

## **Live Happily Ever After**

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Home ownership is a dream for many people. They dream of a home where they'll have barbeques with friends in their backyard, read bed time stories to their children, and a place to make priceless family memories.

But "happily ever after" starts with a great beginning -- the purchase and financing of your new home. Whether you are a first time home buyer or a veteran one, this experience should always be pleasant.

The logical first step for prospective home buyers is to get pre-approved for a mortgage loan, which helps you, your real estate agent and your local banker. Many people go house hunting without knowing the exact price of a home they can afford. This leads to frustrations when a buyer finds the "perfect" home and discovers the payment is simply too high. Remember, a quality bank loan officer will help make sure that the home is affordable, not just by qualifying you, but by making sure you are comfortable with the entire house payment. That payment consists of principal, interest, taxes, insurance premiums and sometimes mortgage insurance.

To be "pre-approved," buyers complete a mortgage loan application and then the banker will review your credit bureau report. This quick process also includes the important step of detailing specific requirements including the amount of the down payment. Next, the banker will issue a letter stating you have been pre-approved for a loan, the loan amount, and defines a pre-approval time period. The letter is subject to an approved appraisal and that none of the information given at the time of application changes prior to closing. This letter is exactly what your realtor will want in order to assist you in shopping for the perfect home.

We want to stress the importance of working with a real estate agent who is an expert in the local market and provides invaluable assistance through all the inspections and legal aspects of purchasing. It is worth restating that a home is typically the biggest purchase of a person's life and seeking professional advice is only logical.

Shopping for your loan is essential. Lenders have a wide variety of mortgage products to fit your needs. The type of loan and your interest rate will not only influence your total settlement costs, but will determine the amount of your monthly mortgage payment.

There are two common types of mortgage loans, a fixed rate and an adjustable rate. The fixed rate will stay the same for the entire life of your loan, where the adjustable rate mortgage (ARM) may adjust at regular intervals and may be tied to an economic index, such as a rate for Treasury securities.

You may also be eligible for a loan insured by the Federal Housing Administration (FHA) or a Veterans Administration (VA) loan. These programs usually require smaller down payments.

Remember, you live and work locally, so you are always better off to choose a local bank and realtor when buying your dream home where you will live happily ever after!

At ESB Financial we will provide prompt attention and quick turn-around time with local decisions so you don't miss out on your dream home!