



# 12 RECOMMENDATIONS to get the optimal financing for your home



## 01. Check Your Credit Score

Understand your credit score's impact on loan terms. It influences your interest rate. Improve it beforehand to save on interest over time. Improving your credit, even by a few points, can save you lots of money.

It gives you a clear budget and strengthens your negotiation position. Skipping preapproval can lead to negative surprises later. Also, vendors are inclined to prefer selling to individuals who have already received preapproval for a loan.



## 02. Get Preapproved



## 03. Find Good Mortgage Broker

Find knowledgeable mortgage broker. Check reviews. Ask also about down payment requirements, mortgage insurance, closing costs and all fees, and compare these details on every offer. Make sure to also check how fast can the loan be closed. You don't want to wait too long.

Understanding the significance of debt is vital when applying for a mortgage. Your debt-to-income ratio (DTI) is pivotal for lenders, as it compares your monthly debt payments to your gross monthly income, guiding them on your affordability for mortgage payments. Lenders usually prefer a DTI below 36%.



## 04. Watch Your Debt



## 05. Loan-To-Value Ratio

The LTV ratio represents the percentage of the loan amount compared to the appraised value of the property being financed. Keep your LTV below 80% to avoid PMI or explore government-backed loans with flexible LTV requirements.

Struggling with a 20% down payment? Prepare for private mortgage insurance (PMI) costs, typically ranging from 0.5% to 2% annually until you reach 20% equity. PMI protects the lender. It comes into play if you default on your home loan. Factor this into your budget.



## 06. Mind Mortgage Insurance



## 07. Consider All Costs

Calculate the true cost of homeownership. Look beyond mortgage payments to include property taxes, insurance, and maintenance. There are also closing expenses that can range from 2% to 5% of your home's price. Calculate also repair and renovation costs.

Buying a home takes time. Plan for an average timeline of around four months, understanding the unique variables involved. It can be overwhelming, so surround yourself with experienced people to help you. Having a terrific real estate agent and a mortgage lender is crucial. They can help you immensely.



## 08. Have Patience



## 09. Discount Points

Check the possibility of paying discount points. Discount points are upfront fees, typically 1% of the loan, paid to lower the mortgage interest rate. They can be included in the loan or paid by the seller, offering savings over time if you plan to keep the mortgage for an extended period.

Consider government and first-time home buyer programs: VA, USDA, and FHA loan programs can be a great option for first-time home buyers who want to or need to make small down payments. There are lots of low-down-payment loan programs.



## 10. Explore other programs

