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# GETTING READY TO | APPLY FOR A MORTGAGE



Applying for a mortgage is a significant step in the journey towards homeownership. Preparing thoroughly for this process is crucial for a smooth and successful application. This guide provides key steps to help you get ready for your mortgage application.

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### 1. Assess Your Financial Health:

- ✓ **Credit Score:** Check your credit score to gauge your creditworthiness. A higher score often means more favorable loan terms.
- ✓ **Debt-to-Income Ratio:** Calculate your debt-to-income ratio by dividing your monthly debt payments by your gross monthly income. A lower ratio is more favorable to lenders.



### 2. Organize Financial Documentation:

- ✓ Gather necessary documents, including recent pay stubs, W-2s and tax returns from the past two years, bank statements, and records of investments and assets.

#### CONTACT US:

**(360) 621-2644**

**BARB@HOMELOANSWITHBARB.COM**

**MORTGAGE LOAN ORIGINATOR, NMLS 487448**

#### VISIT OUR WEBSITE:

**WWW.HOMELOANSWITHBARB.COM**

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### 3. Determine Your Budget:

- ✓ Evaluate how much you can afford to spend on a home. Consider not only the mortgage payments but also other related expenses like property taxes, insurance, and maintenance.

### 4. Save for Down Payment and Closing Costs:

- ✓ Aim to save for a down payment, ideally 20% of the home's purchase price. Also, set aside funds for closing costs, typically between 2% to 5% of the loan amount.

### 5. Research Mortgage Options:

- ✓ Explore different types of mortgages (fixed-rate, adjustable-rate, FHA, VA, etc.) and decide which one aligns best with your financial situation and homeownership goals.

### 6. Get Pre-Approved for a Mortgage:

- ✓ A mortgage pre-approval can give you a clear idea of what you can afford and demonstrates your seriousness as a buyer to sellers.

### 7. Understand the Mortgage Application Process:

- ✓ Familiarize yourself with the steps involved in applying for a mortgage, including the application, documentation review, underwriting, and final approval.

### 8. Avoid Major Financial Changes:

- ✓ Try not to make significant financial moves before applying, such as changing jobs, making large purchases, or opening new credit accounts. Stability is key.

### 9. Research Interest Rates and Lenders:

- ✓ Compare interest rates from different lenders to find the best deal. Don't hesitate to negotiate rates and terms.

### 10. Research Interest Rates and Lenders:

- ✓ Consider seeking advice from a mortgage advisor or broker who can guide you through the process and offer personalized advice based on your financial situation.



## CONCLUSION

Preparing to apply for a mortgage involves careful financial planning and understanding the various elements of the loan process. By taking these preparatory steps, you can position yourself as a strong candidate for a mortgage and move closer to achieving your goal of homeownership.

## BARBARA MASTERS



MORTGAGE LOAN ORIGINATOR,  
NMLS 487448

#### CONTACT US:

(360) 621-2644

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#### VISIT OUR WEBSITE:

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