

10 Things You Should Know Before You Buy

1) Length of Process

The length of the process varies for each borrower and could take up to several weeks, depending upon how much information is needed to make a decision. Constant communication with your mortgage banker will help keep you informed of anything that may delay the processing of your application.

2) Budget vs. Affordability

Just because you qualify for a certain amount of financing doesn't mean you necessarily need to spend that much on a home. Unexpected bills, a loss in income or a change in family status can all affect your ability to make your monthly mortgage payment in the future. It's also important to have savings and available cash for vacations, entertainment, and other one-time expenses that may not be calculated into your monthly budget. Therefore, it's a good idea to budget for less than you can afford to protect yourself against any future financial obstacles.

3) Total Cost of Home Ownership

Making the transition from renting to buying or upgrading to a larger home means more than a larger housing line item in your budget. You may need to make cosmetic changes or buy additional furniture, appliances and/or décor items to make your new house your true home. Plus, there isn't a landlord to call when the AC unit breaks or the water heater springs a leak. These kinds of costs need to be factored in when determining how much home you can afford. If your wants exceed your budget, consider buying a less expensive home and financing renovations with one of BankSouth Mortgage's renovation products.

4) Selecting a Mortgage

There are a variety of mortgage programs available, each with their own qualifications and benefits. For example, borrowers in certain rural areas may qualify for a USDA loan with no down payment required. Always contact a mortgage expert when you're ready to begin your home search to determine your qualifications and what loan is right for you. This can also help you avoid problems and keep you knowledgeable about your financial situation.

5) Credit Score

Do you know what your credit score is or what is on your credit report? Your credit score is a large factor in determining whether you will be approved for a mortgage and what your interest rate will be. Therefore, it's a good idea, but not entirely necessary, to research your score and verify the accuracy of your credit report before you apply.

6) Down Payment

Don't be scared off from buying a home because you think you can't afford the down payment. There are programs available that can possibly assist you in making your down payment.

7) Early Repayment

Locking in a 15- or 30-year mortgage can seem like an overwhelming commitment, but it is possible to pay down your mortgage early. By making two payments each month, you will pay more towards your principle each year and, thereby, pay off your mortgage faster.

8) Mortgage Insurance

Mortgage insurance is another fee that can make a monthly mortgage payment seem too costly to bear. However, mortgage insurance on conventional loans can sometimes be canceled in as early as 24 months, which can lower your monthly payment. Also, ask about split premiums on mortgage insurance. This divides the mortgage insurance cost into an upfront premium and a smaller monthly renewal fee, which can also dramatically reduce your monthly mortgage insurance payment and help you qualify for a larger loan.

9) Prequalification

A prequalification gives you an idea of the size of the mortgage you may qualify for based on the information you provide to your mortgage expert. This is a powerful tool in the homebuying process and can make the loan application process easier.

10) Buying after a foreclosure, bankruptcy, or short sale

Although your credit history is important, having a past foreclosure, bankruptcy, or short sale on your credit report does NOT mean you will not qualify for a mortgage. Many factors are considered when determining mortgage loan eligibility. Contact a BankSouth Mortgage expert for additional info.

For More Information, Call Today.



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