



Getting a Mortgage

Most homebuyers can't afford to purchase a home outright and need a mortgage. There are many sources for getting a mortgage -- banks, credit unions, or mortgage brokers. You can find a mortgage on your own or ask your agent to recommend someone to you. You should be pre-approved for a mortgage before you start looking for a home so that you know how much you can afford.

- Your home is used as security for your loan.
- The price of your loan is based on the risk to the lender. The larger the loan compared to the value of the home, the riskier it is for the lender. If you have a good history of paying bills, you are a lower risk than someone who often makes late payments. The amount of money you owe for other things -- such as school or auto loans also adds risk. All of these factors are considered when a lender is determining how much money you qualify for and at what interest rate.
- If your down payment is below 10%, you will have to pay for extra insurance on your loan to further offset your risk.
- Most mortgages are for a 30-year term, and your interest rate can be fixed or adjustable. Adjustable-rate mortgages fluctuate with the market and usually have a lower start rate than fixed-rate mortgages. Speak with your mortgage professional to determine which one is best for you.