

Your Buying Power

Before you set out to find your new home, we recommend you get pre-qualified for a home loan. Besides allowing you to make a confident offer, a pre-qualification can help you determine the maximum amount you are capable to offer.

It's a good idea to contact a lender early in the process to get pre-qualified. This will give you a general idea of the amount of mortgage you qualify for and will save you time because you will know the price of homes you should be viewing. Most reputable lenders will pre-qualify without any fee or further obligation. You will be asked questions about your income and monthly

debt so the lender can work up a "ballpark" figure on the most you will be able to borrow.

Keep in mind that the lender is not guaranteeing you a loan; with additional information and an application for a mortgage, a lender will pre-approve you up to a certain amount.

Advantages of Being Pre-Approved

Having a lender's pre-approval letter in hand before you search for a property can be valuable in several ways.

- Your house-hunting process will be more efficient.
- You will know exactly how much you can spend.
- You will gain negotiating power.
- You can shop with the confidence that you practically have cash in your hands.
- You can close on your dream home quickly.

Obtaining lender approval in advance allows you to select the best loan package without being under pressure. You won't waste time considering homes you cannot afford and you will know in advance exactly what your payments will be when you finally do make an offer.



So What will this Cost?

Homeownership pays in the long run, but there are some upfront costs that you should be aware of. These include:

Closing Costs

Closing costs will vary depending on your loan, time of year, and many other factors. These can sometimes be negotiated to be partially paid by the seller and can also be rolled into a mortgage. Closing costs are paid at closing and are generally about 1.5% of the sales price. Some examples include:

- Attorneys' Fees
- Homeowner's insurance
- Title insurance
- Appraisal Fee
- Overnight Mailing
- Real Estate Tax
- Government Filing Fees
- Prepaids
- Escrow Establishment
- Survey Costs
- Loan Application
- Intangibles Tax
- Discount Points
- Interest Proration



Home Inspection

This is typically the first cost you will run into and is very important, as it allows you to request repairs. The cost is usually based on a home's square footage and typically ranges from \$350-\$500.



Credit Concerns

A big factor in how much you'll pay for a home is your credit score. A high score allows you to qualify for better interest rates and therefore lowers your monthly payments. To improve your credit score, pay off any accounts in collection at least two months prior to applying for your loan and then don't apply for any new credit cards or other loans during this period.

Don't be scared if you don't have the best credit though. There are many special loan programs out there and we'll help you find one just right for you.