

Steps to a Home Mortgage

So, you're interested to get a mortgage for your dream house. In order to do this, there are some steps you need to get the right home mortgage for you.

The initial step is to order your credit report from the country's three major credit reporting agencies which are Equifax, TransUnion and Experian. Your credit report is very important in your home mortgage because this determines your ability to pay off the home mortgage you are applying for.

Your credit report reflects how up to date you are on paying your credits, your outstanding balance and the amount of money you still owe. A good standing on your credit report assures the lenders that their risk in investing with you will assure them that they will get their money back and assures you that your home mortgage loan gets approval.

In relation to this, financial experts recommend that it is wise for you to check the credit reports once you have them for errors before submitting these to lenders. The reason for this is that, these errors can cost you thousands of dollars more in interest or it could deny you the home mortgage you are applying for.

The second step in taking a home mortgage is to know the current home mortgage rates. Mortgage rates fluctuate and looking at certain economic key indicators such as bonds and Treasury notes can help you decide if it feasible to go for a home mortgage now and can help you get interest savings.

The third step in taking a home mortgage is to decide which mortgage program is best for you. There are so many kinds of programs and loans that are available. These include government loans and non-governmental loans called conventional loans. It is best to be educated and knowledgeable about all these home mortgage options in order to get the best for your situation. Some things that you need to consider when you're in this stage are:

- the amount of money you have for down payment for your home mortgage
- the amount of monthly payment on your home mortgage you can afford without worry and with security
- the number of years you plan to stay on the house or with the home mortgage
- the importance of paying off the home mortgage early
- the ability and an objective to give extra principal payments and,
- your projection of your income's stability or its possibility to increase in order for you not to

have difficulties in paying off your home mortgage in the future.

These should all be considered because remember, a home mortgage is a long period investment and requires huge amounts of money.

The fourth step is to check and compare interest rates among the various lenders. This is the most difficult part but this is where you can usually save off in interests when you are already in the middle of a home mortgage program. Be wary also of terms that different lending companies use that may be pointing to the same thing. Other companies might waive off some fees and then add another one, which might cost you more. Take time to know all the figures behind the names they use for the fees that they give.

The fifth step is to look at the whole home mortgage package. Aside from interests, you need to consider other factors in the package such as the type of mortgage, the type of down payment, the presence of prepayment penalties, lock-in period, mortgage insurance, payment schedule, and other features.

And lastly, when you have decided on the lender for your home mortgage, determine the required documents for your loan. These typically include a completely filled out Uniform Residential Loan Application and your credit report fee. Fees are usually collected when submitting a home mortgage application. Some of which are application fee and appraisal fee. Other requirements and fees needed to be paid for your home mortgage application may vary from one lending institution to another.