

FROM
Curious
TO
Closing

7 STEPS TO HOMEOWNERSHIP

Lock Down Your
Dream Home

Underwriting:
An Insider's Guide

Buyer's Market?
Seller's Market?
Why It Matters

PLUS — Checklists to track fees,
important deadlines, and more

Welcome to PenFed!



Winston Wilkinson
President, Mortgage Lending

Thank you for considering us for your home loan.

At PenFed, we have one mission: to help our members reach their full potential. So helping you be successful in your homebuying journey is something we take a lot of pride in.

This eBook is an expression of that mission. There's a lot to do on the way to homeownership, whether you're thinking about your first house or you've been down this road before. Our hope is to give you a companion you can refer to throughout the entire process.

With practical guidance and tools, the following pages will help you navigate the buying journey with confidence — from asking the big questions (*Can I Afford It?*, page 2) to negotiating like a boss (page 16) to choosing an agent (page 10). And be sure to print the loan application checklist (page 20) to stay on top of deadlines and keep your most important documents organized.

Together, we are one team with a single purpose: to bring you home. And we're with you every step of the way.

Sincerely,

Winston Wilkinson



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Get a Closer Look!

When you see this symbol, pick up more helpful tips in our Mortgage Knowledge Center at [PenFed.org](https://www.penfed.org) >

So, You've Spotted Your Dream Home.

Can You Afford It?

What every homebuyer needs to know about financing



You know that moment:

Driving through your favorite neighborhood, you turn a corner and there's the house you've had your eye on for months. The south-facing, painted-brick colonial with the garden path to the front door. The one with three bedrooms, a fireplace, and room for a trampoline in the backyard. And now, in the perfectly manicured lawn, next to the curb: a "for sale" sign.

Almost as fast as you imagine the next chapter of your life unfolding in that house, you start running the numbers. How much do they want for it? Have you saved enough for a down payment? What would the monthly payment be? What about property taxes and broker fees?

We know, it's a lot to think about, so let's start with the basics. Here's what you need to know — and do — to start your journey toward homeownership on the right foot. As soon as you have some basic knowledge and start working with someone to support you through the process, you can focus on other important things — like where to put that trampoline.

Pre-qualified? Pre-approved? What’s the difference?

If the first thing that comes to mind when you see the word *mortgage* is “Will I get approved?” — you are not alone. Most homebuyers say they’re at least somewhat concerned about whether they’ll qualify. It’s the first, and one of the scariest, moments of the homebuying journey.

But there’s good news: According to a 2023 survey by Zillow, 96% of homebuyers apply for, and receive, pre-approval for their home loans. While this doesn’t guarantee final approval on a loan, it does arm you with some confidence and a guide to how much you’re likely to be able to borrow.

As you start down the path of homeownership, you’ll frequently hear the terms *pre-qualification* and *pre-approval*. There are some important differences between the two.

Think of **pre-qualifying** as a foot in the door. Sometimes viewed as more or less a marketing tactic, pre-qualifying is a way for a lender to establish a relationship with you — and it’s also a way for both you and your potential

lender to understand how much you may be eligible to borrow. The steps to pre-qualification vary from lender to lender, but it typically involves a soft inquiry on your credit (so it doesn’t affect your credit score).

Since the final purchase amount is still unknown, you can’t be officially approved for a loan — so **pre-approval** is as real as it gets at this point in the process. You’ll provide documentation about your income, assets, and liabilities (see our checklist on the next page). Then, the lender will run a hard inquiry on your credit and calculate your eligibility based on factors such as monthly budget, loan type, taxes, insurance, fees, interest rates, debt-to-income ratio, and down payment.

96%
OF HOMEBUYERS
apply for, and receive,
pre-approval for their
home loans.



Every journey needs a GPS!

Create your homebuying budget and receive guidance at [PenFed.org](https://www.penfed.org) >

OK, but how much house can I *really* afford?

Now that you know what goes into the first step of the homebuying process, you may be eager to crunch some numbers yourself — the most important being your monthly payment. Enter the mortgage calculator. With this extremely popular, highly Googleable tool, you enter numbers such as home price, down payment, loan interest rate, and loan term, and it generates an approximate monthly payment. It’s a great way to get an idea of how much house you can comfortably afford based on your monthly budget. Check out our [mortgage affordability calculator](#).

The pre-approval letter: your golden ticket

When you’re pre-approved, you’ll receive a letter from the lender indicating how much you’ve been pre-approved for. Consider this your golden admission ticket to working with a real estate agent and viewing homes. Without it, you’re just window shopping. With it, you’re empowered to make that dream home yours.

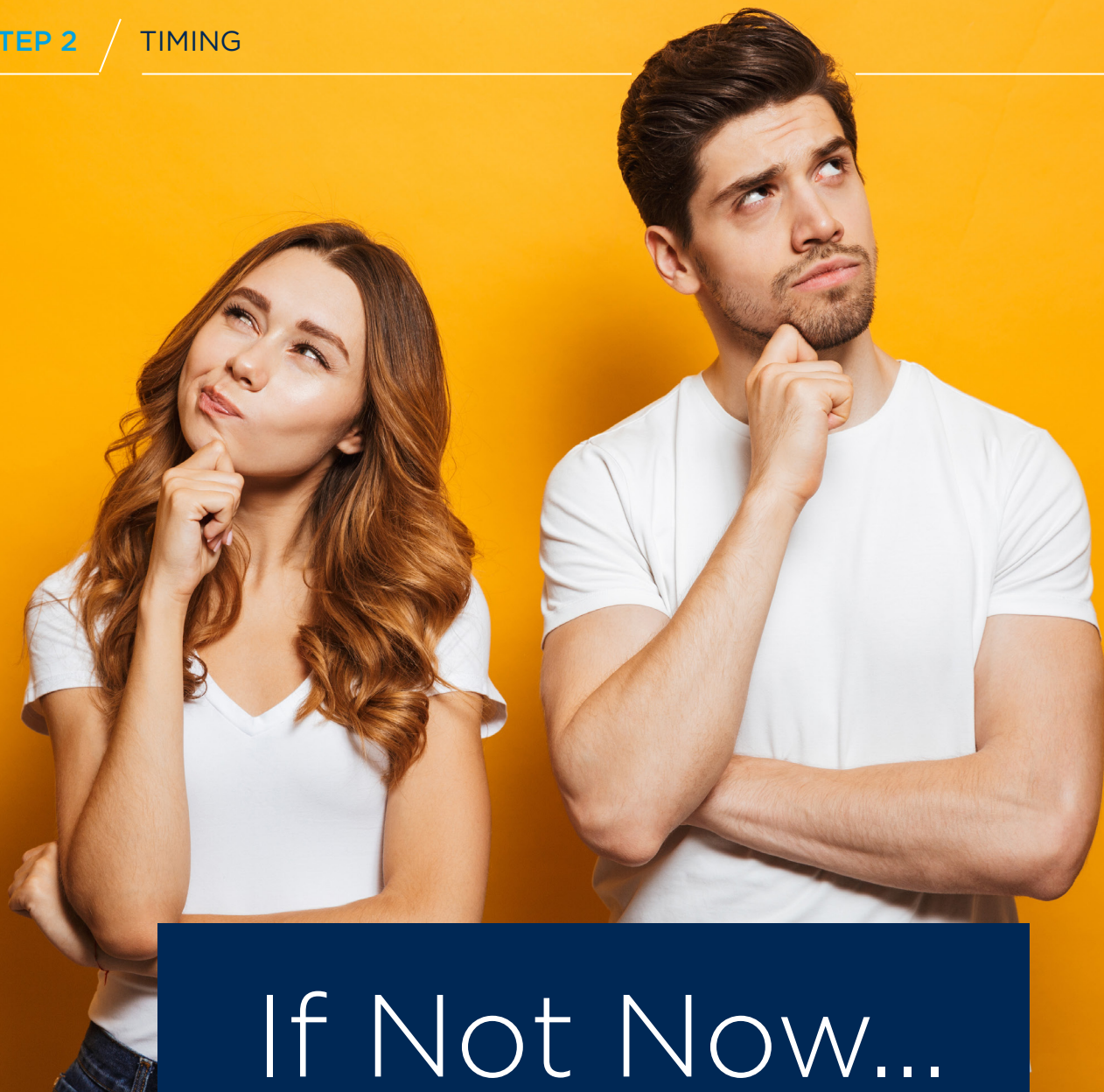


Document Checklist

You’ll want to get pre-approved before you begin serious house hunting and making offers. Here’s everything you’ll need to submit with your application.

- Identification**
Driver’s license, Social Security card, and a DD214 (if you’re applying for a [VA loan](#)) for each person on the application.
- Proof of Income**
Eligible documents including recent pay stubs, W2s, pension or Social Security award letters, and tax returns.
- Assets**
You’ll provide statements from checking and savings accounts, investments, and cash on hand.
- Liabilities**
Existing loans, credit card debt, and other items that count against your assets. While most liabilities will show up on your credit report, you may need to provide additional information.

Check with your lender before you apply, as they may require additional information.



If Not Now...

Buyer's market? Seller's market? How to decide on *your* right time to buy.

We're not afraid to state the obvious: Buying a house is a big commitment. And just as with any big commitment, it's important to know what you're getting into — the home you've got your eye on, and the economic conditions that can have a powerful impact on what you pay. These market conditions often boil down to a popular shorthand: a buyer's market versus a seller's market. Here's what those terms mean — and how to make them work for you.

Supply, Demand, and How Prices Change

It comes down to a basic economic principle: Prices fluctuate with changes in supply and demand. Factors such as availability of the product and the cost to produce it will affect supply. On the demand side, things change when buyers become more or less able or eager to own the product. Generally speaking, the more willing and able you are to buy, the higher the price; the less willing and able, the lower the price.

When it comes to real estate, a few of the many factors that can affect supply and demand include a surge in homeowners leaving a neighborhood, a dip in buyers entering a particular market, new technologies or development making an area more attractive, and changes in mortgage interest rates. This, in turn, impacts whether we're in a buyer's or seller's market.



In a buyer's market, **time is on your side.**

Buyer's Market

Whether sellers become more eager to sell or buyers become less interested in buying, the result is the same: prices typically dip. Welcome to the buyer's market.

Top signs you're in one:

- House prices are dropping.
- Houses stay on the market longer.

Advantages:

- Sellers become more likely to accept lower offers.
- You may be able to negotiate a lower deposit amount or other benefits as part of your purchase contract.

How to benefit:

- **Take your time.** In a buyer's market, the house you have your eye on probably isn't going anywhere for a while.
- **See what else is out there.** When there are more options on the market, you may have a better chance of finding the house that's just right for you. The prices of comparable homes also give you leverage in negotiating price.

Seller's Market

There are many reasons the market can work in favor of the seller: Homeowners simply aren't selling, creating scarcity in the housing market. Local factors can increase demand in a particular area: more employment opportunities or a great school system, for example. Or, when interest rates drop, people may become more motivated to buy, regardless of what's for sale. When any or all of these factors combine, sellers have more power than buyers at the negotiation table. We call this a seller's market.

Top signs you're in one:

- Home prices aren't budging, even after several months.
- You find yourself in a bidding war with another hopeful buyer.

Advantages:

It could be a good time to act. During a seller's market, the price of your dream home has nowhere to go but up. And in a seller's market, if you don't buy it, someone else probably will. If you're ready to make the commitment, you may want to make your move now.

How to benefit:

- **Make sure you're pre-approved.**
Be ready to act fast — have your pre-approval letter and any other paperwork you'll need before you submit an offer.
- **Bid competitively.** And be willing to let go of items on your wish list that aren't dealbreakers for you.
- **Submit a personal offer letter.**
You fell in love with this house for a reason — and so did the person you're buying it from. If you love it, tell them why. It could put you toward the top of their list.

Fortunately, you don't need to navigate a buyer's or seller's market alone. In a recent survey by the National Association of Realtors®, 60 percent of homebuyers who worked with a real estate agent reported they understood the process better, and nearly half negotiated better contract terms and prices. Next step: Select the right real estate agent.



Providing homes for the brave since 1935.

PenFed is proud to be a leading VA lender.

Though our roots stem from the military, PenFed membership is open to everyone. Join today and enjoy exclusive homebuyer benefits:

Before you buy

Set yourself apart with powerful homebuyer tools!

While you buy

Save time and money with a great rate and much more!

After you buy

Save even more with complimentary homeowner services!

Visit PenFed.org/mortgage to get started.

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Realtor[®] realities

When it comes to buying a home, the to-do list is long: apply for financing, gather paperwork, search for properties, negotiate costs, gather more paperwork. Most would agree that it's a job best left to professionals.

Most homebuyers do just that. According to a 2023 survey by the National Association of Realtors®, 89 percent of purchasers work with a real estate agent.

Of course, not just any agent will do. Here, we get real about the agent's responsibility to the buyer, what to look for, and what to avoid.



The agent is *your advocate*

Some homebuyers, especially when it's their first time, may think that buying a home is as simple as viewing listings online and connecting with the listing (or selling) agent. This would be a mistake.

Unlike a seller's agent, a buyer's agent is contractually and legally bound to act in *your* best interest. It is literally their job to understand the market, maintain connections with high-quality appraisers and other professionals who become part of the process, and negotiate the best possible terms for you.



Not all buyer's agents are *created equal*

Just as you want to shop around for your new home, shop around for an agent who will be a good fit for you:

- Make sure they are a licensed real estate agent. Verify that their license is current. This demonstrates that they're committed to professionalism and are up to date on real estate laws and regulations as they relate to sales.
- They should know your target neighborhoods inside and out. That includes not only the listed properties, but the schools, community services, features, and challenges that you need to be aware of to make an informed decision about where to buy.

It isn't *FREE*

True, real estate agents work free of charge until you buy a home. However, the agent does eventually get paid — on a commission. That said, an agent's commission is not set in stone. While agents often start by asking for 6 percent of the final sale price, it doesn't hurt to see if there's room to negotiate.



Get it in *writing*

A licensed agent will have you sign an agreement that defines what the agent will do for you, how long you'll work together, and how they'll be compensated. Designed to define your relationship and protect both of you, the agreement typically takes one of two forms:

- **Exclusive:** You and the agent work together for a specific period of time, typically up to a year, and the agent will receive a commission on any home you buy during that time, whether you buy it with their help or not.
- **Non-exclusive:** This type of agreement allows you to work with other agents and may leave the length of the contract open ended.



Don't *settle*

Finding the right buyer's agent may take a little extra effort up front. But, having an expert by your side who gives you information you can trust and helps you negotiate the details of your dream home? Priceless.

I Love It! But...

5 critical contingencies to look for in every real estate contract

As the buyer in a home purchase, you very rarely have to accept the house you're buying as is. Instead, you're entitled to ask the seller to provide services related to the home before you both sign on the dotted line. These conditions — known legally as contingencies — are standard with most real estate contracts. Most are designed to protect you from problems you wouldn't know about otherwise. They give you and the seller time to address any issues these contingencies may bring up — and allow you to change your mind about buying the home if you encounter any dealbreakers along the way. Read on for a primer on the five most crucial contingencies that you should find in your real estate contract.

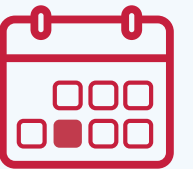
1 Inspection
This contingency gives you time to identify needed repairs to the home or property and negotiate how they'll be paid for. This type of inspection is very detailed, including checks for mold; fire, water, and earthquake damage; insect damage; structural issues; and more. You'll receive a report with recommendations that you can use to negotiate repairs with the seller. (You may offer to update faulty kitchen wiring, for example, and ask that they agree to repair the roof.) The inspection contingency allows you to back out of the sale if you can't reach an agreement about who pays for what repairs.

2 Appraisal
Because the institution granting your home loan can only approve funding up to the market value of your home, an appraisal is required before it can be sold. This contingency gives you time to have the home appraised and resolve any discrepancy between the current value and your financing plans. These might include adjustments to your offer price, down payment, and ultimately, the amount and type of mortgage you're approved for.

3 Title
In the spirit of full disclosure, the title contingency allows the potential buyer to review the home's title report. Having access to the property's complete history — who has owned the house as well as any judgments or liens against it — gives you additional information for your negotiations, as well as time to clear up any legal matters that are attached to the property. Worst case scenario: The title contingency gives you an escape hatch so you're not saddled with someone else's unresolved issues like disputed ownership or old debts.

4 Home Sale
If you're selling your current home and you plan to use the money from the sale to buy your new home, you'll want to make sure your contract includes a home sale contingency. In a nutshell, it gives you time to sell your house. In the unfortunate event that it doesn't sell by a specified date, the home sale contingency permits you to bow out of buying the new home without losing your earnest money deposit.

Ready ... Set ... Inspect!



Many contingencies depend on other contingencies. For example, you can't get a home loan without first getting an appraisal; you can't get an accurate appraisal without an inspection. Miss even one deadline and the whole thing could fall apart, with you possibly losing both the house *and* your deposit. Note the due dates, and stay in close touch with your buying agent.

Financing
Even though you're already pre-approved for a home loan, it is still possible for your financing to fall through. A financing contingency gives you time to apply for and receive financing, and allows you to back out of the deal if you don't get your

5

mortgage in the time specified in the contract.

While all of these contingencies are included in most standard real estate contracts, they can be tailored to your unique situation. Check with your real estate agent about timing and other specifics that can help you move through this step with confidence.

Ready to negotiate like a pro?
See our tip sheet on page 16.



HIDDEN FEES\$

Understand closing costs and avoid unpleasant surprises in the final phase of the loan process

You’re zeroing in on the home of your dreams. As you prepare for the next big step — closing — the last thing you want is an unwelcome surprise. Unfortunately, looking at your loan numbers can come with some anxiety and confusion.

There are numerous costs associated with buying a home — from appraisal and inspection to credit checks and paperwork — that are typically shared by the buyer and the seller. But truth be told, it’s usually the buyer who bears most of those costs.

Because it’s the buyer who has the most at stake in terms of the home’s condition and property value, it makes sense that the costs associated with addressing those factors lay with the buyer. Being informed about these fees can help homebuyers prepare for additional costs, and work with their lender to create the best strategy to pay them.

Fees can be paid two ways: as part of the total home loan amount (up to 5 percent) or up front at closing. Paying fees up front requires a little more cash, but that amount can sometimes be offset through negotiation with the seller.

Seller concessions may include paying some of the closing costs, accepting a lower down payment, or reducing the asking price for the home. All of these scenarios are highly individualized and typically adhere to the rules and limits set by government mortgage agencies Fannie Mae and Freddie Mac. Keep in mind, relying on seller concessions to reduce your fees isn’t the strongest strategy.

Rules about seller concessions can be complicated because they’re intended to limit risk and create a fair agreement for all the parties involved.

What you can do: Work with your real estate agent and your lender to make sure you’re getting the best deal possible on your fees. Even if you’re committed to your lender, it can pay to shop around. If another lender offers lower fees, your current lender may offer to match them.

When you receive your loan estimate, review it carefully to make sure you understand every fee: why it’s there, and why it’s the amount it is. Some lender fees are negotiable, so never be afraid to ask. The more you know, the more confident you’ll feel when it comes time to close.

Closing Costs Round-Up

Every home purchase includes common fees — but every lender and locale may take their own approach and charge different amounts. Ask your real estate agent and lender how they handle the most common fees:

■ How much is it?

■ Who pays it?

■ Is it itemized or bundled with other fees?

■ Is it paid up front or over the life of the loan?

■ Is it negotiable?

Happy closing!

Close at the end of the month

If mortgage insurance is required, you may be able to reduce your up-front payment by closing at the end of the month. [Learn more about mortgage insurance.](#)

COSTS	NEGOTIABLE?	RANGE
Origination Pays for the lender’s services, such as customer service, administrative work, and loan preparation.	May be negotiable	\$1,000 and up* — usually about 1% of the home’s sale price.
Home inspection When the lender requires a home inspection in order to approve a mortgage, or if the buyer chooses to have the home inspected, the buyer assumes responsibility for the fee.	Rarely negotiable	\$300-\$500*
Appraisal The lender pays an impartial third party to determine the property’s value and then passes this fee on to the buyer. The fee itself is not negotiable, but in some circumstances, you may be able to get the seller to pay it.	Not negotiable	\$300-\$1,000*
Survey A survey will often be conducted to show the precise property lines.	Not negotiable	Fees vary
Title A title company usually conducts a search to ensure the property is free to be sold. There are also costs to transfer the title from seller to buyer, as well as title insurance to secure the loan amount for the lender and to protect your investment. Title fees may be itemized or grouped together.	Negotiable	Fees vary
Recording Every real estate transaction is recorded by the city and/or county. Possibly folded into the title fee, this covers the cost of registering the sale.	Not negotiable	Fees vary
Credit report Your lender will run a credit report to help determine the most appropriate financing for you.	Negotiable (The lender may absorb the fee or pass it on to you.)	\$30-50*
Attorney If your state requires an attorney to review the lender documents, that cost will often be passed on to the buyer.	Negotiable	\$100-\$300*
Notary fees Pays for an authorized person to witness the signing of important documents.	Rarely negotiable	\$100-\$300*
Rate lock Some lenders will ask you to pay a fee to guarantee your mortgage interest rate. More likely, any fee for this service is embedded in the loan interest rate.	Often negotiable	\$100-\$300*

*Your costs could be higher. Get an official loan estimate before choosing a loan.

Negotiation Checklist

So, you want to make an offer on a house. Not so fast. Before you agree to the asking price, here are five important ways to boost your confidence and increase your odds of getting the best possible price for your new home.

■ Analyze the local market with your agent

Have a grasp of home prices in the area where you're looking. It can alert you to unfair pricing (if a home is much higher than average), tip you off to undisclosed problems (if it's well under market price), and give you some wiggle room in your offer.

■ Know the seller's expectations

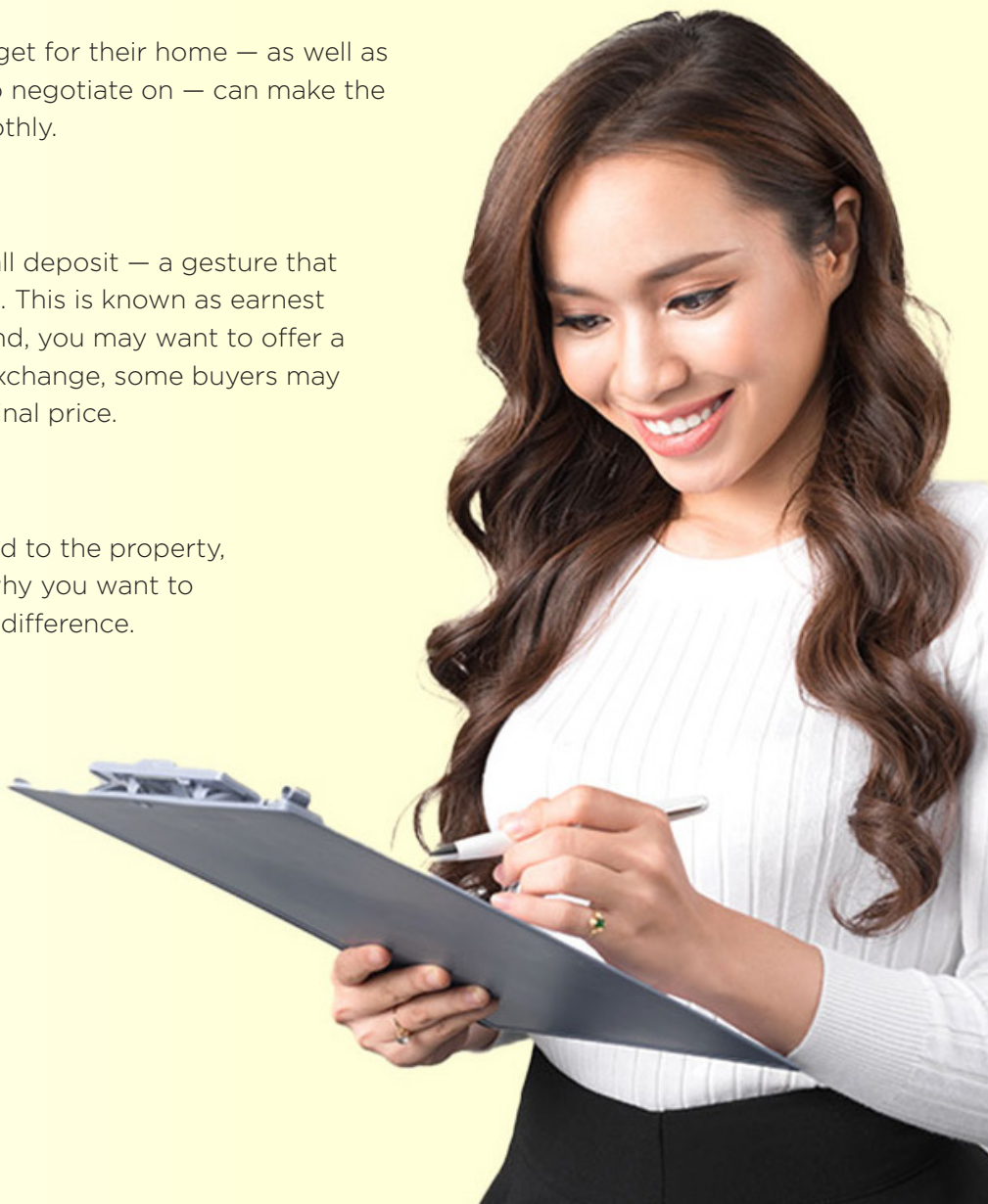
Knowing what the seller hopes to get for their home — as well as other things they may be willing to negotiate on — can make the negotiation process go more smoothly.

■ Put up earnest money

Most offer letters come with a small deposit — a gesture that shows you're serious about buying. This is known as earnest money. If you have the cash on hand, you may want to offer a larger earnest money deposit. In exchange, some buyers may be willing to come down on their final price.

■ Show your passion

If the owner is emotionally attached to the property, telling them (in your offer letter) why you want to buy their home could make all the difference.



Underwriting Insights

Our expert underwriting team explains how, with a little preparation, you can take the fear factor out of waiting for the loan decision.

The time has come: applying for the loan. You're about to hand your life over (at least it can feel that way) to a somewhat mysterious figure who will decide your fate. We asked our underwriting team to explain what goes on behind the scenes and offer insights to give you the best chances of a successful loan application.

Q What are two or three practical things an applicant can do to make sure their underwriting process goes smoothly?

A Double check your application for any inconsistencies, because the underwriter will find them. Make sure everything is clear for the underwriter.

Be as accurate as possible on your application. If you're not sure on employment dates or when you lived at a particular address, look back through your records to figure it out. Don't guess.

Make sure all documents submitted are clear, easy to read, and all pages are included — even if the last page is blank.

continued >

Q What is the most common thing people forget to include in their application?

A Employer contact information is often overlooked, especially for older job entries. Also, information needs to be broken down between base income, overtime, and bonuses.

Q What are some red flags in an application? What can an applicant do to avoid them?

A Insufficient funds for closing — make sure you have the money you need. Tax returns that aren't signed and dated — sign and date them before submitting. Gaps in employment — if you have any, write a letter of explanation.

Q Say I'm applying for a home loan. I've submitted all my paperwork, everything is in order, so far so good... In your experience, what are the top things I need to avoid so I don't put my approval in jeopardy?

A Maintain your credit — don't increase your credit balances, have your credit pulled, or open any new credit accounts. And don't close any accounts. Plus, wait until after your loan closes to change jobs or careers.

Q What do you consider the most rewarding aspects of your job?

A Helping people buy a home, especially their first home, and understanding that the process can be confusing and stressful. So, when we ask for additional information or documentation, we explain exactly what is needed and why.

Loan Estimate

Within three days of submitting your loan application, you'll receive an estimate listing all the terms and costs of the loan. Review it carefully and feel free to ask questions.

Use our
**Loan
Application
Checklist**
on page 20!

What NOT to Do During Escrow

Between the time your offer is accepted and the sale closes, the property and any deposits you've made are held in escrow by a third party. During this time, while your application is in process, your mortgage-to-be is in a delicate position. Any sudden move can change your interest rate, or even cause your application to be denied. For these reasons, it's important you not make these moves:

DO NOT change your job. Your approval is based on your employment history, and you need to show a reliable track record of income.

DO NOT use your credit cards excessively. It can adversely affect your credit score.

DO NOT make any huge cash deposits. It may raise a red flag.




Key to Application Success:

Track Your Documents!

After a seller accepts your offer, it's time to apply for a loan. Every homebuyer completes what's known as the Uniform Residential Loan Application (URLA), also known as Fannie Mae Form 1003. This application was created by that federal mortgage association to ensure lenders gather and evaluate the same types of information from all applicants.

Here's our guide to the information you'll need to provide on the URLA, and the documentation you should have ready to back it up. Use this to track your progress. It will be helpful to keep all of these items in one folder on your computer, with each document clearly named. Scan any paper documents and save them as PDFs in the same folder.



Learn about loan estimates, line by line >



TYPE OF INFORMATION	DOCUMENTS
PERSONAL	<div><input type="checkbox"/> Valid, up-to-date, government-issued IDs for all applicants</div>
LOAN	<div><input type="checkbox"/> Information about the specific mortgage type for which you're applying</div> <div><input type="checkbox"/> Property location and type</div> <div><input type="checkbox"/> Inspection report</div> <div><input type="checkbox"/> Property appraisal report</div>
INCOME	<div><input type="checkbox"/> 2 years of W-2 forms</div> <div><input type="checkbox"/> 30 days of pay stubs</div> <div><input type="checkbox"/> 2-3 years of income tax returns</div> <div><input type="checkbox"/> IRS Form 4506-T</div> <div>If you're self-employed:</div> <div><input type="checkbox"/> Income tax returns</div> <div><input type="checkbox"/> Business debts</div> <div><input type="checkbox"/> Current profit & loss statement</div>
ASSETS, DEBTS, AND CREDIT	<div><input type="checkbox"/> Proof of cash on hand to close</div> <div><input type="checkbox"/> 2-3 months of statements for every account listed on the application</div> <div>May include:</div> <div><input type="checkbox"/> Bank accounts</div> <div><input type="checkbox"/> Investments</div> <div><input type="checkbox"/> Credit cards</div> <div><input type="checkbox"/> Student loans</div> <div><input type="checkbox"/> Judicial decree or court order for each obligation due to legal action</div> <div><input type="checkbox"/> Letters of explanation for late payments, collections, or other derogatory items on your credit report</div> <div><input type="checkbox"/> Bankruptcies</div>



The Last Mile

You've come this far. Here are the final steps on the journey to your new home.

There it is: your dream house. You can almost feel the keys in your hand. It's a great time to pause and think of all you've accomplished to get here: built a good credit score ... saved for a down payment ... wisely chose an agent ... negotiated like a boss ... hit all those deadlines. You have a lot to be proud of.

Now, take a deep breath — there are just a few details standing between you and closing day.

Happy (Paper) Trails

As soon as your offer is accepted, paperwork is generated that you use to apply for your loan. Which generates more paperwork. By closing, the list can seem overwhelming. There are many documents you'll receive at closing, but here are two you'll want to take special note of.



PURCHASE AGREEMENT

Generated after the seller accepts your offer. Includes buyer and seller names, total purchase price, commission amounts, and estimated closing date.

CLOSING DISCLOSURE

Standard form (about 5 pages) listing your mortgage details. Includes loan terms, monthly payment amount, and a line-by-line accounting of fees and closing costs.

OTHER DOCS:

- Promissory Note
- Deed of Trust
- Deed
- Affidavits and Declarations

Lock It In

By now, you're well aware that buying a home is a marathon, not a sprint. While you have been hitting every mile marker — from inspection to underwriting — at a steady pace, something important has been running in the background: interest rates for your loan have been fluctuating.

At first glance, these numbers may seem miniscule. One- or two-tenths of a percent may not sound like a lot, but a rate increase of this amount can add up to thousands of dollars over the life of your loan. That's why it's important to lock in the lowest rate possible.

Mortgage interest rates can be unpredictable, so it's important you stay in touch with your lender. They can help you decide when it's time to lock in your rate.

With a mortgage rate lock, the lender guarantees the interest rate on a fixed-rate mortgage from the moment you set it until you pay off the loan (or make a significant change to the loan, such as refinancing). It protects you from rate increases — however, there are downsides. Once you commit, you can't change it if rates go down. It is also possible to lose the rate lock if you have big changes (think employment status, credit score, income) to your initial application.

Beware of Wire Scams

Fraudsters can hack into email systems and send out legitimate seeming requests for money from you that they then divert into their own pockets. What sounds like a nuisance destined for your spam folder can suddenly appear very real amidst all that takes place during a home sale. And they do considerable damage: The FBI reports that losses from internet crime reached \$4.2 billion in 2020.

How do you avoid being a victim? We recommend one simple rule of thumb — do not transfer any money without first confirming in person or by phone with a lending agent you know. And if you receive any communication that seems suspicious to you, alert your lender right away.

So, when is the right time to lock in your rate? While there is no single “right” answer, you should consider locking in if:

- A rate increase could keep you from qualifying for a loan
- You are getting nervous about rates trending upward
- You have your signed purchase contract in hand

Again, start by talking to your lender.

Closing Time

You're almost there! Closing day can be one of the most exciting moments of the whole journey — or it can be one of the most nerve-racking. How to make it the best day ever? Be prepared.

For those last few steps over the finish line, you'll need to have all of your (you guessed it!) paperwork ready to go. Here's a rundown of what you'll need to bring to the party:

Driver's license or passport — plus one other valid form of identification

A state- or federal-issued photo ID will be required to confirm your identity and sign notarized documents. Some lenders also ask for a second form of ID, so bring a backup just in case.

Purchase agreement

Consider this your master document. By closing day, you will have already gone through your purchase agreement in detail. Have it on hand and compare all the final documents against this one. If anything is missing, added, or different — flag it.

Proof of homeowners insurance

Lenders won't issue you a mortgage without insurance. Ask your lender what specific types of insurance they require. Bring the documents that prove you're insured, as well as a receipt showing you've paid for the first year.

Certified or cashier's check

No personal checks allowed. Expect to pay 3 to 5 percent of the final price of the home at closing.

Your agent and/or lawyer

At this point, your real estate agent (or your lawyer) is probably your best friend. At closing, they will provide not only essential professional advice in document review, but also valuable moral support as you get ready to celebrate your big finish.



Get your final closing disclosure at least 24 to 72 hours before closing.

This will give you the exact dollar amount you'll need for your certified check. Learn more about what to look for and how to use your closing disclosure >

Keep Your Eye on the Prize ...

Not long ago, you had one goal: to make that dream home yours. And you had a lot of questions. Now, you're several steps closer to making your dream of homeownership come true.



GPS

Refer back to this eBook throughout your homebuying journey. It's your GPS to help you stay on track and pick up expert insights, perspective, and encouragement.



Tools

Remember, this is no ordinary eBook. With practical guides, lists, and links to even more information, it's meant to be used. Print the checklists, link to more information at the Mortgage Knowledge Center, and put it to work for you — from your pre-approval letter to the moment you pick up the keys.



Team

Buying a home is a journey no one takes alone. Behind this eBook, you've got the PenFed team ready to answer your questions and provide you with resources and support — every step of the way.

So stay curious, get informed, and be prepared ... and make that dream a reality. We can't wait to say, "Welcome home."





PenFed Mortgage Knowledge Center References:

Page 4, [Create Your Homebuying Budget](#)

Page 5, [Mortgage Affordability Calculator](#)

Page 5, [VA Loan](#)

Page 11, [Broker-Paid Closing Credit](#)

Page 15, [Mortgage Insurance](#)

Page 20, [Loan Estimates](#)

Page 24, [Closing Disclosures](#)

[Check out all our Mortgage Center tools and resources](#)

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STEP 2 | If Not Now...

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DISCLAIMER

Dollar amounts, fee estimates, percentages, and any and all other references to mortgage financing are general estimates only and not to be construed as statements of fact or as a promise to offer or extend any rights, privileges, or permissions to any individual or entity.