

You Are Almost Home!

Please feel free to call our Mortgage department at any time during the process at (860) 446-8085.

- ◆ Our mortgage department and our closing attorney's office will perform all of the intensive legwork for procurement, review and clearing of our final underwriting. Once our underwriters sign off on these final conditions and all aspects of the subject property are in order, your loan will be "clear to close."
- ◆ We will coordinate the time and place of your closing with the seller's attorney and notify you accordingly.
- ◆ Our mortgage department will prepare your loan closing documents and our closing attorney will contact you to inform you about the final amount of the "certified funds" check you will need to bring to the closing to complete your transaction.

On that day, you will become a proud homeowner!!!



Glossary

LISTS OF CONDITIONS: Stipulations set forth by the lender, which they may require to fully approve and close a loan.

UNDERWRITING: The process of reviewing and evaluating all aspects of the application to make a determination to accept or decline a loan application.

CONSUMER PURCHASES: Items or services purchased such as automobiles, home improvements, timeshares, boats, etc., which may be a loan or a monthly obligation, that is reported in your name to the national credit bureaus.

BUILDING INSPECTION AND LICENSED BUILDING INSPECTOR: A building inspection consists of a physical inspection of the property by a state licensed company or individual. The inspection report addresses the condition or functionality of all systems of a structure or home building but not limited to structural integrity, condition of plumbing, drainage, electrical, sewer or septic systems, etc.

PROPERTY DISCLOSURE REPORT: A report which is made and signed by the seller of the property which discloses the functionality of the various mechanical systems of the subject property.

SUBJECT PROPERTY AND COMPARABLE SALES: The subject property is the property being purchased. Comparable sales are reports provided by the real estate agent or appraiser showcasing other properties of like, kind, quality, type, size, age, etc. which were recently sold in the immediate vicinity of the property. By comparing these properties, one can determine the accuracy of their offering price.

INTENT TO PURCHASE and/or PURCHASE & SALES AGREEMENT: A legal contract in a real estate transaction which stipulates the terms and conditions set forth, agreed to, and signed by both the buyers and the sellers.

EARNEST MONEY DEPOSIT: A deposit a real estate agent will require the buyer to provide at the time of making a written intent to purchase.

MORTGAGE COMMITMENT DATE: The sales and purchase agreement may contain a provision or clause which states a specific date by which the borrower must receive a written mortgage commitment from their lender.

CLOSING DATE: The date agreed to by all pertinent parties to complete a real estate transaction. The date the deed transfers from the sellers to the buyers.

APPRAISAL: A report which contains the current market estimation of the value of a property performed by a qualified, licensed individual or company who will inspect the subject property and provide examples of comparable sales in the report to support or justify the selling price.

TITLE SEARCH: The act of examining a detail of the public record of the ownership of a subject property. The search is to ensure that the current owner has a clear title, the title is free of liens, encumbrances and claims, etc. The search is usually performed by an attorney or qualified searcher when title insurance is being purchased in conjunction with a mortgage loan.

TITLE INSURANCE POLICY: An insurance contract which guarantees to indemnify the property owner and the mortgagee (mortgage lender) for damages suffered as a result of undiscovered title defects, which may arise at a later date.

HOMEOWNERS HAZARD INSURANCE: A policy of insurance, which insures a home for damages, which may occur as the result of risks or health hazards, including but not limited to fire, windstorm, hail, etc. Your mortgage lender will require you to keep a policy in force for the duration of the mortgage plan.

CLEAR TO CLOSE: The final stamp of approval an underwriter has placed on a mortgage application that indicates to the lender that the borrower has furnished or satisfied all the stipulations or conditions required in order for the lender to make the loan.

Branch Locations

32 Chicago Avenue
Groton, CT

625 Long Hill Road
Groton, CT

3 Boston Post Road
Waterford, CT

20 Liberty Street
Pawcatuck, CT

589 Hartford Pike
Dayville, CT

335 Main Street
Niantic, CT

One Connecticut Avenue
Norwich, CT

893 Main Street
Willimantic, CT

601 Norwich/New London Turnpike (Rt. 32)
Montville, CT



Home Buyer's Guide



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Home Buyer's Guide

Purchasing your home can be one of the most exciting events in your life. At Charter Oak, we want to provide you with the knowledge and know how to ensure your purchase is truly a memorable experience. We have prepared this guide for home buyers to equip you with an outline of suggestions and helpful hints to assist you with the process of purchasing your first home. This guide also serves to provide a thorough understanding of the residential real estate transaction process, as well as a simplified glossary of terms that you will hear when speaking with real estate professionals. If you have any questions, don't hesitate to contact our mortgage department with any questions.

PLEASE NOTE!

This handbook contains mortgage terminology. The words, which we have typed in "quotations," are defined for you in the Glossary. You will find them listed in the order in which they appear in the text.

The Thought Process

You should be able to answer YES to the following important questions:

- ◆ Do you currently pay your rent and monthly obligations on time?
- ◆ Do you have a steady, verifiable employment history for at least two years or more?
- ◆ If you are self-employed, do you have two consecutive years of Federal Tax Returns that you filed?
- ◆ Do you have enough money saved to cover a 5% deposit of the selling price of the property?
- ◆ Do you have additional funds saved to pay basic "closing costs" such as "application fee," "rate lock deposit fee," "discount points," etc?
- ◆ Do you have a credit history, i.e. auto loan, credit card, student loan, etc?

The Initial Steps

- ◆ Consider completing an application for "pre-approval." This can be done by stopping into one of our offices and completing the application. You can also go online to CharterOak.org to complete the pre-approval application.
- ◆ A Mortgage Representative will contact you to discuss your pre-qualification. They will discuss amount, rates, points and terms.
- ◆ Start looking at real estate books and newspaper listings to become familiar with current market conditions.
- ◆ Arrange interviews with several reputable real estate agents in your area.
- ◆ Find out if the real estate agent works within the Multiple Listing Service (MLS) network.
- ◆ Get out with a real estate agent and start looking at homes.
- ◆ If your real estate agent requires you to have a written mortgage pre-approval, follow the steps outlined in "Your Offer Is Accepted."
- ◆ Please provide us with your real estate agent's name and phone number so that we may send them a copy of your written pre-approval for a home mortgage.



Making An Offer To Purchase

- ◆ Upon deciding on a property, you should receive a "property disclosure report" from your real estate agent. This should be signed by the seller. The report will contain important information concerning the condition of the property.
- ◆ Get copies of recent "comparable sales" from your real estate agent to make certain you are offering the seller a fair price for the "subject property."
- ◆ You and your real estate agent will draw up an "Intent to Purchase" or a "Purchase and Sales Agreement" to make a formal offer to the seller.
- ◆ You will be asked to sign the offer and to make an "earnest money" deposit to demonstrate your interest in proceeding with the purchase.
- ◆ Keep copies of all checks, money orders, signed offers, etc.
- ◆ Decide what your final price point may be if you get into price negotiation. Your real estate agent should be equipped to assist in this area.

Your Offer Is Accepted

- ◆ Your real estate agent will give you a copy of the "Purchase and Sales Agreement" signed by the seller.
- ◆ You (or your real estate agent) should notify us of the completion of the agreement. Keep track of dates because you will have to comply with contract deadlines such as the "mortgage commitment date" and the "closing date."
- ◆ Make an appointment at one of our branches or with our Mortgage Representative to start the application process.
- ◆ Bring 2 years W2's and your 2 most recent pay stubs, or 2 years Tax returns if you are self-employed, to your application appointment.
- ◆ You will also need to provide a liquid asset statement (savings /checking, 401K, investment/stock portfolio), "gift letter," etc., evidencing sufficient funds to cover the down payment and closing costs.
- ◆ Your representative will complete a Mini Application at your appointment.

Note:

We will provide you with a written pre-approval within 48 hours of the time that you complete a Mini Application and provide us with copies of W2's, pay stubs and bank statements.

- ◆ Review your copy of the "loan disclosures" which will be mailed to you once we pre-approve your application. The disclosures will outline the details of the loan.
- ◆ Carefully review the "list of conditions" which you must satisfy for our mortgage "underwriting" department to fully or unconditionally approve your application.
- ◆ DO NOT make any major "consumer purchases" between the date that we issued your approval and the date that you close and complete the purchase transaction.

- ◆ Decide if you will want a "building inspection" when you find a property that you wish to buy. If so, you should contact two or three "licensed building inspectors" to get their rates and availability. Your real estate agent can provide additional information in this area.
- ◆ We will now complete the final stages of underwriting your loan by ordering an "appraisal" of the property and a "title search" which will be provided by a Charter Oak approved attorney.
- ◆ You will be required to obtain "Homeowner's Hazard Insurance" coverage on the property. You should select an insurance agent immediately and arrange to have a one-year homeowner's policy paid for and in place PRIOR to closing. Title insurance will be secured by the closing attorney. During appraisal it will be determined if flood insurance is required. If needed, flood insurance must be in place prior to closing.
- ◆ Please provide us with the name and phone number of the insurance agent or company who will be providing the coverage.



CHARTER OAK
THE INSURANCE
PROFESSIONALS

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