

# Debt Management

## *Mortgage Basics*

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### **Mortgage Basics**

Many home buyers search for a home they want, then apply for a mortgage and hope for the best. A better approach is to find out how much mortgage you can qualify for, then look at homes that you know are within your price range.

You will probably save time, aggravation and money by having your lender tell you the size of mortgage you qualify for and the likelihood that you will be approved. Pre-qualification may also give you added bargaining power with the seller if he knows there will be no delays in closing the deal.

You may be able to lock in a mortgage rate when you pre-qualify, so you know what you will be spending each month. Have the lender put in writing that they will give you the lower rate if the rate should go down before actual date of purchase.



### **Sources of Impartial Mortgage Data and Information**

There are many businesses and institutions that focus on providing impartial mortgage research to the public, usually at no charge.

HSH Associates tracks mortgage rates nationwide and will sell you a printout of lenders and rates in your area. You can call 800-873-2837 for more information, or visit their website at [www.hsh.com](http://www.hsh.com).

Consumer Reports Home Price Service will give you information on property prices and sales figures in your area. Their number is 800-775-1212.

### **Alternative Sources of Mortgage Loans**

There are also several programs that offer help for those home-buyers whose income level is less than what is usually required to qualify for a mortgage. They include the following:

- FNMA and Farmer's Home Administration. Their telephone number is 800-732-6643
- U.S. Department of Housing and Urban Development (HUD).
- Many states provide low interest and low down payment mortgages for first-time buyers if they meet state guidelines. Check the state government section of your telephone book for their number.
- VA (Veteran's Administration) enables qualifying veterans to borrow with little or no down payment. Call the VA local number listed in your phone book for details.
- FHA (Federal Housing Administration) mortgages let you borrow up to 95% of the price of a house if the price and closing costs are within their guidelines. Check with your lender or directly with FHA for more information.

### **Who Offers Mortgages**

Practically all financial service companies, including many brokerage firms, have entered the mortgage market. This would include banks and credit unions, developers who make arrangements for you, mortgage brokers, and mortgage companies or mortgage bankers. Shop around, you will be surprised at the wide range of terms you will be offered.

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