

What you must know to Get Approved

"...and avoid disappointment when going through the Mortgage Application process..."

1. Know Your Credit Score

Your credit score is an essential component of having your loan approved. It determines the loan programs for which you are potentially qualified. The higher your credit score the better. Be sure to ask your Mortgage Lender for details.

2. Always Pay Your Bills on Time

This is not intended to insult your common sense, but to emphasize how vital *on time payments* are to your credit score. Late payments can dramatically alter the rate, terms and even whether your mortgage loan is approved. Not making payments in a timely manner will almost always decrease your credit score.

3. Avoid Collections

Have you ever disputed a bill before? Most of us have. Industry leaders know that it's almost always better to pay a disputed bill while continuing to work on the issue, than to have a collection filed against you. This can also lead to a reduced credit score.

4. Limit Your Liabilities

Loans are approved largely on the percentage of your income used to pay off debt and other financial liabilities. You can get approved for a larger mortgage and therefore a more expensive home if you have lower credit card, automobile, student loan and other debt payments. Signing and/or co-signing for someone else's purchase or loan can also increase your liabilities.

5. Limit Your Credit Inquiries

Another of the factors used to calculate your credit score is the number of times potential creditors request your report. Too many of these inquiries can lower your credit score.

6. Do Not Open New Accounts in the Months Preceding Your Home Purchase

Opening new accounts requires the pulling of credit reports, as noted above, this can dramatically reduce your credit score.

7. Do Not Close Unused Accounts Until The Purchase Has Finalized

The portion of your available credit currently being used helps calculate your credit score. The lower the ratio the better. Closing accounts will increase the overall percentage. However, as discussed, opening new accounts to reduce your ratio is unlikely to help you.

8. Don't Try To Hide Your Past Financial Difficulties

One of the important services that a good mortgage broker offers is helping you overcome past financial difficulties that may hinder your ability to have your loan approved. Your mortgage broker should be on your side. Supply the information that helps them provide you with the best possible rate, terms and minimizes the impact these issues can present.

9. Provide Information That Has Recently Changed

Not every creditor reports to the credit bureau monthly. Providing up to date information can increase your qualifying ability and decrease your rate.

Mortgage regulations have significantly changed recently. Subtle changes in the way you approach mortgage shopping, and even small differences in the way you structure your mortgage, can cost or save you literally thousands of dollars and years of expense.

Get the Right Information - Whether you are about to buy your first home, or are planning to make a move to your next home, it is critical that you be informed about the factors involved.

Everyday people have their mortgage loan turned down because of one or more credit issues. If you will keep in mind this information, you can greatly increase your chances of getting your loan approved and save thousands on your mortgage.