

GET PREAPPROVED

Getting preapproved requires that a lender verify your financial information, and it serves as their commitment to lend a specified amount based on that information. It will give you a number of advantages. When you find a property, sellers will take your offer more seriously given that you have a lender that has committed to backing your offer.

It also gives you the assurance that you're looking at homes you can confidently afford to finance. Your efforts will be focused on properties that match your financing abilities.

You'll have an edge over other buyers who aren't preapproved. In situations where there are multiple offers on a property, this can be the difference between having your offer accepted or losing the property to another buyer.

FINANCING METHODS

Fixed-Rate Mortgage

The interest rate stays the same for the entire term of the loan —usually 15 or 30 years — so the interest and principal portions of your monthly payment remain the same. Your payments are stable and predictable, but initial interest rates tend to be higher on a fixed-rate mortgage than on adjustable-rate loans.

Adjustable-Rate Mortgage (ARM)

The interest on an adjustable-rate mortgage is linked to a financial index, such as a Treasury security, so your monthly payments can vary, up or down, over the life of the loan - usually 30 years. Some adjustable-rate mortgages have a cap on the interest rate increase to protect the borrower. The lower initial payments on ARMs make it easier for buyers to qualify.

Conventional Loan

A conventional loan can have as little as 3% down with mortgage insurance. To avoid mortgage insurance, you have to have a minimum of 20% down. The maximum amount for conventional loans is \$424,100. Loans above \$424,100 require a jumbo loan. The advantage of a conventional loan is that there is no upfront mortgage insurance payment and mortgage insurance can be removed when you have paid the loan down to 80%.

FHA

An FHA loan requires at least a 3.5% down payment. The advantage of an FHA loan is that it has lower credit score guidelines and allows higher debt to income ratios to qualify. This is generally a good choice for first time homebuyers, but be sure to talk to a trusted lender to determine if this is the right product for you.

VA

A VA loan requires zero down payment and does not require mortgage insurance. It also has lower credit score guidelines and allows higher debt to income ratios. This loan is reserved for qualified veterans. To determine if you qualify, you can work with your trusted lender to obtain your certificate of eligibility.

USDA

USDA loans require zero down payments, but they do require guarantee insurance, which is similar to mortgage insurance. Homes are restricted to designated rural areas determined by USDA, and USDA has maximum household income limits for eligibility.



LOAN PRE-APPLICATION CHECK LIST

When applying for a mortgage, your loan officer will require some information and documentation to finalize the application.

Information Needed For Application

1. Full Name, date of birth, and Social Security numbers for all borrowers
2. Last 2 year's residence history (dates included)
3. Last 2 years employment history (dates and job title)

Documentation Needed For Application

1. Last 2 pay stubs for all borrowers
2. Last 2 years W2's / 1099's for all borrowers
3. Last 2 months bank statements (all pages)

Additional Items may be required .

