6 Things You Must Know Before You Buy

A FREE REPORT FOR ORLANDO AND CENTRAL FLORIDA HOMEBUYERS

> Before you commit your hard-earned dollars to a mortgage, consider these 6 issues. The right information can cost or save you thousands of dollars and years of expense.

Mortgage regulations have changed

Mortgage regulations have changed significantly over the last few years, making your options wider than ever. Subtle changes in the way you approach mortgage shopping, and even small differences in the way you structure your mortgage, can literally cost or save you thousands of dollars and years of expenses.

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 inform yourself about the factors involved.

Industry research has revealed that there are 6 common mistakes that most homebuyers make in mortgage shopping that can have a significant impact on the outcome of this critical negotiation. If handled correctly, these issues could result in a mortgage that will cost you less over a shorter period of time.

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6 things you must know before obtaining a mortgage

Before you commit your hard-earned dollars to monthly mortgage payments, consider these 6 issues. Effective consideration of these important areas can make your payments work much harder for you.

1. You can, and should, get pre-approved for a mortgage before you go looking for a home.

Pre-approval is easy and can give you complete peace of mind when shopping for your home. Your local lending institution can provide you with written pre-approval at no cost or obligation, and it can all be done quite easily over the phone. More than just a verbal approval from your lending institution, a written pre-approval is as good as money in the bank. It entails a completed credit application and a certificate which guarantees you a mortgage to the specified level when you find the home you're looking for.

2. Know what monthly dollar amount you feel comfortable committing to.

When you discuss mortgage pre-approval with your lending institution, find out what level you qualify for, but also pre-assess for yourself what monthly dollar amount you feel comfortable committing to. Your situation may give you a pre-approval amount that is higher (or lower) than the amount of money you would want to pay out each month. By working back and forth with your lending institution to determine what this monthly amount is and what value of home this translates into at today's rates, you won't waste time looking at homes that are not in your price range.

3. You should be thinking about your long-term goals and expected situation to determine the type of mortgage that will best suit your needs.

There are a number of questions you should be asking yourself before you commit to a certain type of mortgage. How long do you think you will own this home? What direction are interest rates going in and how quickly? Is your income expected to change (up or down) in the near term, impacting how much money you can afford to pay to your mortgage? The answers to these and other questions will help you determine the most appropriate mortgage you should be seeking.

4. Make sure you understand what prepayment privileges and payment frequency options are available to you.

More frequent payments (for example weekly or biweekly) can literally shave years off your mortgage. Structuring your payments so that they come out more frequently will significantly lessen the amount of interest that you will be charged over the term.

For the same reason, authorized prepayment of a certain percentage of your mortgage, or an increase in the amount you pay monthly, will have a major impact on the number of years you will have to pay and could shorten your payment term considerably.

These two payment options can cut years off your mortgage and save you thousands of dollars in interest. However, not every mortgage has these prepayment privileges built in, so make sure you ask the proper questions.

5. Ask if your mortgage is assumable, and plan for Florida ownership costs.

When you plan the monthly amount you feel comfortable committing to, look beyond the mortgage payment itself. In Florida, your true monthly housing cost also includes homeowners insurance, and it may include flood insurance if the home is in a flood zone, plus any homeowners association (HOA) or community development district (CDD) assessments that apply to the community. Florida's homestead exemption can also affect your property tax bill once you make the home your primary residence. Ask about each of these before you set your budget, so the payment you plan for is the payment you can actually live with.

An assumable mortgage is one a buyer can take over from the seller, with the lender's approval. FHA, VA and USDA loans are generally assumable. Most conventional loans are not. If you assume a seller's lower-rate loan, your monthly payment can be lower. You still have to qualify, and you still have to cover the seller's equity, with cash or a second loan. As part of the process, we review whether a home's loan is assumable.

6. You should seriously consider dealing with a Mortgage Expert.

Consider dealing only with a professional who specializes in mortgages. Enlisting their services can make a significant difference in the cost and effectiveness of the mortgage you obtain. For example, they can make the process faster thereby avoiding costly delays. Typically there is no cost or obligation to inquire.

Questions? Call or text Jorge

If you are thinking about buying in Orlando or anywhere in Central Florida, I am happy to answer your questions, with no pressure and no obligation.

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