

# Buying A Home

## **Should you talk to a mortgage professional before house hunting?**

Absolutely! Even if you haven't so much as picked out houses to visit yet, it's important to see your mortgage professional first. Why? What can we do for you if you haven't negotiated a price, and don't know yet how much you want to borrow?

When we pre-qualify you, we help you determine how much of a monthly mortgage payment you can afford, and how much we can loan you. We do this by considering your income and debts, your employment and residence situations, your available funds for down payment and required reserves, and some other things. It's short and to the point, and we keep the paperwork to a minimum!

Once you qualify, we give you what's called a Pre-Qualification Letter (your real estate agent might call it a "pre-qual"), which says that we are working with you to find the best loan to meet your needs and that we're confident you'll qualify for a loan for a certain amount.

When you find a house that catches your eye, and you decide to make an offer, being pre-qualified for a mortgage will do a couple of things. First, it lets you know how much you can offer. Your real estate agent will help you decide on an appropriate offer, but being pre-qualified gives you the confidence to know you can follow through.

More importantly, to a home seller, your being pre-qualified is like you walked into their house with a suitcase full of cash to make the deal! They won't have to wonder if they're wasting their time because you'll never qualify for a mortgage to finance the amount you're offering for the home. You have the clout of a buyer ready to make the deal right now!

You can always use the calculators available on our site to get an idea of how much mortgage you can afford -- but it's important to meet with us. For one thing, you'll need a Pre-Qualification Letter! For another thing, we may be able to find a different mortgage program that fits your needs better.

## **How much can you afford?**

Deciding how much house you can afford is a personal decision. Many factors come into play. How much can I borrow? How much can I put toward my down payment? What size monthly payment can I afford?

There are no black and white answers to these questions. It's a matter of give and take. If you plan on a 30 year mortgage, you can probably make a lower down payment (or perhaps no down payment at all) and still manage the monthly payments. If, on the other hand, you plan on a 15 year mortgage, you'll probably want to make a larger down payment to keep your monthly payments in line with what you can afford.



## **How large a down payment can I make?**

Many buyers look at their cash on hand as their only source for their down payment. This simply is not the case. One way to fund or partially fund a down payment is by using a gift. Parents,

grandparents and other family members are often eager to help by making a cash gift toward the purchase of your home.

There are also down payment assistance charities that can help you. And, of course, if you are selling a home, the equity you've built up can be applied to your down payment.

But these are not your only options. We can help you explore all your down payment options, including low down payment and 100% mortgage financing options that might be right for you.

### **What size monthly payment can I afford?**

When determining what size monthly payment you can afford, you'll want to consider what other monthly expenses you have. Tangible expenses such as car payments, day care and utility bills, all play a role in how large a monthly payment you can afford.



There are also the intangible expenses or lifestyle expenses that you'll want to consider. Things such as dining out, travel and when you buy your next car can effect how much you can afford. Are you willing to curtail or delay some of these expenses in order to afford a larger monthly payment?

### **How much can I borrow?**

This is a question you'll want to get answered before you begin your home search. This is something that we're here to help you with. Our [mortgage calculators](#) will help you see how your down payment, monthly payment and the amount you borrow are all interrelated.

We can answer any questions you may have about the mortgage process. But the best way we can help is by getting you pre-qualified for a mortgage loan. To get started, simply complete the form below to let us know a good time to contact you. We look forward to helping you buy your dream home.

## **Things to Avoid While Buying a New Home**



With the thrill that comes with an accepted offer and a "yes" from the lender, some homebuyers make the mistake of taking their enthusiasm straight to the mall or furniture store. Until the house is really yours, there still remain some hoops to jump through. We have given you a list of things below we suggest you stay away from when waiting for closing.

**Don't buy luxury items.** It may be tempting to buy that new Turkish rug for the soon-to-be-yours living room, but it's advisable to avoid making large purchases like furniture, appliances, jewelry, or cars until your home loan closes. Your credit numbers could be altered suddenly if you make a huge purchase using credit cards. Using cash to purchase big-ticket items can even create a mistake: most lending institutions take into consideration your cash on hand when approving your loan.

**Don't go on a job search.** Lending Institutions like to see a consistent job history on your application forms. Getting a new job may not jeopardize your ability to *qualify* for a loan - especially if you are improving your salary. But for some people, changing jobs *during* the mortgage approval process could bring concern and affect your application.

**Don't move finances around or switch banks.** Your lender will ask for recent bank statements for all of your accounts: checking, savings, money market, and other liquid assets. To avoid potential fraud, most lending institutions need a thorough paper trail to verify the source of all funds. No matter the purpose, changing banks or moving money from one account to another might raise a red flag with the lender and slow down your application process.

**Don't give cash directly to your seller (usually in cases of "for sale by owner") for earnest money.** As a rule, your good faith money belongs to you, not the seller up until the sale is final. Some sellers may not know that your good faith funds must be applied to your expenses at closing. An attorney or other type of neutral party can hang onto your deposit, or you may put it temporarily into a trust account until you close. Should your home purchase fail, your purchase contract should indicate where the good faith funds should go.

**Pro Mortgages, LLC can answer questions about these "Don'ts" and many others. Call us at 859-296-4495.**