

## 5 Things You Must Know Before Obtaining A Mortgage

### **1. You can, and should, get pre-approved for a mortgage before shopping for a home.**

Preapproval is easy, and can give you complete peace-of-mind when shopping for your home. Mortgage experts can obtain written preapproval for you at no cost and no obligation, and it can all be done quite easily over-the-phone. More than just a verbal approval from your lending institution, a written preapproval is as good as money in the bank. It entails a completed credit application, and a certificate which guarantees you a mortgage to the specified level when you find the home you're looking for.

### **2. Know what monthly dollar amount you feel comfortable committing to.**

When you discuss mortgage preapproval with your lending institution, find out what level you qualify for, but also pre-assess for yourself what monthly dollar amount you feel comfortable committing to. Your situation may give you a preapproval amount that is higher (or lower) than the amount of money you would want to pay out each month. By working with your lending institution to determine what this monthly amount is, and what value of home this translates into at today's rates, you won't waste time looking at homes that are not in your price range.

### **3. You should think about your long term goals, and expected situation, to determine the type of mortgage that will best suit your needs.**

There are a number of questions you should be asking yourself before you commit to a certain type of mortgage. How long do you think you will own this home? What direction are interest rates going in, and how quickly? Is your income expected to change (up or down) in the near term, impacting how much money you can afford to pay to your mortgage? The answers to these and other questions will help you determine the most appropriate mortgage you should be seeking.

### **4. Make sure you understand what prepayment privileges and payment frequency options are available to you.**

More frequent payments (week or biweekly) can shave years off your mortgage. Simply by structuring your payments so that they come out more frequently or increasing the amount you pay monthly, will significantly lessen the amount of interest you will be charged over the term and/or shorten your payment term considerably.

### **5. Ask if the mortgage is both portable.**

A portable mortgage, is one that you can carry with you when you buy your next home and avoid paying any discharge penalties. This means that you will not have to go through the entire mortgage process again unless you are making a move up to a much more expensive home.