



Author- Linden Moe
Certified Real estate expert/Realtor/Consultant
<http://www.LindenMoe.com>
Office 201-432-1600
Cell 732-857-0285
Linden@bestBuysInNj.com



Table of Contents

How the buying process works.....2

Secrets Lenders Don't Want You to Know.....4

**Twenty Terms You Must Know and Understand
Before You Sign Off On Your Mortgage!.....7**

How Much Home Do I Qualify for?.....10

**The Nine Most Common Mistakes to Avoid
When Obtaining a Home Mortgage!.....13**

Which Mortgage Do I Choose?.....16

Should You Own Your Home?.....18

Stop Paying Rent Forever!.....21

How to Buy Your First Home... the Easy Way!.....24

How the Buying Process Works

- **Contact lender to get a Pre-Approved loan**-please note the difference between getting pre-qualified VS getting pre-approved. A pre-qualification is merely a lender telling you how much your note would be based on how much you make VS how much you owe monthly. It is very important to having a smooth transaction to have a completely approved loan except for a purchase agreement, and an appraisal.
- **Find a Realtor**-Read the following chapters on how to select a Realtor and the differences in Realtors.
- **Decide your home criteria**-The purchase price, area, size etc
- **Schedule an appointment with your Realtor**-Set a convenient time to look for a home with your Realtor.
- **Negotiate purchase agreement**-Price, who pays closing cost, inspection report time limit, closing date, closing attorney, occupancy time, contingencies. This is another function that your Realtor will help you with
- **Schedule inspection of property** by professional of your choice, this should be done as soon as there is a . Beware that some inspectors will give you a very detailed report. Don't be scared by this, it is the inspectors job to point out every possible thing that is not new or in the same condition it was when it was new. There are no perfect homes, not even a new home.
- **Give written report to seller**-requesting desired repairs to be made by seller.
- **Seller agrees or disagrees.**

- **Realtor orders Appraisal**-Your Realtor should have a team of competent vendors and will gladly recommend a professional appraiser. The appraisal should be ordered within one day of the satisfactory inspection report.
- **Realtor contacts closing attorney**-and purchase agreement is faxed, and time of closing is schedule as per buyer and sellers request.
- **Walk through inspection is scheduled**-this is usually scheduled the day before closing, particularly if there are seller repairs to be made.
- **Closing is scheduled**-This is the grand finale, you get the keys to your new home. Be sure to get your homeowners insurance in advance, you will also need your driver license at the closing. You will need a cashiers check for your down payment. Your lender will be able to give you a close estimate as to how much you will need. The estimate doesn't have to be down to the penny because you will be able to write a check for the difference up to \$2500.

Secrets Lenders Don't Want You to Know! Read This 11 Point Report Before You Sign Anything!

The right or wrong decision when signing your home mortgage can mean thousands of dollars difference in interest paid. There are very important considerations to evaluate before you commit to a 15 or 30 year note. For many of us our mortgage payment is the most important financial decision we'll ever make. Doesn't it make sense to know as much as possible about the financing of our home? Take the time to thoroughly investigate all of your options!

Unbelievably, many of us sign the first mortgage placed in front of us. Typically the excitement of the new home purchase reduces the mortgage to not much more than an afterthought. What you read here could save you hundreds or even thousands of dollars. Your real estate professional has established relationships with the top lenders in your area. By aligning yourself with a professional agent you ensure that all the financial steps are taken care of properly and economically.

1. Utilize a Lender With Established Ties to an Agent- Lenders are much more flexible with the real estate agents who have done business with them previously. This relationship then establishes them as a team. The lender and agent work effectively together, referring each other business. That's why a good agent can make substantial difference in setting up the most economical financing. And the right financing can, literally, save you tens of thousands of dollars over the life of your loan!

2. Don't Attempt Paperwork Alone- All the paperwork required to complete the purchase of a home can be quite intimidating and frustrating for a home buyer. Make sure you have your lenders help you with all the paperwork. Get help from your team, your lender and agent. Their expertise will help alleviate the stress and it will prove to be invaluable before you sign your mortgage.

3. Look at All Your Options- Make sure you see at least 5 loan programs for your mortgage. Lenders have at least 10 programs and should work with you and your agent on deciding what is best for your circumstances. Evaluate all your options. After all it's your money you're spending - not theirs!

4. Demand Service- There is little difference between a bank, savings and loan, or a mortgage broker when it comes to the competitiveness of their loan rates. The difference is in the service they provide. It is their job to serve you! You want to get the loan approved and move into your new home as quickly as possible, **but** don't overlook the fact that you are the one spending the money and they are the ones who should cater to your needs. Don't let the process become so intimidating that you lose that understanding.

5. Stay in Complete Touch- You should receive a written report from your lender about every step. This will ensure that no details are overlooked and there will be no surprises.

6. Negotiate a Flexible Loan- Don't just accept the terms they lay down in front of you. Lenders are in the business of loaning money and they want your business. Make sure you examine every option available to you. If you negotiate a variable rate loan, many lenders have the ability to move you into a fixed loan if rates start going up. Make sure that you understand whether or not that is an option in the package you are looking at.

7. Don't Give Up on the First No- Initial decisions are not always final decisions. Going to a higher authority can sometimes get you the loan, but do so with the assistance and compliance of your lender and agent. Many times special circumstances when explained properly to the person in charge, will win you the loan.

8 Don't Wait for the Bottom of the Market- The odds of you hitting the bottom of your market are about like the odds of you hitting your state lotto! You will almost never hit the bottom of a market. And trying to time it exactly right is often costly. It usually causes a person or family to miss out on the opportunity to purchase a very nice property. You're better off simply negotiating the best rate and terms you can at the time you find a property. If interest rates go down, you can refinance. This is a much better approach because you won't miss out on the property you've spent so much time locating.

9. Be Honest With Your Lender- Your lender wants to help you with your loan. The only time they get paid is when you get approved. The more information (good or bad) you provide your lender, the easier it will be for them to get an approval. It helps them present the loan in the best light. This in turn helps the loan get the highest approval rating.

10. Become Completely Educated- Pick your lender's brain. Lenders will teach you all about your various options, even if you haven't found the right property yet. They will be very patient with you while you are looking, especially if you have aligned yourself with the right agent. They understand all the up-front work will pay off in future business. Your agent will then continue to refer people to the courteous and service-minded lender on down the line.

11. Get Prequalified- Lenders will provide you with a certificate of pre-qualification. By getting prequalified you know exactly what financial parameters to stay within. Your agent and lender will consult with you and help you get qualified for the loan that best fits your needs. Many times they are able to get you a larger loan than you may have thought possible.

Getting approved for a loan is often times much easier than you might have previously thought.

Twenty Terms You Must Know and Understand Before You Sign Off On Your Mortgage!

Buying a home is a major achievement in most everyone's life. Pride of ownership, tax breaks and equity are just a few of the many benefits you'll enjoy with your new home. Your home purchase may also be one of the largest you will ever make.

During the emotional excitement of buying a home, you may encounter terms with which you are unfamiliar. For some, it can be bit embarrassing to ask what they consider too many questions. Others may make a note of their questions but simply forget to revisit those points.

To ensure that you have complete confidence during your home loan process, invest a moment to read this report and become familiar with the concepts and terms you'll encounter. Knowledge is power and the more you know the more successful your decisions will be and the more soundly you will sleep at night having made them.

Adjustable Rate Mortgage (ARM)

Also referred to as a Variable Rate Mortgage. A mortgage in which the interest rate is adjusted periodically based on a pre-selected index.

Annual Percentage Rate (APR)

An interest rate that reflects the cost of a mortgage as a yearly rate. This rate takes into account any points and fees and is based on the loan going to it's full-term.

Assumption

An agreement between buyer and seller in which the buyer assumes responsibility for the seller's existing mortgage. This agreement usually saves the buyer money because closing costs and the current interest rate, possibly higher, do not apply.

Buy-down

A method of lowering the buyer's monthly payment for a short period of time. The lender or home-builder subsidizes the mortgage by lowering the interest rate for the first few years of a loan.

Caps

A limit in the amount the interest rate or monthly payments for an adjustable rate mortgage that may change.

Closing

Also referred to as settlement. The meeting at the conclusion of a real estate sale in which the property and funds are exchanged between the two parties involved.

Debt-to-Income Ratio

The ratio, expressed as a percentage, which results from dividing a borrower's monthly payment obligation on long-term debts by the borrower's gross monthly income.

Discount Points

Prepaid interest assessed at closing by the lender. A point is equal to 1 percent of the loan amount.

Down Payment

Cash paid by the buyer at closing that makes up the difference between purchase price and the mortgage amount.

Earnest Money

Money given by a buyer to a seller as a deposit to commit the buyer to the future transaction. Earnest money is subtracted from closing costs.

Equity

The value an owner has in real estate over and above the obligation against the property. Equity is fair market value minus the current indebtedness.

Escrow

Funds given to a third party which will be held to cover payments such as tax or insurance payments and earnest money deposits.

Fixed Rate Mortgage

A mortgage in which the interest rate remains constant throughout the life of the loan.

Loan-to-Value Ratio

The ratio between the amount of the mortgage loan and the appraised value of the property.

Market Value

The price that a property could possibly bring in the marketplace.

Mortgage Insurance

Insurance that protects lenders against loss if a borrower defaults. This is required when the loan-to-value ratio is greater than 80 percent.

Origination Fee

A fee charged by a lender for processing a loan application; usually computed as a percentage of the loan.

PITI

Refers to Principal, Interest, Taxes, and Insurance.

Underwriting

The decision-making process of granting a loan to a potential homebuyer.

Variable Rate Mortgage

Also referred to as Adjustable Rate Mortgage. A mortgage in which the interest rate is adjusted periodically based on a pre-selected index.

How Much Home Do I Qualify For?

Income. Debt. Down Payment. Closing Costs. Two Years Income Tax Returns. Assets. Liabilities. IRAs. You want WHAT? Just what can I afford?

Buying a home in today's marketplace is a bit intimidating. And your new home purchase is likely to be one of the most important decisions you've ever had to make. Usually it's one of the single most valuable assets you'll own.

Where to Start

Before you invest hundreds of hours searching and to avoid any heartbreak if you find yourself unable to qualify for your dream home sit down with a lender. Your lender can perform a simple verbal pre-qualification in about twenty minutes and a full-fledged pre-qualification in about 5 days.

Pre-qualification not only allows you to focus your search in the correct price range, saving a lot of wasted time and frustration but it can also give you an edge when competing with other offers on a home that you find.

If a seller is deciding between two offers—yours who has been qualified and another unqualified offer, they are much more likely to pick yours. Pre-qualification will also give you leverage when negotiating with a seller in a non-competitive atmosphere... it essentially makes you a cash buyer.

The amount of home that you qualify for will be determined by three key factors: Your down payment, your ability to qualify for a mortgage, and closing costs.

The Down Payment

Whereas a current homeowner can rely on equity from their home sale, a first time home-buyer is limited to the money they can save. The days of having to put 20 percent down on a home are in the past. Although putting a large amount of money down definitely makes it easier to qualify for a mortgage and to get the lowest interest rates available. With the various programs that are available today, you can put as little as 3 percent down on a home.

Qualifying for the Mortgage

There are two basic guidelines that lenders use to determine what size mortgage you are eligible for:

1. Your monthly mortgage payment of principal, interest, taxes and insurance (PITI) should not exceed 25 to 28% of your monthly gross income.
2. Your monthly housing cost (PITI) plus other long- term debt should not exceed 33 to 38% of your monthly gross income.

Specifically, most lenders will consider 4 key factors to determine your ability to qualify for a home loan:

Income – This first element can include not only your gross monthly income and secondary income (commissions, bonuses) but also your history of employment, stability of income, education, even potential for future earnings.

Credit History -- This encompasses your history of debt repayment, total outstanding debt, highest balance, and your highest monthly debt balance.

Assets – Your assets consist of cash on hand, savings and checking accounts, CDs, stocks, bonds or any other type of liquid asset.

Property – The home you are planning to purchase will be appraised to determine the market value. The estimated value must be sufficient to secure the loan. Lenders will loan you no more than a certain percentage (usually 95%) of this value.

Closing Costs

Keep in mind that in addition to your down payment, you will also be responsible for paying fees for the loan and closing costs. These will be required at the time of closing unless you qualify and choose to have these included in your financing.

Closing Costs generally will range between 2 percent and 6 percent of mortgage loan, depending on the loan and lender. You will be provided with a "Good Faith Estimate" of closing costs so you can know what to expect.

"Points", which are one time charges equal to one percent of your loan amount, may be required by your lender at closing.

Your closing agent will charge a fee at the close of the sale.

The Nine Most Common Mistakes to Avoid When Obtaining a Home Mortgage!

You are about to make what will most likely be the largest transaction of your life: your home mortgage. Unfortunately, many home-buyers do not take the time to research some of the little but weighty intricacies of mortgages. Researching the mortgage process takes little time compared to the tens of thousands of dollars it could save you.

Doesn't it make sense to become as completely informed as possible before you buy your next home? This special report is designed to help you avoid nine common mistakes. Remember that the right lender can help you make good, sound business decisions based on your personal financial situation.

- 1. Find a Reputable Lender** - This is the most important choice you can make when starting the mortgage process. If you don't trust your lender, you are in for a long and stressful home-buying experience.
- 2. Pricing** - Don't be lured into a mortgage company strictly by promises of low rates. Find out how long the advertised rate is guaranteed for. Make sure there is enough time to close on your loan. Some companies may make these "promises" but will try changing the rate prior to closing. They may claim that your "lock-in" rate has expired so make sure you have the expiration date in writing. In some cases, the lender may even try to delay your closing to break the "lock-in" rate. In other cases the delay may be beyond the lender's control. Make sure to allow yourself plenty of time for closing. Delays in the process are common and everyone (builders, title companies, even yourself) is responsible.
- 3. Programs** - You will see several programs that offer special low-interest rates. Keep in mind that they may not be the best program for your situation. Make your lender explain what programs they feel best serve your needs and more importantly, why.

- 4. Fixed or Adjustable Rate Mortgage (ARM)** - Conventional thinking is that fixed is always better and while this is sometimes true, it is not always the case. The key here is to ask, "How long am I going to live at this property?" An ARM can actually be a better choice if you are going to be in the home for a short time. The average for how long a first time homebuyer keeps their mortgage is less than four years. In general, the longer you plan on staying in your home, the better a fixed rate mortgage will suit your needs.
- 5. Don't try to bottom out the market** - Deciding when to lock in to a mortgage rate can be difficult. Many people will float, trying to guess when rates have hit bottom. Unfortunately, a lot of times they will wait too long and end up with a much higher interest rate. There is nothing wrong with floating but keep a close eye on economic indicators. Your daily newspaper or even the nightly news can be an excellent source of information on the latest interest rate activity. As closing nears, it might be worth locking in.
- 6. Negotiate problems prior to closing** – Its common for a problem to arise before closing. Waiting until closing will rarely be in your best interest. For instance, if you accept \$400 at closing in lieu of the seller making a repair and after closing you find that the repair will actually cost \$600, you've obviously made a poor decision. Whether the builder agreed to add an item and has not or the seller has made a repair that is not acceptable to you, discussing a solution prior to closing will give both parties time to analyze and determine options.
- 7. Be prepared for closing costs** – In addition to the down payment, you will be required to pay fees and other closing costs at the time of the final transaction. Closing costs typically range from 2 percent to 6 percent but will be dependent upon your situation. Lenders must provide you with a "Good Faith Estimate." The "Good Faith Estimate" will breakdown all costs so that you may know what to expect at closing.
- 8. Close at the end of the month** – When making a mortgage payment, you will be paying interest that has accrued from the previous month. Upon closing however, your lender will charge you prepaid interest for the date the loan is recorded through the end of that month. Therefore, one way to lower your closing costs is to

close in the latter part of the month. This will lower the amount of prepaid interest that you must pay.

- 9. Look out for hidden fees** -- Check for certain miscellaneous fees such as inspection, notary, and document preparation. These types of fees can mean hundreds of dollars in closing costs. Remember that this is *your* money at stake. Never should you be afraid to ask for explanations of fees you are being charged.

Which Mortgage Do I Choose? Key Questions to Ask Yourself and Lenders When Shopping for a Mortgage!

Traditional Fixed Rate Mortgage? Graduated-Payment Mortgage?
Adjustable Rate Mortgage? FHA Mortgage? Two-Step Mortgage?

You are wondering which kind of mortgage is best. The answer: **There is no one correct answer.** Deciding which type of mortgage will best fulfill your needs can be difficult. There are so many types of loans and different term lengths. Your choice is extremely important and can take some time and effort to research. While often neglected by home-buyers, a little research before choosing your mortgage can save you thousands of dollars in the long run.

There are several elements of a loan that should be analyzed. While one of these elements may suggest one type of loan, another may call for a different type. You must weigh each ingredient separately **and** collectively. You will find that your answers to the questions below will ultimately determine the type of mortgage that best fit your needs.

How long do you plan to stay in this home? Five years? Ten years? Thirty years?

The length of time you will be in the home will certainly play a part in determining which loan to apply for. If you only plan to be in the home for 5 – 7 years or less, you should seriously consider an adjustable rate loan. If you intend on staying 20 – 30 years, a fixed rate mortgage may be right for you.

How much risk are you willing to accept?

If you are the type of buyer that needs to know exactly what you will be paying each month for the term of the mortgage, a fixed rate mortgage will fulfill this need. The fixed rate loan, however, will also net a higher interest rate. If you are willing to take some risk of fluctuations in the interest rate, may receive a lower interest rate.

What are your income expectations?

Plan for the future. Do you anticipate a gradual or dramatic increase in your income in the next few years? If you expect a big increase, a graduated payment mortgage may be best for you.

How much cash do you have available for upfront costs?

If you have the resources, you may want to make a larger down payment to lower your monthly payment. By keeping a higher monthly payment however, you might be able to shorten the term of the loan to a 15-year loan in order to pay it off quicker.

Keep in mind that you'll have closing costs and fees to pay in addition to your down payment. If you don't have much cash saved for your up-front costs, don't despair. You may be forced to accept a higher monthly payment or could even lower your monthly obligation by choosing an adjustable rate mortgage.

In addition to choosing a type of loan, you must also consider which lender to use. Once again, several factors of a loan will influence your decision.

Annual Percentage Rate (APR)

This most likely is the best way to make an "apples-to-apples" comparison of lenders. The APR reflects the cost of credit on a yearly rate and includes any points and fees in addition to the interest rate.

Interest Rate

Find out the rate the lender will commit and how long the lender will guarantee it. Get any commitments in writing. As with any transaction, if it isn't in writing it doesn't exist.

Points and fees

These factors will vary greatly. Look out for hidden fees. Make sure the lenders disclose **all** fees; ask what they charge and what is included and what is not.

Loan Approval

Both approval and funding time should be considered. You don't want to lose a prospective home because your lender takes weeks to fund your loan. A lender should be able to fund the loan within ten days.

Lender Reputation

Don't rely on solely someone else's recommendation. You, not your friend, must feel comfortable with your lender. If you do feel good about your lender and trust him, it will be much easier to trust his advice on what kind of mortgage will best suit your needs.

Should You Own Your Home? The American Dream Of Home-ownership Isn't Right For Everybody... Or Is It?

Weighing the pluses and minuses of home-ownership...

Buying a home can be one of life's most exciting and yet most challenging experiences you can go through. With the numerous loan programs available to consumers today, it is easier than ever to get into a house. However the question remains, "Should you own your own home or rent?"

There are many benefits to owning a home but there are also just as many tradeoffs. To help you decide if owning a home is right for you we've listed the pros and cons of buying versus renting.

Equity

One of the most common complaints among renters is the discouraging feeling that you are simply throwing your money down the drain. This is typically true for the homeowner who lives in a specific house for a long time. However building equity isn't an automatic universal truth. In some cases the property values are too high to start with so the resell just won't net you a profit and in other cases the property values don't increase at all.

Buying: You build your equity with every payment made. For the first half of the mortgage, most of each payment pays off interest. However every month some part does go towards your principle. Your equity will fluctuate as the market value of your home changes. Over time though, history has shown us that building equity in a home is a smart investment.

Renting: You pay for a place to live, period. While you have a lease for a certain time period, you are not *investing* in the home. The plus side is you have no responsibility for ongoing repairs but you are also not building equity. However you are

investing for the landlord. You are essentially making the landlord's payment and building her equity.

Monthly Payments

In many cases, and depending on the home that you plan to purchase, your monthly payments will likely be comparable to your current rent or quite possibly much higher. Many first time buyers purchase a "starter home." This may be a smaller or an older home that can be purchased at an affordable cost. As mentioned above you can begin to build equity in this home and you can then upgrade to a more expensive home in a few years.

Buying: Costs can fluctuate somewhat on a yearly basis over the first few years due to escrow adjustments. After this initial adjustment period, your payment could be fixed for the remainder of the loan assuming you opt for a fixed interest rate.

Renting: Costs are fixed at least for the term of the lease (generally 1 year) but usually increase after the lease expires.

Up-front Costs

Up-front costs are possibly the most misunderstood aspect to the home purchase and the one that keeps most renters from even researching purchase. The perception that you must have huge down payments to purchase a home is no longer accurate in most cases today.

Buying: Typically requires a larger investment than renting initially. However there are many programs that require very little for down payment.

Renting: Usually does not require as much up front as buying but still requires fees such as deposit, pet deposit, 1st months rent and possibly more.

Tax advantages

One of the most advantageous aspects to home-ownership.

Buying: There are significant tax advantages to home-ownership. Interest that you pay on your mortgage and property taxes are all deductible. These deductions can make a huge impact on your federal and state tax returns.

Renting: Renting offers no tax advantages. Only your landlord will reap tax benefits that are available.

Other Considerations:

Maintenance

Buying: Any maintenance must be done and paid for by you. Home maintenance costs average about 1% of your home's value per year.

Renting: You typically are responsible for very little maintenance and maintenance costs when you rent.

Time to Move

Buying: If and when you want to move, you will have to sell your home first.

Renting: Your only concern is fulfilling your lease.

A Place to Call "Home"

Buying: You have the right to remodel and redecorate at your discretion. You own it; you can do with it what you wish.

Renting: You have very little flexibility besides decorating the home. Carpet, wallpaper, paint, etc are all items that the landlord will change at his discretion with little to no input from you.

Stop Paying Rent Forever! Six Helpful Tips To Help Save First-time Home-buyers Money... And Anxiety!

With interest rates hovering around their thirty year lows, a multitude of flexible and low cost loan programs are available as well as a wide variety of assistance programs that can help virtually anybody experience the joy of home-ownership. In short, the economic environment simply couldn't be better to buy your first home.

However, if you have always been a renter than you probably aren't as well informed of the intimate processes of obtaining a home mortgage, as you'd like to be. To guide you through this exciting but often confusing time, this report details six tips that will help make your purchase a much smoother experience, save you money and eliminate your anxieties.

1) Get Pre-qualified Before Starting Your Search

Before you begin your home search, before you make one single decision regarding a home purchase, get pre-qualified by a mortgage professional. Pre-qualification is free and will give you a definite advantage in the buying process.

During the evaluation stage, it will clarify your financial situation, indicating how much home you can afford. This may influence your decision for location, narrowing your search. You'll also know exactly how much home you can afford, further clarifying your search.

Pre-qualification will also give you a step up on your competition. Home-buyers that are pre-qualified have increased leverage with Realtors and sellers over buyers who are not. Essentially a pre-qualified buyer becomes a "cash" buyer.

2) Shop Around For A Mortgage Professional

Like most industries, the quality of mortgage professionals can and does vary significantly. With the advancements in lending practices, consolidation between companies and aggressive start-ups there is

significant awareness of the value of your business. So don't immediately settle on the first lender you talk to. Shop your mortgage around to at least three lenders until you find one that you completely and unconditionally trust.

While rates are certainly one of the most significant factors in choosing a lender, compare closing costs, are their "points" involved or not (which is the percentage of the mortgage that the originator takes as commission) and how long is your pre-qualification good for. Traditionally, to get a prime rate you had to pay "points" at the closing, but this isn't true anymore. Also, the pre-qualification should be good for at least three months and up to six months. In the past, some lenders only approved you for one month.

3) Don't Become Fixated On The Interest Rate Alone!

Be careful! The lowest interest rate does not always translate to the best deal. Look at the loan programs that are being offered, not just the rate. There are several factors that have to be taken into account when evaluating programs – the loan type (fixed or adjustable), the loan term (15 year or 30 year), the rate and the down payment requirement.

Adjustable Rate Mortgage's (ARM's) are typically very low at the beginning but can escalate quickly. These are good for short-term purchases, but long-term mortgage holders are typically better off with a fixed rate.

If you can afford it, you may consider a fifteen-year mortgage. Typically the monthly payments are only 20% higher, and you cut off half the duration of your loan. Additionally, your credit will play a big part in what program will be offered to you. "A" paper, lender lingo for an applicant who has perfect credit may find a 6.5% rate with only 10% down. But if you have some credit history problems, sometimes referred to as "B" or "C" paper, you may find that to receive the prime rate you need 20% down. So shop around!

4) Clean Up Your Credit

By getting pre-qualified, you will be made aware of any potential credit problems in your credit history. Don't despair if the credit report is not stellar. Even if an incident cannot be taken off the report, by knowing the background of your financial history your lender may be able to put your financial situation in a better light when submitting the actual loan application.

Review your credit report carefully. It is very common for non-payments to be listed that are not even yours. Your mortgage professional will help you address problems showing up on the credit report. Many times, a simple letter to the creditor explaining the circumstances at the time of the incident will rectify the situation. However this may take a few months, so start early.

5) Get A Realtor

As a first time home-buyer, the biggest mistake you can make is believing that you can save money if you do not use a Realtor ®. Although the seller pays the commissions, some listing agents will tell you they can represent both you and the seller fairly. While in some cases this may certainly be true, it's better to be safe than sorry. Get a real estate agent that represents your interests solely. A buyer agent will make sure the home is inspected properly, do diligence on any hidden discovery and more times than not the money they save you on negotiating the price of your new home will more than off-set any reduction in price due to the commissions not being paid by the seller.

6) What Do You Want In A Home?

There will be many decisions as you start this process. Your Realtor will take you to several different homes, some you will like, some you won't but most will land somewhere in between.

"You love this home except it doesn't have..." or "That home would be perfect if it only had..." will be common phrases during this process.

Decide now what features you feel are "necessities" in a home and which features are items that would be "nice to have". This list will no doubt change the farther along you go but the list will be extremely useful as you begin to look at homes. It will also be useful to the Realtor so he can better qualify the homes that he shows you.

How to Buy Your First Home... the Easy Way! Avoid the 10 Most Common, Painful, Frustrating Mistakes First-Time Home Buyers Make.

Buying a residence can be a hair raising experience. You will experience a roller coaster of emotions while finding the right place, securing the loan and finally moving in. For most of us, the first time home purchase is the largest investment we've ever considered. The emotions of purchasing something so expensive and personal can often cloud our business judgment.

Most home purchasers do little or no research before they invest their nest egg. Doesn't it make sense to become as completely informed as possible before you buy your first home? This special report is designed to help you avoid 10 common and crucial mistakes. The right real estate professional can help you make good sound business decisions based on your personal situation.

1. Inspect, Inspect and Inspect- Go over the inspection report with a fine tooth comb. Make sure the report was done by a professional organization. For condo purchases go over the By-Laws, and Association Fees. Don't take anything for granted... inspect everything!

2. Imagine the Property Vacant- Your furnishings and decorations will be the ones filling this new residence. Don't be swayed by beautiful furniture; it leaves with the owner.

3. Income + Lifestyle = Mortgage Payment- Sit down with your professional real estate agent and honestly discuss your income level and living expenses. Take into account future considerations, children, add-ons, amenities, and fix-ups. Your dream home is certainly worth a sacrifice but don't mortgage your entire future.

4. View Several Homes- See at least 7-10 properties. Don't move too slow but don't move on the first property you see. With your agent's help you should be able to view enough properties to get a good overall perspective of the home market. When you find the right property all the leg work will be worth it.

5. Utilize Your Team- By aligning yourself with the right real estate professional you will have an entire team at your disposal. Utilize your lender, title rep and agent. Each of them should work hand in hand for your benefit. Explore all the options before you sign.

6. Be Columbo- Check out all costs and expenses before you sign. Utilities, taxes, insurance, maintenance and home owner dues if applicable. Make sure all utilities (gas, electricity, and water) are on during your walk-through so you can inspect everything in working order. Ask lots of questions and be very detail conscious.

7. Do a Final Walk-Through- Visit the property after all furnishings have been moved out to be sure there are no surprises. Be absolutely positive the property was left exactly as you had agreed upon in the contract. Things that could have been spotted in a final walk-through are often unintentionally overlooked.

8. Plan For Flexibility- Closing dates are not written in stone. Allow for contingencies and have a back-up plan. If you or the sellers need a little more time to conclude the final arrangements, don't let these delays upset or frustrate you. These types of circumstances are not uncommon in a real estate transaction.

9. If It's Not In Writing, It Doesn't Exist- All promises and discussions should be in writing. Don't make any assumptions or believe any assurances. Even the best intentions can be misinterpreted. Have your professional keep an ongoing log in writing of all discussions and get the seller's written approval on all agreements.

10. Loyalty Breeds Loyalty- Be open, honest and up front with your team. Hard feelings and disloyalty will cause head aches, delays or may even keep you from getting into the home you worked so hard to locate. Take the time to select the right team in the beginning and

your first home purchase will be a pleasing and memorable experience.