

Before You Start Looking For Your New Home

Purchasing a home is one of the biggest financial decisions you will ever make. Whether this is your first purchase or you are moving on to a different home that better meets your needs, this decision must be made with care

- Establish the price range and mortgage for which you qualify by contacting a financial institution of your choice and getting pre-approved, if you have not already done so.
- Check your credit rating. Straighten out any errors before its too late.
- Determine a comfortable monthly budget for your new purchase, including down payment and monthly payment.
- Find a loan program that meets your needs and get pre-qualified (preferably pre-approved).
- Ask yourself how long you expect to live in your new home? Is there reason to believe that you will live in this home for 5 years, 10 years, until you retire?
- Determine what neighborhood best matches your needs.
- Is the location convenient for all family members?
- Identify important features you need your new home to have.

...Expect some anxiety. It's normal whether you are first-time buyers or veterans of many moves. Most home buyer's anxiety tends to focus on money issues, including the three primary issues of:

- How do we qualify for an adequate mortgage, and at what rate?
- How large will the monthly mortgage payment be?
- How much do we have to have for a down payment? Many lenders will loan part or all of the down payment depending on your financial statement, including your total annual family income, investments, total long-term debt, and a satisfactory credit report. Avoid "qualification anxiety" and quantify your monthly mortgage payments in advance. Also establish what, if any down payment you need.

If you expect any problems or "glitches" in your credit report, talk with the lender about the problem before it comes to light in the report. Your up-front honesty will help you gain the respect of the lender and to build trust a that you will be responsible in paying off the loan.

Monthly mortgage payments: The total monthly mortgage payment usually consists of 4 elements, known as PITI, Principle, Interest, Taxes, Insurance. The lender may not require you to escrow for tax and insurance payments, but it's best for most homeowners to pro-rate the expense through an escrow account with the lender.

Closing Costs to Expect:

Lender fees include charges for loan processing, underwriting, preparation and establishing an escrow account.

Third-party fees include charges for insurance, title search, and other inspections such as termites.

Government fees include deed recording and state & local mortgage taxes.

Escrow and interest fees include homeowner's insurance, loan interest, real estate taxes, and occasionally private mortgage insurance.