditor, bank, etc., does not return the verification, the lender will have to send a second and sometimes a third request. I keep in touch with the lenders to monitor the progress of loans. If I am aware of a delay, I will notify you immediately.

If the lender receives information they feel needs clarification from a purchaser, they will make the purchaser aware. It is very important that the purchaser give this request immediate attention.

If you have any questions regarding the loan process, please feel free to call the lender or me.

Cashier's Check

All funds required at closing from the purchaser must be in the form of a cashier's check. Please make arrangements ahead of time to have funds readily available to convert into certified funds. Purchasers relocating from out-of-town particularly need to be aware that they need to make prior arrangements as most banks will not give a cashier's check on funds from another city. The funds should either be deposited in a local bank or the cashier's check needs to be secured prior to coming to Columbia.

Generally, the attorney will give us the exact amount of money needed for closing 24 hours prior to closing. There are times, however, when figures are not available until just before the closing. If you are in a position where you need to secure your check prior to receiving the exact figures, we can give you an approximate amount and additional funds can usually be handled with a personal check. This is at the attorneys' discretion.

Cashier's checks can be made out to the closing attorney or to you and endorsed over to the attorney at closing.

Homeowners Insurance One (1) Week before closing

It is generally a good idea to get a quote from more than one company. Often, the company insuring ones automobiles will give buyers a discount on their homeowners insurance. Quotes and arrangements for homeowners insurance should be made at least one week prior to closing. After you have made your selection of which company you wish to use, you will need to give the insurance company your attorney's name in order for the insurance company to secure needed information from the attorney. The insurance company will also need to give the attorney the exact amount of your premium at least 3 days prior to the closing in order for the attorney to set up your escrow account.

You can either pay your first year's premium or have it deducted at closing. The insurance company will need to advise the attorney whether or not the premium should be deducted at closing. You will be issued a one year policy at closing. The attorney will collect at closing 2-3 months premium to set up your escrow account. This can vary, depending on lender. One month's premium will be placed in your escrow account each month when your monthly payment is made. When your initial first year's premium expires, there will be adequate funds in your escrow account for the mortgage company to pay the next year's premium.

If not, the mortgage company will notify you. You must have your homeowners policy and either a paid receipt or a bill at closing. Most insurance companies will deliver your policy to the closing attorney for you. However, if not, you need to arrange to pick it up prior to closing.

Going Out-of-Town?

If you are going to be out of town for more than 24 hours, please give me a call and leave a telephone number where you can be reached.

Mortgage companies will often call me to say they need “one more piece of documentation” before they can submit your loan for final approval. If you cannot be reached, this might mean that the closing will not take place as planned.

The Walk-Through

Most real estate contracts allow for a final walk-through a day or two before closing. The purpose of this walk-through is only to determine that the house is in the same condition as when you negotiated the contract or that agreed upon repairs have been completed. If you are purchasing a new home you may have more than one walk-through. All inspections and negotiations for repairs should have been done at or during time of contract or as called for in the contract.

Termite Letter- Buyers

Before a closing can take place, a termite letter (formally called a CL-100 Report) must be issued and must be acceptable to the mortgage company.

The verbiage “termite letter” is a misnomer in that these reports cover much more than termites. They also cover wood rot, excessive moisture, fungi, etc...from the flooring down to the ground. They do not cover detached buildings, eaves of homes, wood rot around garages, etc.

These reports are obtained by having the home inspected by a licensed pest control company. The contract will state that the inspection report will be secured by the purchaser and paid for by the purchaser, unless otherwise agreed upon. This letter usually cost between \$75.00 and \$125.00. This can vary depending on company.

If the home is presently under a termite bond, you may wish to consider using the bonding company. Some companies will allow the bond to be transferred to the new owner which can be a considerable savings.

After the inspection is completed and if repairs are recommended, these repairs must be completed in order for the letter to be acceptable to the mortgage company. These repairs are the responsibility of the seller. It is the seller’s choice as to who will do the recommended repairs, although this may be a negotiable item. Mortgage companies require that major repairs be completed by a licensed contractor. If the seller refuses to make the recommended repairs, most contracts give the purchaser the option to rescind the contract.

Termite letters should be dated no more than 45 days prior to closing. These letters have to be in the hand of the attorney no later than 3 days prior to closing. They must be accompanied by either a bill to be deducted at closing or a paid receipt.

When we call to order your CL-100 report the company may need two or three days to schedule your inspection. We will need to arrange a date and time agreeable to the seller (we will help co-ordinate) as the inspector will have to go inside the house. If repairs are necessary to obtain a clear letter, the inspection company will notify me immediately. Decisions need to be made regarding repairs prior to the inspection letter being forwarded to the lender or attorney.

If the inspection calls for no repairs or after repairs have been handled, ask the inspection company to deliver the original letter and bill or paid receipt to the closing attorney and e-mail it to me at Sharon@screaltycolumbia.com or fax a copy to me at 803-754-4609. You can see it is important not to leave this to the last minute.

Heating & Air Conditioning

As heating and air conditioning is a major financial consideration of home ownership, most real estate contracts of sale will request a satisfactory heating and air conditioning inspection letter at closing. The contract will state that the inspection letter be secured by the purchaser (although this may be a negotiable item). Generally, the party paying for the inspection has the option of selecting the company to perform the inspection. The seller is required to make any repairs necessary to secure a satisfactory.

The inspection letter is generally performed within ten (10) days of closing. The inspection letter secured prior to closing is not a warranty of any kind. It only states that the unit was working satisfactorily at the time of inspection.

These letters have to be in the hands of the attorney no later than 3 days before closing. They must be accompanied by either a bill to be deducted at closing or a paid receipt.

When we call to order your heating and air conditioning inspection, the company may need two or three days to schedule the inspection. We will need to arrange a date and time agreeable the seller (we will help co-ordinate) as the inspector will need to go inside the house. If repairs are necessary to obtain a clear letter, the inspection company will notify me immediately. Decisions need to be made prior to the inspection letter being forwarded to the attorney.

If the inspection calls for no repairs or after repairs have been handled, ask the inspection company to deliver the original letter and bill or paid receipt to the closing attorney and e-mail it to me at Sharon@screaltycolumbia.com or fax a copy to me at 803-754-4609. You can see it is important not to leave this to the last minute.

Occupancy

Your contract of sale will address the terms negotiated between the purchaser and seller as to when occupancy will be given over to the purchaser. Most contracts state that occupancy will be given to the purchaser 24 hours after closing. However, this can vary. Usually occupancy is given at closing unless otherwise agreed upon. Please review the occupancy portion of the contract to determine the terms of your particular situation.

We understand that neither purchasers nor sellers can wait until the last minute to make moving arrangements, etc. However, you need to be aware that sometimes situations come up at the last minute that may prevent a closing from taking place on the agreed upon date. Title work, surveys, etc. are not generally ordered by attorneys until the week of closing as this information must be as current as possible. Old liens and encroachments can show up, even sometimes in error. It still takes time to correct the error.

Most moving companies, particularly at certain times of the year, are booked 30 days in advance. It is advisable to schedule your move in advance even if it has to be rescheduled at a later date. We suggest you consider scheduling your packing the day before the closing and schedule the actual move the day of closing unless other terms have been agreed upon.

If you are in a position where you need to make arrangements for an interim move, perhaps a rental, this also needs to be arranged ahead of time. Put yourself at as little risk as possible. Be sure before you move you have verified that the loan will be closed on the proposed date. It is a good idea to at least touch base with me to make sure I am not aware of any potential problems prior to making such a commitment.

Power of Attorney

All parties, (purchasers and sellers) whose names are on either the mortgage or deed must attend the closing of a property unless prior arrangements have been made to have a Power of Attorney prepared where some other individual will sign for you.

Most mortgage companies will not allow a purchaser to use a Power of Attorney to close a real estate transaction. Generally, this is not a problem for the seller. Please make sure all parties necessary on your side of the transaction will be available for closing. If this is impossible, please notify me immediately.

An attorney will usually charge \$75.00-\$125.00 to prepare a Power of Attorney and can vary from attorney to attorney. If the buyer or seller is leaving town, the Power of Attorney should be prepared ahead of time. If they are already out of town and will not be returning, time needs to be allowed to prepare the Power of Attorney and to Federal Express it back and forth. The fee can vary depending on company.

Utilities

When ownership of a piece of residential property is transferred, all utilities need to be transferred out of the seller's name and into the buyer's name.

Utilities can include electricity, gas, water, phone, cable and garbage. Various utilities are handled in different ways depending on the company servicing a particular area.

As a general rule, electric companies require the seller to request service to be taken out of their name prior to accepting an order to place their service in the new owner's name. This is "usually" done within a week of closing. Most electric companies will take the request by phone unless a deposit is required. A letter of credit from a past account with another power company will often be accepted in lieu of a deposit. Purchasers should contact their present company soon after finalizing a contract since it might take the company some time to send this letter to you. If purchaser and seller do not coordinate transferring of utilities, a reconnect fee may be charged if service is allowed to be disconnected.

Orders for telephone service need to be placed at your earliest convenience as this could take several days. In most cases this applies to cable and satellite services.

Garbage is handled in the Columbia area in various ways such as private companies, county and city regulated.

A seller should request all utilities be taken out of their names by the day possession of the property is given to the buyer.

The purchaser should request all utilities be transferred into their name when taken out of the seller's name.

I will help the purchaser identify which companies service their area prior to closing.

Electric

SCE&G — 799-9000

Mid Carolina — 359-5551

Water and Sewer

City of Columbia water & sewer — 545-3300

Carolina Water & Sewer — 733-8285*

City of West Columbia Water & Sewer — 791-1880

Midland Utilities Water & Sewer — 359-4803

Richland County Utilities (sewer) — 735-7300

Town of Lexington Water & Sewer — 359-4164

Garbage

Ard Sanitation Service — 787-8800

Dreher Sanitation — 345-5214

Johnson Garbage — 754-5537

Seven Oaks Sanitation — 252-5113

Town of Lexington — 359-4164

Telephone

Alltel Telephone — 957-2611

AT&T/Bellsouth — 780-2355

**(Requires application be made in person)*

The Buying Process

1. Get Pre-Qualified for a home loan.
2. Come into the office.
3. Look at homes.
4. Choose a home and put earnest money down.
5. Negotiate a deal
6. Set up Home Inspection.
7. Negotiate repairs if any on Home Inspection.
8. Order Termite and HVAC Inspections.
9. Get Home Insurance quotes and choose a company.
10. Choose a real Estate closing attorney.
11. Do a walk-through on the home you chose.
12. Get certified funds for exact amount to be bought to closing.

Things you need for loan processing

1. Drivers License/ID
2. Social Security Card
3. Bank Statements
4. Payroll Check stubs
5. Tax returns

*Please note: The above items are not all inclusive and is based on the individual situation. Each individual is different and the loan officer will ask for whatever verifications he/she feels necessary to complete the loan.