

Pre-qualifying Helps Determine How Much House You Can Afford

Courtesy of Nancy Halsema, REALTOR®

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Before you start your house hunting in earnest, the real estate professional with whom you are working likely will "pre-qualify" you to determine a price range you can afford. Prequalification is a necessary part of the home buying process that helps save you time and money.

Don't be shy or withhold information about your income or credit status. Your real estate professional isn't trying to pry. Rather, he or she must know all details related to your ability to obtain a mortgage.

By candidly discussing your financial situation, you'll give the agent the information necessary to show you homes you can afford. If you don't open up, you are placing the real estate professional in the role of a tour guide, not someone who can help you find a home within your budget. You'll wind up wasting your time and that of the seller.

Once you have signed a contract to purchase a home, you must choose a lending institution or mortgage company from which to obtain your home loan. Your loan application will request financial data including your place of employment, assets, and liabilities (including recurring debts such as credit card bills and car payments).

Here are two important tips on loan qualification from the Toby Lynn of Community Mortgage, 1) do not borrow the down payment without disclosing the loan, submit fake letters-of-credit or gift letters, or make secret financial arrangements. 2) Accurately list your income and assets, all debts and the approximate amounts you owe.

You'll most likely be charged a credit report fee by the lender, which will cover the cost of having your credit history examined. Credit reporting agencies compile credit reports on consumers, including bill payment history, as well as whether you have been sued or filed for bankruptcy among other information.

Federal credit reporting laws do not give you the right to inspect the actual credit report at the reporting agency or to receive an exact duplicate of the report. But, you are entitled to a summary containing the sources of the report's information.

If your ability to obtain a mortgage is adversely affected by the credit report, you have the right to challenge its accuracy and seek corrections.

The credit report is part of the information the lender uses to determine if you qualify for a loan. It is not a mechanism to prevent you from buying. Remember, lenders want to make loans, not turn them down,

Be sure and ask me for the names of great Mortgage lenders who I am confident will be an asset to you in your home financing.