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# FINAL STEPS | BEFORE APPLYING FOR A MORTGAGE



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Applying for a mortgage is a significant step in the journey to homeownership. Taking the right steps before you apply can improve your chances of approval and secure favorable terms. This guide outlines the essential final steps to take before submitting your mortgage application.

### 1. Check Your Credit Score and Report:

- ✓ Obtain a copy of your credit report and check your credit score. Ensure there are no errors or discrepancies that could negatively impact your mortgage application. Dispute any inaccuracies you find.

### 2. Calculate Your Debt-to-Income Ratio:

- ✓ Determine your debt-to-income ratio by dividing your total monthly debt payments by your gross monthly income. Lenders typically prefer a ratio of 36% or less.

### 3. Save for a Down Payment:

- ✓ Aim to save at least 20% of the home's purchase price for a down payment. A larger down payment can lead to better mortgage terms and lower monthly payments.

### 4. Prepare for Additional Costs:

- ✓ Beyond the down payment, be prepared for additional costs such as closing fees, moving expenses, home inspections, and potential repairs or renovations.

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### 5. Solidify Your Employment and Income:

- ✓ Lenders look for stable employment and a steady income. Avoid changing jobs or making any significant career changes just before applying for a mortgage.

### 6. Avoid New Debt and Large Purchases:

- ✓ In the months leading up to your mortgage application, avoid taking on new debt or making large purchases, like a new car. This can affect your debt-to-income ratio and credit score.

### 7. Organize Financial Documentation:

- ✓ Gather all necessary financial documents. This includes recent pay stubs, W-2 forms, tax returns, bank statements, and details of any other assets or debts.

### 8. Research Mortgage Options:

- ✓ Familiarize yourself with different types of mortgages and their terms. Consider whether a fixed-rate or adjustable-rate mortgage suits your needs better.

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

- ✓ Consider getting pre-approved for a mortgage. This will give you a clearer idea of how much you can borrow and demonstrates to sellers that you are a serious buyer.

### 10. Budget for Your Future Home:

- ✓ Create a realistic budget that includes your potential mortgage payment and other homeownership costs like property taxes, homeowners insurance, and maintenance.



## CONCLUSION

The process of preparing for a mortgage application is about demonstrating financial stability and readiness to lenders. By following these final steps, you can approach your mortgage application with confidence, knowing that you have taken the necessary actions to position yourself as a strong candidate for home financing.

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