

5 Do's and 5 Don'ts When Buying A New Home

*Mortgage Masters:
Exceeding your
Expectations One
Transaction at a
Time!*



**MORTGAGE
MASTERS OF
INDIANA, INC.**

7144 E. Virginia Street
Evansville, IN 47715

Phone: 812.477.8000
Cell: 812.746.8540
Fax: 812.477.8001

5 Do's

1) Pay Your Bills and Start Saving:

Pay your bills on time. There is no single element that can so dramatically impact the success of an application as your credit history. Another thing, of course, is savings. People should have a good disciplined savings pattern. That's the kind of behavior that's going to make them a successful homeowner.

2) Get Your Income Documentation in Line:

- A copy of your most recent two pay stubs and the two most recent W2s (If you are self employed, you need two years of tax returns and a YTD profit and loss statement).
- Three months bank statements for each of your bank, IRA/401K, stock and mutual fund accounts.

3) Work w/ a Loan Officer to Find the Best Loan for You:

Your loan officer should help you find the mortgage that fits you best. There are a lot of factors to be considered. How long do you plan to keep the loan? Would a fixed or adjustable rate mortgage be best for you? How many points should you pay (if any)? What other costs are involved? When should lock in your rate? Based on your needs and situation, your loan officer should show you which mortgage products work best for you. Combined with my 6 years experience and degree in financial planning from Purdue University, I am 100% confident that I will be able to assess your situation and put you and your family in the most effective Mortgage Product available. During the whole process, I am there for you to answer your questions.

4) Determine How Much You Can Afford:

Before you go out and start looking for homes, let's sit down and go over some payment options for you. To start, we will evaluate your incoming and outgoing funds on a monthly level. This will help you determine how much is available for a mortgage payment each month. We also want to look at how much the taxes and homeowners insurance are going to be in a specific price range. These things as well as heating/cooling bills are all things to consider BEFORE going and looking at homes.

5) Consider Paying Off More Debt and Putting Down a Smaller Amount at Closing:

The move leaves borrowers with larger mortgages, but it will allow you to replace non tax-deductible, high-interest rate debt with lower-rate mortgage debt that features deductible interest. This financial planning strategy helps home-owners get to a point where they can focus primarily on their most important debt...their mortgage vs. having a significant amount of credit card debt to budget for.

5 Do's and 5 Don'ts When Buying A New Home (cont)

*Mortgage Masters:
Exceeding your
Expectations One
Transaction at a Time!*



**MORTGAGE
MASTERS OF
INDIANA, INC.**

7144 E. Virginia Street
Evansville, IN 47715

Phone: 812.477.8000
Cell: 812.746.8540
Fax: 812.477.8001

5 Don'ts

1) Don't Make Any Big Purchases Over the Next Couple Months:

Besides the obvious fact that it makes less money available for the down payment, it might require you to get yet another loan. A significant debt such as a \$15,000 auto loan will look bad to the mortgage lender's credit scoring systems and also increase your monthly outgo which can effect your credit-worthiness when applying for a Mortgage Loan.

2) Don't Max Out or Over Charge your Credit Card Accounts:

This is one of the fastest way to immediately reduce your score 50-100 points. Keep your credit card balances below 30% of their available limit at all times during the loan process. If you decide to pay down balances, make an extra payment on all of your cards, across the board - simultaneously.

3) Don't Consolidate Your Credit Cards Into 1 or 2 Accts:

It seems like it would be the smart thing to do, however, when you consolidate all of your debt onto one card, it appears that you are maxed out on that card, and the system will penalize you as mentioned above in #2. In addition to potentially hurting your credit score, consolidating credit cards could increase your minimum monthly payments and thus hurt your debt to income ratios which are a very important aspect to your pre-qualification process.

4) Don't Change Jobs:

Lenders like to see a consistent job history. It is that simple. Please remember that lenders are going to verify that you are still employed before closing, so changing jobs after application will drastically impact your loan's approval. If you must change jobs, please call me BEFORE the transition.

5) Use a Reputable Local Lender:

Do not use any firm associated with a slick TV ad that says something to the effect, "let 3000 mortgage loan officers beat each other to death for your business". According to The National Mortgage Complaint Center, "these companies frequently get huge fees for sending the borrower to the most expensive lenders, with the net result being, you end up paying more money". Everyone buying a home wants the comfort of being able to walk into an office and speak face to face with their Mortgage Professional. Here at Mortgage Masters, we take pride in our reputation as one of Evansville's Most Trustworthy Mortgage Banks. I can promise you the service you deserve while also being able to offer some of the most competitive interest rates available. I look forward to working with you and helping you accomplish the dream of homeownership!