

A Simple Primer on Home Mortgage Loans

There is a lot of money at stake when applying for a home mortgage loan. The reality, and the process, can be overwhelming for the first time home buyer, and the rules of the game are being more strictly enforced in light of the home mortgage market meltdown of 2008 and 2009.

If you plan to apply for a home mortgage loan in the near future, you must prepare by maintaining a high credit score, reducing your overall debt and saving as much of your income as you can. More money for a down payment and closing costs will lower the amount of home mortgage loan you need to apply for. High credit scores qualify borrowers for a lower monthly home mortgage payment, and reducing debt will not only raise the credit score but also improve your debt to income ratio. A low debt to income ratio increases your chances of being approved for a home mortgage loan.

Be sure to research the different types of home mortgage loans before applying. So many homeowners who found themselves in or close to foreclosure in recent years are in that position because they did not take the time to understand the terms of the loan they took out. Taking the extra time to research the differences between [home mortgage](#) products will save you from future financial disaster. And do stay within your financial means. A lender will present you with the amount of the loan you qualify for, which usually is an amount higher than that which you can reasonably afford. Do not allow yourself to be seduced into thinking that you can afford any more than what you can reasonably live with.

The home mortgage loan approval process is pretty straightforward and includes the following stages: prequalification, application, document review, appraisal, and approval. The lender will informally review your financial situation to determine whether and how much of a home mortgage loan you prequalify for. If you pass this first stage, you progress next to the formal application stage in which you select your home mortgage product, complete a written application, and lock in your interest rate. The lender will then review certain background information such as credit report and employment verification. If everything is in order, the lender will engage the services of a property appraiser to confirm that the property is worth the purchase price. Once the appraisal process is complete, and assuming the property is worth the purchase price, the mortgage is approved and closing is scheduled. The home mortgage process is really quite simple if you prepare ahead of time. You could be in your new home before you know it.

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