



## When Should I Start Looking For a Mortgage Loan?

You are ready to buy a home. You have saved up for your down payment and you are excited to go out and find the perfect place. But how should you proceed? Should you start shopping around for houses or neighborhoods you like? When does the mortgage financing come into play? These are good questions, and while it is fine to go window shopping for houses first, if you are really serious about finding the right home, you should look for the right mortgage loan and lender first.

Is that putting the cart before the house, you may wonder. The answer is no. When you go out looking for a home and you find one that you absolutely love, you want to have the power to place a bid immediately. Your bid will be taken much more seriously by the seller if you already have a lending company ready to finance the purchase. You might lose the bid to another buyer who has a mortgage lender while you go out and search for one. Shopping for your mortgage lender first will save you lots of heartbreak and frustration!

### Finding the Right Lender

Start by giving yourself a good month or two to find the right lender. As excited as you are to get into your new dream home, you will be much more excited about the purchase if you know you are getting a good deal on the mortgage loan as well. When you start looking around make sure you do not only look for the lender offering the lowest rate. A low rate may hide higher closing costs and fees. Try these tips for finding a good lender and a good loan:

Start your search for a mortgage online. Many lenders post their rates, fees, and programs on their websites. Compare the loans by annual percentage rate (APR) rather than by the interest rate alone. This will give you a more accurate picture of the costs. While shopping online is helpful, do not be afraid to actually sit down and talk with some lenders. You will be able to ask all your questions about different programs, and you will get a feel for whether you are comfortable with the lender's style or not. Do a background check on all the lenders. Research their business practices and history by contacting the Better Business Bureau or by visiting their website.

### Getting Pre-Approved

Once you have found the right lender for the practice, the next step is to get pre-approved. Do not confuse this with prequalification. Prequalification means having a lender make an educated guess about how much of a loan you qualify for based on your stated income and assets. Pre-approval is much more in-depth. It means basically going through the mortgage application process. The lender will analyze your loan prospects based on actual documents and figures. He or she will run a credit check, look at your pay stubs and bank statements, and will then determine how much money to lend you.

Your mortgage lender will then produce a pre-approval letter for you that you can take with you as you shop for a home. This shows sellers you are serious about buying and you have the funding to back you up. You will also know exactly how much you can bid on any house because you know exactly how much your lender is willing to loan you.

With the pre-approval letter in hand, you are ready to go out and "shop 'til you drop" or until you find the perfect home. Starting the home buying process with the right lender and



mortgage will make everything flow much smoother and help you get into your new place much faster!