

LET'S FIND A HOUSE!



IMPORTANT DEADLINES AND A CHECKLIST OF WHAT YOU NEED
TO KNOW FOR A SUCCESSFUL HOME PURCHASE

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STEP 1

GET PRE-APPROVED

Before beginning your home search, it's a good idea to start by getting pre-approved with a lender.

Developing a good relationship with a trusted REALTOR® and qualified lender early in the home buying process will give you peace of mind, and ultimately will save you time and money.

The loan pre-approval consists of a lender reviewing your income, assets, and credit; that lender discussing with you your loan options and that lender providing you an estimate of the closing costs and monthly payment you might expect. Without knowing the specific property, purchase price, or other specifics, the lender cannot provide an official "Loan Estimate." The early estimates you get should properly have a disclaimer that states "Your actual rate, payment, and costs could be higher. Get an official Loan Estimate before choosing a loan." The point is that different lenders and different loans have different terms—shop around!

Today's new financial regulatory climate sets high standards for Lender transparency to protect the Homebuyer. This makes it easier than ever for a home buyer to be prepared and informed about what they can afford—and what they are paying. There is no requirement for a home buyer to provide any documentation to a lender to get a loan quote; however, giving prospective lenders the most complete and accurate view of your finances can help them help you find the best loan option available to you. This is especially important if you are self-employed or commissioned, a first time buyer, have credit blemishes, or are trying to figure out from where the money for down payment or closing will come.

THERE ARE A FEW THINGS YOU CAN EXPECT WHEN APPLYING FOR A LOAN.

Lender will ask questions and gather information from you, including—

You must fill out a loan application which requires: Government ID, Social Security Card, name(s), most recent W-2, proof of IRAs or retirement accounts, debts, and an estimate of loan amount. Here is a checklist of what to expect:

1. REVIEW YOUR CREDIT REPORT
(get one for free at www.AnnualCreditReport.com)
2. PROOF OF INCOME—Gather your last two

years of tax returns, W2s, pay stubs, and your year-to-date profit and loss statement if self-employed (this will be needed for anyone applying for the mortgage).

3. CASH READY—The lender will want to see 1 or 2 months (depending on the loan program) of bank statements, all numbered pages for any money used for down payment, closing costs or post-closing reserves (if required).
4. GIFT MONEY—If the down payment and closing money are or will be a gift, ask the lender the best way to document.
5. PAST REFERENCES—Some loans require verification of rent history. If you are paying the owner (as opposed to a management company) you may need to provide 12 months cancelled rent checks.
6. IDENTIFICATION—Lender will verify your identity for eligibility for a loan (if you are not a US citizen—driver's license, passport, work visa, green card).
7. FIXED OR OTHER INCOME—Provide proof of other income from all forms including Social Security, child support, or government assistance.
8. FINANCIAL ASSETS—Provide proof of account balances for IRAs and retirement accounts.
9. STOCK MARKET FUNDS—Disclose money held in the stock market.
10. PROOF OF PROPERTY OWNERSHIP—Bring proof of other property currently owned.
11. DIVORCE DOCUMENTATION—If you are divorced, pay, or receive spousal support or child support that will be used for qualifying, the lender will need to see divorce decree, property settlement, and/or support agreements.
12. DISCLOSE BANKRUPTCY OR FORECLOSURE—Be ready to disclose past financial issues like bankruptcy. Provide a written explanation of what happened and what steps were taken to correct the situation. Additional paperwork may be required

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13. KEEP YOUR CREDIT SCORE—keep these in mind:

- DO NOT apply for new credit
- DO NOT take on new debts or make large purchases on credit
- DO NOT cancel any current credit accounts
- DO NOT ask a creditor to lower your limit

Remember, if you apply for a mortgage loan with an excellent credit score and the score goes down during the mortgage process, you may no longer qualify for the loan.

When you're all done and the pre-approval is successful, your lender will give you both a pre-approval letter that can be used to strengthen your bargaining power as a home buyer and a closing cost and payment estimate.

Note, the only fee a lender can collect at this time is a credit report fee—typically between \$10–\$50.

A little practical advice: you may qualify for more loan and home that you are comfortable with. Find a price and payment that is comfortable for your budget. As a general guide once you get an estimate, every 10,000 up or down in sales price will change your monthly mortgage by roughly \$60.

STEP 2

SIGN BUYER AGENCY AGREEMENT

Before we get started to look for your home, we are required by law to sign a *Buyer Agency Agreement*. The *Buyer Agency Agreement* helps you to understand what you expect from your representative. With a *Buyer Agency Agreement*, you can expect to be treated like a Buyer Client—to help you through the process, receive professional advice, and protect your interests.

Without a *Buyer Agency Agreement* with a REALTOR®, you have no commitment from a trained professional to help you through the process and look after your legal and personal interests.

WHERE DO YOU WANT TO LIVE?

Once your loan pre-approval is received, and you know what you can afford, we can go to work and set up a home search for you. Depending on your location, and

price range preference, we can set it up with cities, zip codes, neighborhoods, or school districts and the types of homes and characteristics important to you.

We can set an automatic email feed, updating you every time a new home comes on the market or a price drops fitting your criteria. Working with us, you also get access to "Coming Soon" properties before they hit the market.

HOME SEARCH

When you find a home you really like, let us know and we will set up a tour. If you have identified several good choices, it's more efficient to bundle them together—typically not more than 7 in one day. We are looking for houses that fit your requirements and the one home that feels like it's "the one!"

STEP 3

MAKE AN OFFER

When we make an offer, it's important to consider these points:

- Are there any other offers?
- How long has it been on the market?
- What have the recent comparable homes sold for in the neighborhood?
- What contingencies do we want to include (we will go into more detail about those later)?
- Are you going to ask for closing cost Assistance from the seller?

When you are ready to make an offer on a home, we will work with you to put together the offer that helps you buy the house for the very best possible price.

The two things that we need to send in with the offer: earnest money deposit and the *Loan Pre-approval Letter*. Once the seller and the Buyer agree to all of the terms and conditions, the offer turns into a *Ratified Contract*. This starts the mortgage process. Let's understand components of the ratification contract process:

EARNEST MONEY DEPOSIT

Earnest money shows your seller your contract offer is serious and made in good faith. The deposit is used as collateral to secure your Ratified Contract with the Seller in case you default on the contract. The standard amount for the Metropolitan (VA, MD, DC) area is 1% of the sales price. We are required to collect and deposit the money in a Samson Properties, listing company, or settlement office's escrow account—either at the time of a *Ratified Contract* or within a couple of days (defined in the offer).

This money will apply towards your down payment or closing costs at the closing or now what is referred to as the consummation. Please note: make sure your money is in your bank account so the escrow check doesn't bounce for insufficient funds.

CLOSING COSTS (CONSUMMATION)

Closing costs on the purchase of your home will be roughly 2.5% to 3% of the sales price. You will have an appraisal fee of about \$450, check with your lender about the origination fee, as well as for recording taxes for your mortgage and deed at the county and state level and settlement company fees.

You have the option to buy owner's title insurance to protect your interest in the property from unanticipated problems. Over 95% of our clients purchase it and we strongly recommend it. It's a one-time fee that protects your title interest in the property forever. The Survey typically costs between \$350 and \$450 unless you are buying something with a much larger lot.

Home owner's hazard insurance is another closing cost. Most companies have you pay the 1st year up front at closing. Home owner's hazard insurance typically runs between \$400 and \$1,500 depending on your house size and the level of insurance taken out on it.

The last major closing cost fee is the money that goes into your escrow account. The lender sets up an escrow account as a forced savings account. When you pay your monthly mortgage, they collect 1/12th of the home owner's hazard insurance for the year and 1/12th of the real estate tax bill for the year. When the real estate tax bill comes every 6 months, the Lender pays it from your es-



LET'S FIND A HOUSE!



crow account. When the home owners hazard Insurance bill comes once a year, the Lender pays it from your escrow account.

At closing, the lender typically collects enough money so that they have a 2 or 3-month head start on the escrow account. As a result, you always have enough money in the account to make your payments. When you sell the house or pay off the mortgage some day, you will get the balance left in your escrow account returned to you. (Maryland taxes are different.)

NEGOTIATING FOR CLOSING COSTS

When deciding if you want to ask the Seller to pay for your closing costs, consider you are essentially just financing the closing costs. If the Seller would accept an offer of \$500,000 with \$10,000 paid towards your closing costs, then they might accept an offer for \$490,000 with \$0 paid towards closing. Getting your closing costs paid helps you if you are tight on funds and want to keep extra money as a safety net—preparing for the new mortgage or you want to use the money for upgrades and repairs to the house.

Would you rather pay \$50 more a month in mortgage payment and keep your \$10,000 in your pocket? If you have the money and don't want to borrow more, then don't ask for Closing cost assistance.

Another thing to consider: if you are competing for a home

in a multiple bid situation it can be damaging to ask for closing costs for several reasons:

1. The seller may prefer to not pay for closing costs.
2. The house would have to appraise at a higher amount for your loan to go through. For example: \$500,000 instead of just \$490,000 with no closing costs paid out.
3. Your offer may not be as strong as the other bidders.



STEP 4

RATIFY A CONTRACT

WHAT HAPPENS NEXT?

Ideally, within the first 3–4 weeks, the following should happen:

- Get a copy of the contract to the lender
- Disclosure—Sets 3-day clock for disclosure: provide a *Loan Estimate*—formal disclosure of charges
- The mortgage process begins
- 3-days prior to closing (either in person or actual date of receipt), the *Closing Disclosure* must be finalized and presented to the buyer. All terms are finalized no fewer than 3-days prior to settlement (mailbox rule is 7-days prior to closing).

TITLE

(Important for the buyer to know if the seller's title is free and clear)

If the Title is not good and marketable, and insurable by a licensed title insurance company with no additional risk premium, on settlement date, buyer may at buyer's option to declare the contract void in writing.

CONGRATULATIONS! WE NOW HAVE A RATIFIED CONTRACT.

This means you and the Seller have agreed to all terms—by signing the contract. Now we can proceed towards a closing, which is now called “consummation.”

First, the lender and title company/settlement office will need a copy of the contract. Your REALTOR® will work with

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you in the preparation. The Lender will want all your personal documentation to process the *Loan Estimate*—which is due back to you in 3-business days. The *Loan Estimate*, by the new CFPB rules, will contain all the loan charges the lender is aware of. Any and all changes to the buyer's closing costs needs to be communicated ASAP. "Time is of the essence."

TIME IS OF THE ESSENCE

(Important for the Buyer)

"Time is of the essence" means that the dates and time frames agreed to by the parties must be met. Failure to meet the stated dates or time frames will result in waiver of contractual rights or will be default under the terms of the contract.

If this contract is contingent on financing, any delay of the settlement date necessary to comply with the buyer's lender's regulatory obligations is not a default by buyer; but, seller may declare the contract void in writing. Nothing herein prevents the parties from agreeing in writing to mutually extend the settlement date.

In addition, lenders are unable to provide *Loan Estimates* and *Closing Disclosures* directly to REALTORS® without written permission from the buyer. Ideally, anticipate 30–60 days from ratification to closing.

Here are two important definitions to know:

LOAN ESTIMATE

This form will be provided to consumers within three business days after they submit a loan application. It replaces the early *Truth in Lending* statement and the *Good Faith Estimate*, and provides a summary of the key loan terms

and estimated loan and closing costs. Consumers can use this new form to compare the costs and features of different loans.

CLOSING DISCLOSURE

Consumers will receive this form three business days before closing on a loan. It replaces the final *Truth in Lending* statement and the HUD-1 settlement statement, and provides a detailed accounting of the transaction.

BUYER INFORMATION SHEET

With the *Ratified Contract* in hand, we will send you a *Buyer Information Sheet* within a few days. Please get this back to us as soon as you can. This helps the title company start working on preparing the deeds and the proper transfer paperwork for Consummation.

HOA/CONDO DOCUMENTS (GET OUT OF JAIL FREE CARD)

If the house that you are buying is an HOA or a Condo Association, the seller will provide the documents with all the rules and regulations. This will also show if the house has any current violations. The seller is required to fix all violations before consummation. We will check the documents for violations and then forward them on to you for your review. Please read the sections important to you. The most important part to remember is that once you receive the documents, you have 3 DAYS TO VOID THE DEAL, no questions asked. If we received the documents on a Tuesday, you have until Friday at 9:00 p.m. to void if unhappy. If we VOID THE DEAL after reviewing the HOA documents, you get back your earnest money deposit.



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STEP 5

HOME INSPECTION

7-14 DAYS OF CONTINGENCY AND NEGOTIATION PERIOD

The first thing we schedule after getting a Ratified Contract is a home inspection. We typically have anywhere from 7 to 14 days for our contingency.

We can set it up the Home Inspection for you or you can schedule it yourself. The Home Inspection will take anywhere from 2 to 4 hours to complete. It will cost anywhere from \$325 to \$600 depending on the size of the home. You pay the inspector directly at the inspection. This is one of the only bills (and radon, lead based paint, etc if you opt to do that) that isn't rolled into the settlement and your closing costs. Any other additional environmental tests are your option and cost and paid outside of estimated costs.

We encourage you to attend the entire inspection. You will learn a lot about your house and the future care of it by coming to the inspection. It's not a bad idea to take pictures as well. If you can't make the whole thing, then please come to the last hour. It can be productive to see at least the inspection summary. You will get a great report at the end with pictures and links to more information, but taking notes is always a good idea.

One other thing that buyers love to do during inspections is take any measurements for furniture or replacement of flooring, and decide on paint colors. It could save you another visit to the house later. The home inspector typically has the full report ready the next day.

Once you have the report, you should thoughtfully review, discuss and determine what things you want to ask the seller to fix, if any. The sellers don't have to fix anything, but if you are unhappy with what they are unwilling to fix, then you are allowed to void the deal. Inspection reports are not a time to ask for cosmetic issues. We typically ask for any repairs that are hurting the safety or functionality of the house, such as, electrical, heating and air, plumbing, appliances, roof or exterior issues.

Our response to the sellers—with a copy of the full report and addendum—for request for repairs must be made before the deadline. Once the Sellers have the full report and addendum request, we then have until the end of the Negotiation Period to come up with an agreement. We can either come to an agreement on what repairs will be done or a credit in-lieu of repairs. The credit can sometimes work better because you can then use that money to hire your own contractors to do the repairs and make sure they are done the way you want.



If you can't agree on a deal during the negotiation period, you have 2 days during the "purchaser election" period to either void the contract based on our unhappiness with the condition of the house or continue on with the contract and take the property "as is." You DO get your earnest money deposit back if you void the deal.

RADON INSPECTION CONTINGENCY

If you choose to order a Radon test, the cost is in the range of \$90–\$125. The Radon test monitor is placed in the basement to detect for traces of Radon in the air. If the house has a buried basement, it's a good idea to test for Radon. If no part of the basement is underground you probably don't need to test for Radon. If the house tests over the 4.0 pCi/L, then we will ask the seller to remediate for Radon. If needed, the typical cost for a Radon remediation ventilation system is \$800–\$1000. You will want to make sure the new installed remediation system is working with a radon level retest.

FINANCING CONTINGENCY

The *Financing Contingency* is a clause in a home purchase and sales agreement that your offer is contingent on being able to secure financing for the house. If you get a rejection letter from the financial institution, you can void the deal and get your earnest money deposit back.

LET'S FIND A HOUSE!



After 21 days (or agreed to time frame) the seller can request you to remove the contingency by providing a *Loan Approval* letter from your Lender. You have 3 days, after written notice from the Seller, to remove the contingency, or void the deal if there is no *Loan Approval*.

At any time, we can switch Lenders or switch loan programs as long as we don't delay settlement or cost the seller money and inform the seller. It is our **STRONG** recommendation that we lock in with a Lender within the first week after ratification and stay with that lender. Switching Lenders late in the process can be disastrous—and delay settlement. We also strongly recommend against using an internet lender or someone from out of the area. New rules to Lenders: they must have the same compatible software as the title company. (FYI: First Heritage Group and Cardinal Title Group have compatible software).

Many times we have seen Lenders from out of the area overpromise and underdeliver. Whenever a closing is delayed it's almost always with an out of town or internet lender. They don't have the accountability and desire to get the job done right as a local Lender will. This whole process will go much smoother if you have a lender that you/we know and trust to get the job done right.

WOOD DESTROYING INSECT INSPECTION

(termites, carpenter ants, wood boring bees, powder post beetles, etc.)

Someone has to pay for the inspection. It's about 50/50 whether the buyer or seller pays for the inspection. If the buyer chooses to order it on our end, then we will order it for you. The inspection has to be done within 30 days of closing. It costs between \$35-\$50. 80% of them come back clean. If they find the need for any type of treatment for termites, the Seller is required to treat before closing. This is non-negotiable. This is a Lender requirement. For the minimal cost, we recommend the buyer to order the inspection, because it's in the buyer's best interest. Not all lenders require a WDI inspection now.

SURVEY

You will pay for a survey as part of your closing costs. It costs between \$300 and \$400 typically. You are not required to get a survey done. The downside is that if you don't have one done, then your title insurance policy will have an exception on it for the boundaries of the property.

Surveys come in handy if you plan on doing any type of fence, deck or patio work in the future as you will need it for permits and HOA applications. A more expensive *Boundary Survey* may be required for fencing placement.

APPRAISAL

The *Appraisal Contingency* will typically be 21 days from ratification. The lender orders the appraisal through a 3rd party appraiser. Buyer pays for the appraisal typically as part of your closing costs. We typically get the results around day 10 to 17 after ratification. The appraiser will walk the house, take measurements, a few pictures and note upgrades. They are working to assess the value of the home compared to recent sold homes around the area.

If the appraisal comes in less than the contract price, you have the right to void the deal if the Seller won't come down to the appraised value. The lender will only give a loan based on the appraised value. If the seller does not agree to lower the price to the appraised value, then you would have to come up with it in cash. There may be some instances that you are willing to pay more than the appraised value because you really want the house. In most instances, we can get the seller to come down to the appraised value or negotiate a deal in the middle.

Appraisers are looking at the condition, health and safety of the home, as well as, sales within a mile of the home that have closed/sold in the last 90 days. If they don't have enough data, they will go back slightly farther and look at a slightly larger geographical area if need be. Most houses appraise at the sales price exactly because the appraiser has the sales price information when starting the appraisal. If we can't come to terms then you have the option to void the deal and get your escrow deposit back.



STEP 6

PREPARING FOR THE SETTLEMENT CLOSING

HOME OWNER'S INSURANCE

Once we get through inspection and appraisal you will want to secure homeowner's hazard insurance. You can get recommendations from your REALTOR® or lender if you don't have a trusted insurance provider already. Most insurance agents will ask you to pay one year up front at closing. If you pay them before closing then make sure you let us know so you don't get double charged on the closing statement.

UTILITIES

As you prepare for closing remember to switch over the utilities. We will get you the names of the utility companies that service the home. You will want to set up service to start the day of closing. That way you won't have any interruption of service during the transfer of ownership and will be able to move in with the lights, water and heat/AC on in comfort!

WALK THROUGH

We will do a final walk-through a day or two before closing; sometimes the morning of closing. It will only take about 30 minutes to an hour. We will walk the house and make sure that everything is in the same condition that it was when you decided to buy it. If there were any repairs to be made, we make sure that all repairs are completed.

At final walk through, the house will be empty, and it should be in "broom swept" condition. All appliances, lighting, fans, curtain rods, blinds typically stay unless otherwise agreed upon. The actual curtains are defined as "window treatments" in the contract. If we checked "yes" in the contract then they must stay. If we checked "no" then the seller can take the curtains with them.

BEFORE CLOSING (CONSUMMATION)

Taking a few key actions can make your home closing go more smoothly. Here is a checklist to help you prepare in advance:

1. Determine who will conduct your closing: name, title, phone, address, time, and date. As the buyer, we recommend Cardinal Title Group.
2. Ask what you should expect at the closing? What do I need to bring? How much money do I pay at closing? How do I pay: Should I bring a cashier's check or make a wire transfer? Cardinal Title Group only does wire transfers. We can provide you with the wiring instructions.
3. Request your closing documents three days in advance of closing. According to CFPB rules, you must receive your three business days before closing. These are some of the documents you'll see at closing:
 - Closing Disclosure
 - Promissory Note
 - Deed of Trust
 - Deed, document transfers property ownership (purchase only)
 - Right to cancel (refinance only)



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4. Identify people you can call if you need help during your closing. Have contact information for an attorney or trusted friend with you, and make sure you have informed them to be available during your closing.
5. Schedule time in advance of your closing to review documents. Set aside enough time to carefully review the documents for errors and to make sure you have a clear understanding of the loan terms.
6. Compare your *Closing Disclosure* to your most recent *Loan Estimate*.
7. Read the rest of your closing documents. Is your personal information (legal name) correct on all documents? What happens if I don't pay my loan? Do the key numbers (loan amount, monthly payment, interest rate) match exactly across all of my documents?
8. Arrange your payment for the amount due at closing. Do you have your wire transfer ready?
9. Bring your driver's license.

AT CLOSING (CONSUMMATION)

Congratulations! You're almost done with the home buying and mortgage process, but there is one last step: closing. Closing is one of the most important parts of the process. It's when you legally commit to your mortgage loan and home purchase.

We sometimes don't get your bottom line—except for walk through—until 3-days before closing. The best way to get an estimate is to

talk to the Lender in the week leading up to closing.

They can give the best estimate on what you will need for closing. All funds at closing need to be wired to the title company or brought in a cashier's check made to the title company. If you bring a little bit too much, they can write you a refund check. If your check is a little short then you can write a personal check up to \$1000 for the difference.

For closing/settlement you will need to bring your government issued ID (driver's license) and your cashier's check (unless you wired it). At settlement you will get your keys. After closing, the house is yours unless we have a rent back agreement in place.



LET'S FIND A HOUSE!



THE CLOSING DISCLOSURE

(FORMALLY SETTLEMENT STATEMENT -HUD 1)

Consumers will receive this form three business days before closing on a loan. It replaces the final *Truth in Lending* statement and the old HUD-1.

The *Closing Disclosure* settlement statement provides a detailed accounting of the transaction.

The other notable charges on the *Closing Disclosure* will be pro-rating for taxes, HOA, condo fees, if any. If the seller has pre-paid taxes or HOA, condo fees, then you will credit them back for the time that you will own the house. If they have owned the house for any days that haven't been paid for then they will give you a credit towards those future dues payments.

The last thing to remember for closing is to make sure we get any parking space numbers, house or garage codes, mailbox numbers or any other questions you have for the Seller answered. (Trash and recycling pick up days, etc.)

The following pages are examples of the new *Loan Estimate* and *Closing Disclosure* forms.

Your closing day has finally arrived. Bring your buyer's guide to the closing.

1. Bring these things or people with you to closing (consummation).
 - Cashier's check or proof of wire transfer for the exact amount of the money you need to close.
 - List of people to call that you prepared earlier
 - Your . Compare it to the final documents one more time
 - If you want, an advocate at the table—trusted friend, advisor, or lawyer
 - Co-borrower or person who is co-signing your loan
 - Checkbook in case of any last minute funds needed
 - Your driver's license or government ID
2. Get answers to these questions at your closing.
 - How will I pay my property taxes and homeowners insurance?

- Included in monthly payments or pay on my own
 - Where do I send my monthly payments?
 - If I have Homeowners' Association dues, how do I pay?
 - Who should I call if I have any questions after Closing?
3. Don't forget these closing tips. Take all the time you need. You have a right to read and understand your closing documents, not matter how long it takes.

Trust your gut. Don't go forward until you feel comfortable.

AFTER CLOSING (CONSUMMATION)

Now that the paperwork is over, set yourself up for success as a homeowner with these final steps.

1. **Save your closing packet**—You should save the entire set of documents, exactly as you receive it. Double check you have these:
 - *Closing Disclosure*
 - *Promissory Note*
 - *Mortgage/Security Instrument/Deed of Trust*
 - Deed, document that transfers property ownership (purchase only)
2. **Change your address.**
 - Bank accounts, investment accounts, and credit card companies
 - Department of Motor Vehicles and car insurance
 - Mortgage/Security Instrument/Deed of Trust
 - Cell phone company, health/life insurance, and other bills
 - U.S. Postal Service
3. **Revise your budget and plan for future expenses.**
 - Include Homeowners' Association (HOA) fees, and if you don't have an escrow account, property taxes and homeowner's haz-

LET'S FIND A HOUSE!



and insurance.

- Settle into your new budget for a few months before making major unplanned or non-essential home repairs or renovations.
 - Set aside money each month in an emergency fund to cover essential repairs or loss of income.
4. **Review your homeowner's hazard insurance**—Contact your insurance company with questions or changes.
- Does it cover floods? Earthquakes? Other disasters?
 - Could you get a discount for having smoke alarms or if you get your car insurance with the same company?
 - Could you save money by increasing your deductible?
5. **Pay attention to the following:**
- Changes in your monthly payment. Even if you have a fixed rate loan, your total monthly payment can change if your taxes, mortgage insurance or homeowner's insurance go up or down.
 - Servicing changes. The "servicer" is where you send your mortgage payments, and your servicer might change. If your servicer changes, you'll get a change-of-servicer notice in advance. (Contact your current servicer to confirm to avoid scams)
6. **Watch out—Marketers often target new homeowners.** Give yourself a chance to adjust to your new budget before applying for new credit or making large purchases.
- Offers for new credit cards or home equity lines of credit. If you want to opt-out of
- the offers, you can do so online or by calling 888-567-8688.
- Offers from home improvement contractors. Not only should you wait before making major investments, but scams are common. Research a Contractor's reputation and always get three quotes before choosing a contractor.
 - Offers for "mortgage protection (life) insurance," often sent in official-looking envelopes. Most homeowners are better off with standard life insurance, which is more flexible and usually cheaper.
 - Bi-weekly payment plans offered for a fee. A bi-weekly payment plan can be smart for people who get paid bi-weekly—you'll pay off your loan quicker and save money—but you don't have to pay for this service. You can often set it up yourself.
 - Refinance offers that don't save you money. Don't refinance too often, or fees can really add up. When considering a refinance, make sure you're saving money with a lower interest rate.
7. **Act fast to avoid foreclosure if you are struggling to make your payments.** If you are struggling to make your payments, talk to your mortgage servicer and call a housing counselor. Your mortgage servicer is required to explain what options are available to avoid foreclosure. HUD-approved counselors are trained professionals who will help you at little or no charge to you.