



## Getting a Loan? Know Your Options First

Realty Resource Connection understands how exciting shopping for a home is. It also means you need to do some research to find the best loan. **Finding a good loan can make a huge difference in your monthly payment as well as the overall process.** Here are some tips to help you along your way:

- To be pre-approved for a loan is one of the best choices you can make. There is no cost and no obligation to get pre-approved. It allows you to have more advantage when shopping because the seller knows you are a "serious buyer." This is different from a prequalification that only gives you an idea of what you might be able to afford. Preapproved means that you have done all of the qualifying paperwork at the front end of the process and enables you to put in a stronger offer when you find the home that is right for you.
- Flexible underwriting guidelines can help a couple out in qualifying for a larger or nicer home. The way this works is that if one spouse has not yet secured employment where they're moving but can produce two years of past employment history, the underwriter can use the past history in consideration for the amount you would qualify for. This gives you the flexibility of looking for the home you really want and gives the spouse time to find the right job.
- Rate-lock options are something you might want to look into. The shorter the lock time, or the less time between when you agree on a mortgage rate and when you go for settlement, the lower interest rate you might be able to lock into.
- Negotiable Lender Fees are something to talk about with your lender. There are always extra fees such as underwriting fees, processing fees or commitment fees when you buy a house. A good lender will negotiate these fees to try to save you money.
- Quick loan processing is offered by some lenders and consists of you being approved in just five to seven days. This is a great option and might even save you a step in the moving process if you are in a hurry,. For example: If you've sold your house or you have terminated your rental lease but your new home won't be ready for you to move into immediately, you might have to find temporary housing for a month or two in the interim. However, with this option, it is possible to get the processing done quick enough to eliminate the need for the temporary housing step.
- Quick close: If you agree to close quickly to help the seller out, they will agree to cut percentage points.
- Look at an Adjustable Rate Mortgage (ARM). It's true that the loan may fluctuate somewhat, but you will also enjoy lower monthly payments.
- Paying points is if you are willing to pay some of the interest up front. This would allow you to get a fixed-rate mortgage at a lower interest rate.
- Good credit does count. You are a lender's dream if you have top-notch credit. Keeping your credit in perfect order allows you to negotiate for better rates, inspection fees, commissions, and points. Good credit is a huge advantage.

- Loan officers use rate sheets as a tool in determining the cost of a loan to the officer and not the buyer.

For example: A 30-year fixed-rate loan. The rate sheet shows the interest rate and cost to the loan officer represented in points. One point is equal to one percent of the loan.

Here is what the rate sheet would look like: Rate Cost 6.250% (2.000) 6.375% (1.500) 6.500% (1.000) 6.625% (0.500) 6.750% (0.000) 6.875% (.500) 7.000% (1.000) 7.125% (1.500) 7.250% (1.875) 7.375% (2.125) 7.500% (2.375)

**You should ask some standard questions as you conduct your search for an agent. These questions should include:**

1. Are you able to help me with an easy and free pre-approval?
2. Am I able to get preferred access to special low down payments, interest rates, and monthly payments?
3. Will I be able to get advance notice of listings matching my criteria? You are locked into a serious financial obligation once you sign on the dotted line. Be prepared and work with a good agent and lender to ensure they take everything into account in securing the best loan for you.