

Top 10 Mortgage Mistakes



Finding the best mortgage can be complicated, but it doesn't have to be. Avoid these top 10 mortgage mistakes and you'll be well on your way to home sweet home.

1. Don't start looking for homes before you are pre-approved. When you find a property you'd like to make an offer on, you'll have a much better chance of having your offer accepted if you're pre-approved and prepared with a letter from your lender.
2. Avoid verbal agreements and ask for everything in writing. Even if you verbally come to an agreement with the buyer or seller, always make sure the agreement is part of your contract or in some form of writing. Be sure that both parties have signed the written agreement.
3. Don't just look for the lowest rate. You'll want to consider the APR, origination fees and discount points from all potential lenders. Not all fees are broken out or outright disclosed – don't hesitate to ask for a full breakdown of the numbers. Do your research by asking friends and family for recommendations, look for customer reviews online and meet with a few different lenders before you make your choice.
4. Good Faith Estimate. Shortly after submitting your loan application, you should receive a written statement of the estimated fees associated with the transaction (called a Good Faith Estimate). This statement is a close estimate of loan costs and fees for closing. The law requires that your lender provide you with your GFE within three days of application acceptance.
5. When you lock in at the rate you agreed upon, get it in writing. Obtain a written document detailing your interest rate, the length of your rate lock and any details like discount points, etc. Make sure you and your lender have seen and signed this document.
6. Know what you REALLY afford. You know what you can and can't afford on a monthly basis. Setting a price limit and calculated budget help you determine exactly where your money goes, how you can cut costs and what you can truly afford to pay for a home. It's not just a mortgage payment, you'll want to include property taxes, insurance, potential homeowners dues and utilities. Don't go borrowing what a lender is willing to lend you – stick a healthy, affordable price.
7. Always insist on professional inspections. Even if you're buying a new home with a warranty, it's still a good idea to have a 3rd party inspect your home. An independent inspector can help put together a report that may help you with negotiating. You'll certainly know more about what you're purchasing and getting yourself into before signing on the dotted line.
8. Shop around for homeowners insurance. You could save a few hundred dollars when you shop around for homeowners insurance. If you haven't already, you can combine policies and often receive discounts for multiple policies.
9. Read all of your documents before you sign. There are times when you'll receive closing paperwork in advance. If you have time, it's in your best interest to read ahead before closing day. Most closing appointments don't allow enough time to read every page of every document, so try to read ahead. Don't be afraid to speak up if you have a question about any paperwork you're signing (that's what they're there for).
10. Be prepared for delays. With so many people and so much paperwork involved with closing on a home, the chances of having a delay are relatively high. Be prepared by giving yourself an additional week on your current lease and utilities or be sure to have other arrangements should your closing day fall through or get delayed. You'll be less stressed and pushed for time in the long run.

