

Top 10 Mistakes Made When Seeking a Mortgage Loan

1. **Not reviewing your credit report:** By reviewing your report and FICO score in advance, you can make an effort to improve your credit rating if necessary or have any errors corrected.
2. **Not getting preapproved:** This is the first step toward securing a mortgage and buying a home. Without pre-approval, you do not know how much you will qualify for in a mortgage loan and what you can afford to spend.
3. **Not shopping around:** There are many sources of mortgage loans. It is a mistake to go to the one that is most convenient or that was recommended by a friend without checking the rates and terms offered elsewhere.
4. **Shopping by interest rate alone:** The lowest rates do not always mean the best mortgage loan. For example, you can get a low rate on an adjustable mortgage that becomes a significantly higher rate later on. You may also find that the lender is charging various fees that other lenders do not charge. There is also the question of whether you will be asked to pay discount points. You need to compare the overall package and not just the rate.
5. **Not understanding the terminology:** You need to know the difference between fixed and adjustable loans, what closing costs are, and what various other key terms are before seeking a mortgage loan. Web sites and books about attaining a mortgage loan can help with the terminology.
6. **Mismanaging your credit cards:** Prior to loan shopping you want to make a concerted effort to have your credit card balances paid off on time and in full. You also do not want to be opening and closing various credit card accounts. Plan in advance and have three or four credit cards at the most.
7. **Not having the right mortgage broker:** You want a mortgage broker that is in tune with what you are seeking. In addition, if the broker works with several investors, you have more options than if he or she works with just one.

8. **Not knowing how much you have available to put down:** You cannot look for a mortgage loan unless you know how much you need. To do so you should first determine how much money you have available for the down payment.
9. **Not assessing your monthly expenses:** A mortgage will mean paying a monthly amount on top of your current monthly expenses. You need to determine how much you can comfortably afford to pay without dipping into funds necessary for other living expenses. Mortgage calculators are readily available on Web sites to help you determine how much a mortgage loan, with interest, will cost you on a monthly basis. Also factor in property taxes.
10. **Neglecting to consider closing costs:** There are always closing costs when buying a house, such as escrow, title, and loan-related fees. This will vary from lender to lender and across different regions. Remember to account for closing costs