



**Homebuyer's Guide**

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Whether you're a first-time homebuyer or an experienced homeowner, Chase can help guide you through the mortgage process. Take a look at this step-by-step approach. It will help make your home buying experience a much easier task.

## Step 1: Planning for success

Before you start searching for a house, it makes sense to have a solid home buying plan in place. It's important that you know certain things, such as why you want to own a house, what price you can afford, your home buying options, who will you work with, etc.

- **Own or rent?** First, consider whether you want to buy a home or rent one, based on your personal situation. Understanding the [benefits of owning](#), including the potential [tax advantages](#), is a good place to start.
- **How much can you afford?** If you decide on buying a house, the next question would be to find out how much space you'll need and how much you can [afford to spend](#). Creating a home buying budget will help you set realistic goals.
- **What type of house?** Once you have a budget in place, consider the different types of [housing options](#) that may be available — which may include single-family homes, condos, co-ops and planned unit developments (PUDs).
- **Who can help?** Finally, ask yourself [who you can work with](#) to help achieve your goals. It can be a good idea to partner with lenders, real estate professionals and others who can address your specific needs.

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## Step 2: Understanding mortgage rates

Once you have the home buying plan in place, you'll need to spend some time in understanding mortgage rates, discount points and annual percentage rate (APR), among other things. Mortgage interest rates may vary widely depending on a number of factors and your choices can help you get the lowest rate possible.

- Choosing between a [fixed or adjustable rate](#) is an important decision that you'll need to make when you select a mortgage.
- Paying [discount points](#) upfront can help lower your interest rate over time.
- Using the APR can help you compare costs between two or more lenders.
- Shorter terms tend to produce lower interest rates.

### Loans for low-income homebuyers

Depending on your personal situation, there may be a number of additional ways to lower your interest rate. If your state or local government considers you to be a low-income homebuyer, you may be eligible for special low-rate loan programs. A Chase Loan Officer can assist you with finding the right loan for your situation.

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## Step 3: Getting organized

Get organized by knowing your credit history, gathering together your personal financial information, and learning more about the different types of mortgages and rates that are available. Getting ready ahead of time

will help the process move quickly and smoothly. Take the following steps before you begin the prequalification process.

- **Review your credit history:** It's a good idea to understand your credit score and review [your credit history](#) at the beginning of the process. Even if you have less-than-perfect credit, you may still qualify for a mortgage.
- **Gather your financial records:** Chase will require specific financial records to approve and process your loan. Here's a look at the [documentation you'll need](#) to get started.
- **Consider your loan options:** You may also want know the types of loans available, in order to determine which one suits you best. Your Chase representative can help you with this.

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## Step 4: Contact us

Before you start shopping for a house, talk to a Chase Loan Officer. He or she can provide you with valuable advice about the home buying and mortgage processes, and can help you get prequalified for a loan.

- **Advice you can count on:** Your loan officer has extensive experience in working with both first-time and experienced homebuyers. He or she can help you find the right loan for your needs, explain mortgage rates and discount points, and help you thoroughly consider all of your financing options. To access help and advice when you need it, you'll have the direct phone number and e-mail to contact your loan officer.
- **The importance of prequalification:** When you get prequalified, you aren't actually applying for a mortgage, but simply asking a lender to help you create a reasonable home-shopping budget.

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## Step 5: Find a home

Now that you've established a home-buying budget, the next step is to find a house. Chase can help provide advice on making an offer and when to apply for your mortgage.

To make your search a little easier, we've created a [homebuyer's checklist](#) to help you keep track of the properties you visit. By checking off the specific features of each home you visit, you'll find it easier to compare your choices when it's time to make your final decision. But, before beginning your search, you'll need to make a few key decisions. Questions that you may want to consider include:

- What do you need in a home?
- How many bedrooms do you need?
- Do you require a garage or a basement?
- What kind of schools are in the area?

### Will you work with a real estate agent?

Many homebuyers choose to work with a buyer's real estate agent or broker to help them find a home. Since finding a home, negotiating the contract and closing the deal is such an important process, an experienced agent can provide guidance to help you avoid potential pitfalls. A reputable buyer's agent should have vast

knowledge of the real estate market, price trends and neighborhood conditions. The agent will help you shop for your home, tour properties and be your negotiator, if bargaining over price is necessary.

### Who is a buyer's agent?

A buyer's agent is a real estate agent who represents only you in the purchase of your home.

- As a buyer, there's typically no cost to you in working with a buyer's agent.
- Typically, the buyer's agent receives part of the commission paid by the seller upon the sale of the house.
- Be sure to discuss compensation with any real estate agent before you start looking at homes, as conventions can vary from state to state and region to region.

Be sure that you understand whom the agent is representing in a transaction. Remember that a seller's agent is working for the seller — not you. The job of the seller's agent is to get the highest price possible for a property. If you're like most buyers, you're interested in getting the lowest price possible. If you decide to use a real estate agent, you should take great care in selecting one who meets your needs.

- You may want to ask family, friends and coworkers for referrals to agents who they recommend.
- Take the time to spend at least 15 to 20 minutes on the phone talking with a couple of different buyer's agents to find the one that best meets your needs and personality.
- Remember, a reputable agent won't mind spending some time with you on the phone before you begin a relationship.

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### Step 6: The road to closing

You'll need to make a number of important decisions between applying for a mortgage and closing the sale. Chase can help you prepare.

The "closing" occurs when the finalized loan documents are signed and the mortgage funds are disbursed. At this time, you will officially own your new home!

- Depending on the practices and conventions in your local area, the time between signing the purchase agreement and your closing date may be anywhere from 30 to 120 days.
- Your loan officer and real estate agent can help you create a reasonable estimate for how long it will take to complete the purchase of your home.

It's important that you understand [what happens in the closing process](#) before you get to it. This ensures that everything is in place for [a smooth closing](#).

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### Step 7: Service continues

Once your home purchase is complete, our Chase mortgage representatives will be available to answer all of your questions during the life of your mortgage—while our banking professionals are available to help you find solutions to your banking and other financial needs.

## Online account access and management

Chase Online, our award-winning website for registered customers, allows you to access your mortgage account anytime, day or night.

- With Chase Online, you can manage your mortgage account, see your outstanding balance and make payments.
- You can also access other Chase accounts, including your checking, savings and credit card accounts, if applicable. For your convenience, you'll also find a wide range of interactive calculators and tools at our general public website, [Chase.com](https://www.chase.com).

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## Homebuying-related terms

### Benefits of owning

Here's a list of some of the most frequently used home buying terms that you may want to get familiar with.

When you own your home, you build equity (or ownership) as you pay your mortgage each month. Your equity is a financial tool that can be used for a wide range of borrowing needs. In addition, you'll enjoy a tax deduction on any interest you pay toward your mortgage.

### Your home is an investment

- It has the potential to appreciate in value over time.
- You can sell your home and apply the proceeds toward the purchase of a new home or other financial goals.
- You can also use your home's equity through a home equity loan or line of credit.

### Benefit from potential tax savings

Because the interest you pay on your mortgage is typically tax deductible, your home can lower your tax bill. Note that you will need to itemize your expenses in order to claim mortgage interest as a deduction, so it's a good idea to consult with your tax advisor about your potential savings before buying a home. Learn more about the possible [tax benefits of owning a home](#).

### Enjoy greater freedom and flexibility

When you own your own home, you have more freedom to renovate and remodel as you see fit. However, you may have to follow certain guidelines that may be set by your neighborhood association or city.

### Approach buying carefully

While homeownership offers many advantages, it's important you consider it carefully.

- If you're only going to be in your home for a few years, if your job situation is in flux or if you aren't confident in your ability to make regular mortgage payments, renting can be an attractive alternative.
- Before you buy, you may want to consider using our online calculator to determine if [you are better off renting](#).

### Understand your time frame

While buying a home can be a good long-term investment, selling a home can take longer than selling other types of investments.

- The housing market moves in cycles — housing prices can go down as quickly as they go up.
- You may not always be able to sell your home for the price you want at the time that's most convenient for you.
- It may take several years for your home value to increase enough for you to recover the closing costs associated with your mortgage.

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## Tax advantages and considerations

To take advantage of homeowner deductions, you must file federal tax Form 1040 and itemize your deductions on Schedule A. If you itemize, you can't take the standard deduction. However, if the standard deduction exceeds the amount allowed as itemized deductions, including the homeowner deductions, it may be to your advantage to take the standard deduction instead. Consult with your tax advisor to determine the best way to file. Homeowner deductions can often be applied to state income taxes as well, although not all states impose a personal income tax and tax rules vary from state to state.

## Expenses that may be deductible for homeowners

1. **Interest paid on a home loan** — Interest that is paid on a first mortgage, second mortgage, home improvement loan or a home equity loan may be tax deductible. Your lender should provide you with the annual Form 1098 along with a year-end interest statement that will be a useful reference document as you prepare your income taxes.

In the early years of a conventional fixed rate mortgage, your monthly payments will primarily go toward interest. As a result, your mortgage interest deductions have the potential to create more tax savings in the early years of your mortgage.

2. **Real estate (or property) taxes** — Property taxes are assessed annually by county or local authorities to help pay for public services and are fully deductible from income taxes. As a general rule of thumb, you can expect to pay 1% to 3% of the market value of your home in annual property taxes.
3. **Discount points** — [Points](#) paid upfront in exchange for a lower interest rate are generally deductible in the year paid if you have a purchase mortgage of less than \$1,000,000 on a primary residence. If the points are paid for a refinancing of a mortgage, the points may be deductible over the life of the loan.

## What cannot be deducted

- Closing costs
- Homeowners insurance expenses
- Cost of utilities
- Real estate commissions paid to agents
- Depreciation
- Home inspection, appraisal or loan application fees

### Low to moderate income homeowners

If your state considers you to be a low to moderate income homeowner, you may be eligible for mortgage interest tax credits for a portion of the interest that the state pays on your behalf. You must obtain a "mortgage credit certificate" from your state or local government prior to obtaining the mortgage. Contact your local government agency for this and other eligibility information and for more information about how the credits work.

### Tax information for sellers

If you're worried about the amount of taxes you may have to pay on any gains from the sale of your home (capital gains), you may be relieved from paying taxes if:

- You owned and lived in the house as your main home at least two out of the last five years from the date sold .
- Your gain was less than \$250,000 if you are single, married and filing separately or filing as head of household (or \$500,000 if married and filing jointly).
- You have not sold another principal residence in the past two years before the sale.
- You have not depreciated your home while using it in a business or rental activity.

If you do not meet all of these conditions, then you may have to pay taxes on part of your capital gains.

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## What can you afford?

To find the right home, it's important that you know your purchasing power and how much you can afford to pay each month. This will help you focus exactly on the house in your price range. Use our online calculator to determine [how much house you can potentially afford](#). Also, it's important to consider both the upfront and ongoing costs.

### Upfront costs

This typically includes:

- Down payment: Typically ranges from 3 .5% to 30% of the cost of the house. The more you can put down, the greater equity you will have and the lower your monthly payment will be. For down payments less than 20%, you may also need to pay mortgage insurance.

- **Home inspection:** May range from \$200 to \$900, depending on rates in your local area.
- **Closing costs:** Typically ranges from 2% to 6% of the loan amount, depending on your area. These costs include fees that you need to pay to state and local governments and costs associated with obtaining your mortgage, such as any applicable fees for discount points.

## Ongoing costs

Your ongoing housing costs may include some or all of the following expenses:

- Monthly mortgage payment
- Required homeowners insurance
- Mortgage insurance, if applicable
- Flood insurance, if applicable
- Property taxes
- Utilities
- Maintenance

## Prequalification

Once you have determined your potential budget, getting prequalified from a lender such as Chase will help provide you with a firm home-shopping budget.

## Low down payments

Many lenders require a 20% down payment on your home in order to avoid mortgage insurance. However, it is possible to buy a home with less than a 20% down payment.

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## Down payment strategies

Many lenders require a 20% down payment on your home in order to avoid mortgage insurance, and qualify for their best rates on a traditional loan. However, with FHA and VA loans, it is still possible to buy a home with less than a 20% down payment.

## Private mortgage insurance

If you're making a down payment of less than 20%, many lenders will require private mortgage insurance (PMI), which helps cover the cost of your mortgage payments should you default on your loan. PMI costs will likely result in a slight increase in your overall monthly payment, but can be a useful strategy.

## Down payment assistance programs

Low income families can approach nonprofit organizations and programs that seek to help them to cover the costs of a down payment. In some cases, you could also get help with closing costs and other upfront cash requirements.

## Family assistance

Many first-time homebuyers receive assistance with their down payments from a parent or family member in the form of a monetary gift. While this isn't always an option, you may want to consider seeking help from family members for your down payment. Your lender can help you determine the best down payment solution.

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## Housing options

While choosing a house you may want to keep in mind factors such as the local housing market and your needs and lifestyle.

### Single-family home

A single-family home provides you with ownership of the house as well as the surrounding lot. It may provide you with the most privacy along with flexibility to change or sell the property as you wish. You are directly responsible for maintenance and all associated property taxes.

### Condos

With a condo, you own all of the space within the four walls of your living area, but you don't own the surrounding building or land. In general, you must abide by the rules of the homeowner's association. However, you get the benefit of professional property management and aren't directly responsible for the maintenance of the external property.

- You'll typically pay a monthly or annual fee to the homeowner's association.
- Your unit is assessed individually for property tax purposes and you are directly responsible for their payment.
- Fees paid to your association are not tax deductible, but any property taxes paid on your unit are.

### Co-ops

With a co-op or co-operative housing project, you own shares of a corporation that owns the building you live in. You don't technically own your apartment, but in effect are renting it from the corporation that owns the building. In general, you must abide by the rules of the co-op association.

- Like a condo, you typically enjoy the benefit of professional property management and aren't directly responsible for the maintenance of the external property.
- You'll usually pay a monthly or annual maintenance fee to the corporation — this is generally not tax deductible.
- You are not taxed individually on your unit; rather, the corporation that owns your building is taxed as an entity and divides the tax bill according to your share of ownership in the corporation.

### Planned unit developments

In a planned unit development (PUD), you typically own the house that you live in as well as the surrounding lot, but you also own part of a common area that is shared with other residents and maintained through a homeowner's association fee. Fees paid to a homeowner's association are generally not tax deductible.

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## Who can you work with?

As you go through the home-buying process, you may need to work with a number of different people who have specific roles and responsibilities.

### Loan officers

A loan officer is your day-to-day contact with an individual lender. He or she can help you create a home-shopping budget and complete your mortgage application. In addition, your loan officer can help answer mortgage-related questions, such as whether or not you should consider paying discount points and which type of loan may best suit your needs.

### Real estate agents

An experienced buyer's real estate agent can help you navigate the complexities of finding the right home and understand the nuances of your local real estate market. A local agent can help answer questions about the school district, the selling prices of other homes in the neighborhood and the advantages of a particular location.

- When working with an agent, make sure you understand who the agent is representing in the real estate transaction.
- A buyer's agent represents you as the buyer and sits on your side of the table during price negotiations.
- A seller's agent represents the seller and negotiates on their behalf.

### Legal counsel

Depending on your location and personal circumstances, you may or may not need to hire a lawyer to help complete your purchase. However, a lawyer specializing in real estate can help ensure that your purchase agreement is legally binding and meets all local, state and federal requirements. Your lawyer will also help you craft language defining any special agreements between you and the seller of the house. Your real estate agent can help you determine whether you need a lawyer or not.

### Mortgage broker

A mortgage broker is someone who can help you find the most attractive mortgage rate among different lenders. However, you will have to pay a fee that is agreed upon in advance. Unlike a loan officer who works for a single lender, a mortgage broker works with several different lenders to help you find a mortgage provider.

### Tax advisor

To find out if home buying and mortgage related expenses are tax deductible or not, you may need a tax advisor. He or she can also help you consider how tax laws apply to your specific circumstances, and may even help you estimate the potential tax savings associated with a specific property and mortgage.

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## Fixed vs. adjustable rate

A fixed rate mortgage offers a fixed interest rate for the life of the mortgage and your monthly payments remain the same. An adjustable rate mortgage (ARM) offers a rate that is tied to a market index. Here's what you can expect with an adjustable rate mortgage:

- You generally start out with an interest rate lower than a fixed rate loan. This saves you money early on and may help you qualify for a more expensive home.
- However, your payments can go up considerably when interest rates are rising.
- As the index goes up or down, your payments will also change at each scheduled adjustment date.
- There are "rate caps" to limit the amount your interest rate can go up or down.

## Which is right for you?

An important question to ask is "How long do I plan to own this house?"

- **Planning to stay put.** If you plan to be in your home for more than seven years, you may want to consider a fixed rate mortgage. A fixed rate mortgage will offer you predictable payments and long-term protection against rising mortgage interest rates.
- **Planning to sell.** If you plan to be in your home for seven years or less, an adjustable rate mortgage could be an attractive option. Keep in mind that should you stay in your home longer than you originally planned, your monthly payments may go up when your interest rate is adjusted if mortgage interest rates are rising.

## Keeping an eye on interest rates

Depending on current interest rate conditions, the differences in the monthly payment between a fixed rate loan and an adjustable rate loan could be very small or quite large. Because of the many different variables involved, using an online calculator to determine which type of loan may be right for you can be a smart approach. In addition, your Chase Loan Officer can help you consider all of your options.

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## What are discount points?

Paying discount points will lower your interest rate (as well as your monthly payment) over the life of the loan. When you pay a discount point, you are essentially paying part of your interest to the lender upfront. One discount point is typically equal to 1% of the loan amount and is paid at closing.

- For example, one point on a \$100,000 loan would require an upfront payment of \$1,000. The mortgage interest rate can often be reduced by one quarter of a percent for every point you pay.
- Paying discount points doesn't reduce the amount borrowed — it simply lowers your interest rate and monthly payment.

## When does it make sense to pay points?

Generally speaking, the longer you plan to stay put in a property, the more advantageous it is to pay points. If you plan to move or refinance your mortgage within the next two to four years, paying points may not make

sense. Use our points calculator to estimate your "break-even" time frame, the point in your mortgage payment schedule when you'll start to realize a genuine cost savings from your discount points. [Go to mortgage points calculator.](#)

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## Using APR to compare rates

### Comparing advertised rates

To help homebuyers understand the total cost of a lender's advertised mortgage rates, the law requires lenders to advertise the APR (Annual Percentage Rate) of their loans.

- The APR measures both the interest charged on a loan, as well as any other costs and expenses associated with the loan such as discount points or lender origination fees.
- Because the APR is designed to show you the total cost of a loan, it can be useful when comparing loans from different lenders.

For example, a lender may be advertising a lower nominal or "basic" interest rate than its competitors, yet the total cost of the loan could be the same or even higher once you factor in fees and expenses. Comparing the APRs of two different lenders on the same type of loan, such as a 30-year fixed mortgage, will help you make more of an "apples-to-apples" comparison.

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## Credit history

### Know your credit score before you apply

Chase will order a copy of your credit history as part of your application process. Before you apply for a mortgage:

- Review your credit report to ensure it accurately reflects your current credit situation, and address errors, if any. Resolve any issues in advance that may cause potential delays during loan processing.
- You may want to avoid any big ticket purchase, and wait until after your mortgage has closed before taking on any new loans.
- You may want to avoid creating any changes in your credit profile during the home-buying process.

Here are some of the leading companies that can provide you with a copy of your credit report, often free of charge.

Equifax

Website: [www.equifax.com](http://www.equifax.com) 

Phone: 1-800-685-1111

Experian

Website: [www.experian.com](http://www.experian.com) 

Phone: 1-888-397-3742

TransUnion

Website: [www.transunion.com](http://www.transunion.com) 

Phone: 1-800-888-4213

### What credit scores mean

Your credit score, also known as a "FICO" score (named after the Fair Isaac Corporation, which calculates the scores), is typically translated into a "grade" by a lender. Much like the grading system used in schools, lenders often categorize scores as A, B, C or D, with A being the most favorable. Here is a general guide for how lenders may interpret your score. These figures are for reference only. Each lender will typically have its own system for interpreting scores, based on their individual preferences and experience working with borrowers.

Grade	Credit Score
A+ to A	670+
A-	650
B+ to B-	620
C+ to C-	580
D+ to D-	550
E	520-

Source: *Mortgage-X*, an independent information service

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### Documentation you'll need

Traditional loans may require a variety of important documents to verify your employment, income and assets. Here are some of the documents you may need. :

- Your Social Security number
- Pay stubs for the last two months
- W-2 forms for the past two years
- Bank statements for the past two or three months
- One to two years of federal tax returns

- A signed contract of sale (if you've already chosen your new home)
- Information on current debt, including car loans, student loans and credit cards.

### **Employment income verification**

You may need the following items to verify your income:

- Names and addresses of all employers for the last two years.
- If you work for a large company, you may want to call human resources and ask what address should be provided for employment verification.
- W-2s for the last two years (and perhaps even federal income tax returns from the past two years)
- Pay stub(s) for the last two months

### **Self-employment income verification**

If you're self-employed, you may need to provide:

- Year-to-date profit and loss statement and balance sheet
- Signed tax returns for the last two reporting years (business and personal)

### **Other income verification**

For income from other sources, you may need to furnish:

- Social Security and disability payments
- Pension income
- Dividends
- Child support
- Alimony
- Bonuses
- Overtime
- Rental property income

### **Asset verification**

Your assets may need to be verified through:

- A gift letter (if you are receiving a monetary gift from a relative)
- Statements and records for the last three months that include account names, addresses, account numbers and balances for the following accounts:
  - Checking
  - Savings

- Credit unions
- Mutual funds
- IRA, 401(k) and other retirement plans
- Securities (stocks, bonds, life insurance)
- Title of any car you own (if less than five years old)

### **Debt verification**

The following information about your debt may also be required:

- The most recent statement or payment booklets for present creditors
- Car loans
- Outstanding student loans
- Credit card accounts
- Documentation of any current mortgage or home equity loan
- Name and address of present landlord, along with the last 12 months' cancelled rent checks
- A complete copy of any divorce decree or separation agreement to document alimony or child support
- A copy of documents related to a bankruptcy, if applicable
- Explanation letter for any judgments, with a copy of release/satisfaction
- Explanation letters for other delinquent credits of record (late payments, liens, foreclosure, etc.)

### **Property verification**

You'll need information about the property you're buying:

- Fully executed copy of purchase agreement
- Legal description of the property being purchased (may be obtained from the real estate agent)
- Copy of listing sheet or property information sheet (if multiple listings)
- If you are in the process of selling a home, you'll need to provide the fully executed contract of sale along with a copy of the HUD-1 closing statement on the home, before closing on the new home.
- List of real estate owned

### **Additional documentation**

You may also be asked for these additional items:

- A list of your addresses of residences for the last two years

- If you were a full-time student at any time in the past two years, a copy of your diploma or transcripts
- Social Security number
- Relocation agreement (if you were transferred into the area)
- A check for the application fee (if required)
- If you are a resident alien, evidence of permanent residency issued by INS
- Names, addresses and phone numbers of all parties involved in this transaction, including attorneys and/or the closing agent and real estate agents
- Copy of the recorded deed (for refinancing a property only)

Depending upon the product and program for which you are applying, additional information may be required. Delays in providing requested information could potentially delay your closing date.

**Note:** You do not have to disclose alimony, child support or separate maintenance income unless you want it considered as a basis for repaying the loan.

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## Get advice

Your loan officer will help you learn more about the different types of loans available, and will also develop an in-depth understanding of your goals and personal circumstances so he or she can recommend the right mortgage solutions for you.

### A one-on-one relationship

- You'll have the direct phone number and e-mail of your loan officer, so you can get help and advice when you need it.
- Your loan officer can help simplify the mortgage application process by making sure all your paperwork is filled out properly and submitted to a Chase underwriter on time.
- With a commitment to providing you with the highest level of professional service, your loan officer will answer your questions, help you find resources and refer you to specialists, whenever needed.

### Highly personalized solutions

Because no two homeowners are alike, your loan officer will recommend solutions that address any special needs you may have. Whether you're self-employed or you work for a large corporation, whether you have terrific credit or less-than-perfect credit, whether you have a large amount of available cash or need to make a low down payment, your loan officer can help you explore all of your options.

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## Get prequalified or conditionally approved

Before you go looking for a home, you should see how much financing you may qualify for. At Chase, we're happy to help you become prequalified or conditionally approved for the loan that best suits your needs.

## The prequalification process

During the prequalification process, Chase will typically run a credit check and ask you for some basic financial information that will help decide how much money you could comfortably afford to borrow. Chase will then provide you with a prequalification letter summarizing your home-buying budget.

### Prequalified vs. conditionally approved

Your prequalification letter is an important resource, but it does not mean you will be automatically approved for a loan.

- A prequalification letter is simply a reference document designed to provide some general guidance on how much money you can potentially afford to borrow.
- Once you've found a house you'd like to buy, you'll still need to go through the formal loan approval process with a mortgage lender.

In contrast, conditionally approved means that you've applied for and received conditional approval for your loan, before you actually make an offer on a house.

- To determine if you are able to be conditionally approved, Chase will run a credit check on you and review your credit score.
- If you are conditionally approved for a loan, you can be confident that your loan will be processed quickly and easily, as long as all information you have provided is accurate and can be documented upon request.

### How to use your prequalification letter

Your prequalification letter can help you start your home search on the right foot. A buyer's real estate agent (one who represents only you in a purchase transaction) will often request that you get prequalified or conditionally approved for a mortgage before looking at houses to help you find a home that best suits your actual budget. Keep in mind that if you are working with a seller's real estate agent (one who represents the seller), you may want to avoid disclosing your maximum budget, as it could potentially work against you in the negotiation process.

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### Home checklist (online PDF)

Take a copy of the [homebuyer's checklist](#) whenever you visit a property that you intend to buy. Check off the specific features of each home, it will come in handy when it's time to make your final decision.

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### Make an offer

When you find the house you want, it's time to make an offer. Before submitting it, consider the following:

- The asking price versus the market value of the house
- A comparative price analysis of neighboring homes

- The home's condition and potential renovations or repairs
- Your price range
- Negotiable items with the seller such as closing costs, repair work, closing dates, etc.

### **Is the asking price too high?**

While considering how much to offer relative to the asking price, keep in mind these signs of an overpriced house.

- The house has been on the market more than four months. If no buyers are interested, the house may cost too much.
- The seller has reduced the price. This may indicate that the seller may be willing to go even lower.
- Your comparative price analysis is drastically different from the asking price. Consider making an offer that's in line with recent home sales in the neighborhood, even if it's much lower than the asking price.

### **Writing an offer letter**

If you are working with a buyer's agent, your agent will typically help you compose the offer letter and can advise you on the conventions of making an offer in your local area.

- The letter should state the purchase price you are willing to pay, as well as any conditions that would cancel the offer.
- If you are working with an experienced buyer's agent, he or she can likely provide all the advice you'll need to write it.
- If there are any special concerns you may have about the transaction, you may want to hire a lawyer to review your offer.
- Remember, once accepted by the seller an offer letter is a business contract, so you should understand exactly what you're signing before you move forward.

### **Negotiating a price**

Your offer letter is simply an opening bid on the purchase of your home. The seller may accept your offer or make a counter offer. Your buyer's agent will help you negotiate the purchase price with the seller of the house. If you and the seller can't agree upon a purchase price, look for a different property to buy.

### **Have a back-up plan**

To get the price you want from a negotiation, you need to be willing to walk away from a property if necessary. Before you make an offer, have some additional properties in mind as alternatives in case your first choice doesn't work out. If you're focused solely on one property, the negotiation process could potentially favor the seller.

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## Apply for a mortgage

Chase recommends that you get conditionally approved for your mortgage before you begin to look for a home. Once you have a firm agreement with the seller to purchase a specific property, you can activate your loan with a simple phone call to your loan officer and a copy of your purchase agreement.

### When to apply

While getting conditionally approved can be beneficial, it isn't a requirement. If you've found a home but have not yet applied for your mortgage, you should submit your mortgage application as soon as possible. Generally, you should apply at least 60 to 90 days prior to the date you would like to move in. Even if you do not have a specific property address, you can still apply for your mortgage. Chase can issue a conditional approval letter subject to receipt of a satisfactory purchase contract and appraisal and a verification of the income, debt and asset information you provide. [Learn the difference between being prequalified and conditionally approved.](#)

### How can I apply with Chase?

- **Get started online.** You can complete our online [mortgage prequalification request](#), which is secure and private. A Chase Loan Officer will contact you to complete the application process.
- **Make one easy phone call.** Just call Chase at 1-800-873-6577, and a Chase Loan Officer will work with you over the phone for your mortgage application.

Once you submit your application, a Chase Loan Officer will provide personal service to answer your questions about the different types of mortgages and rates currently available. You'll need to provide your loan officer with information on your income, credit history, debts and liquid assets.

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## What happens and when

### Get a home inspection

You should get a home inspection shortly after your offer is accepted and well before closing.

- A pre-purchase home inspection, performed by a professional, is a visual examination of the readily-accessible areas of a home to provide an accurate evaluation of its condition.
- This evaluation will be presented to you in a comprehensive report so you're fully informed about the state of the property prior to purchase.

While a home inspection is not required by Chase, it is highly recommended.

- A home inspection allows you to potentially discover any unknown flaws or problems with the house.
- Depending on the nature of the issues, you may want to ask the seller to fix the problems or give you some additional price concessions.
- In some situations, you may even want to consider rescinding your offer if the problems are too extensive or too difficult to fix.

### Locking in your interest rate

At some point before your closing date, you'll need to select a loan type and lock in (or freeze) your interest rate.

- You can typically lock your interest rate for 60 or 90 days, depending on how long you anticipate it will take before you can close the sale.
- Locking your interest rate protects you from increases in interest rates that may occur while you're waiting to close the sale. However, it will also prevent you from enjoying a lower interest rate should interest rates go down before your closing date.
- Even the professionals have a hard time predicting whether mortgage rates will go up or down, so once you've found a mortgage and monthly payment that you find attractive, it can be a good idea to lock it in so you'll know exactly what to expect at closing.

## **Next steps in your mortgage application**

While you are getting the home inspected, Chase will be actively working to process and complete your mortgage application. A team of experts will work together to deliver great service and ensure that your mortgage is processed quickly, accurately and efficiently. In most cases, your loan officer will be your primary contact, although you may at times be contacted by other members of our team.

Here's how the closing process works:

- A loan officer will review your information and request any additional documentation that may be required.
- A home loan analyst will place orders for a property appraisal, a survey of property boundaries, a flood determination and a title search and title insurance.
- The underwriter will review all your information and grant a final approval on your loan.
- Finally, the closing agent will assemble the closing package and ensure that all fees and other closing payments are accurately documented.

In most cases, the closing agent will establish an escrow account for payment of necessary insurance and real estate taxes. As the final step, the closing agent authorizes the mortgage funds for disbursement. Typically, either your closing agent or your loan officer will contact you to schedule a date and time for the closing.

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## **The closing**

### **Before you close**

Here are some things you can do ahead of time to ensure a successful closing:

- Fulfill any conditions specified by the underwriter at the time of your loan approval.
- Obtain homeowners insurance. This required insurance protects you against loss or damage due to theft, fire or certain weather-related hazards. In some areas, it may also be necessary to obtain flood insurance.

- Resolve title questions. If your title search turned up other liens on the property, these will need to be resolved before closing can occur.
- Conduct a final walk-through of the home to ensure any agreed-upon repairs have been completed by the seller.
- Review the final estimates of your closing costs.
- Prepare a certified check or money order — not a personal check — to cover your down payment and closing costs.
- Make sure you can meet the conditions of your mortgage commitment.


### At the closing

When you close, you'll receive and review some very important documents. If you have any questions about the paperwork, it's important you ask. Should you spot any potential errors, alert your loan officer. Don't sign your final loan document until any and all issues are resolved and you are confident that you fully understand all aspects of the contract. Here are some documents and items you'll receive or review at your closing:

- **A HUD-1 final settlement statement:** It itemizes all funds and costs paid by the buyer and seller either at or prior to closing. If you ask, you have a right to review the HUD-1 a day in advance of closing.
- **The Truth-in-lending (TIL) disclosure:** It provides important information about your loan. It includes the APR, finance charge, amount financed, total of payments and payment schedule.
- **Your Deed of trust or mortgage:** It states that Chase receives a lien on your property as security for your loan.
- **The note:** It is your binding legal agreement to make payments to Chase according to the terms of your mortgage.
- **The keys:** They are the symbol of your new home ownership.

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