



The Keys To Qualifying For a Mortgage

The purchase of a home is the goal of the vast majority of Americans. That is why home ownership is often referred to as "The American Dream of Home Ownership." Two-thirds of Americans have taken advantage of the tax benefits, government programs and the economic benefits of owning to become home owners. Even in the past few years when the real estate markets have not been as "hot," millions have taken advantage of the buying opportunities to become a home owner for the first time. With lower home prices and low mortgage rates, homes have become more affordable than they have been during the past generation.

One area that keeps many Americans from reaching this goal is the difficulty of qualifying for a mortgage. The same weak real estate market that has caused homes to be a bargain has caused lenders to scrutinize loan applications as they have never done before. Tighter credit standards are certainly an obstacle today but the good news is that potential homeowners can take positive steps to make sure they have a better chance of qualifying for a mortgage.

There are several areas for you to focus upon that can help you get in position to qualify for a mortgage to purchase your first home or even move up if you are already a homeowner...

Your credit score. Today, a low score can be a cause of rejection or, at the least, add to the cost of owning a home. It is important to start by finding out your score and, if it is low, coming up with a plan of action to raise your score. With the right plan, the good news is that anyone can raise their score. Did you know a low score can cost you hundreds of dollars per month even if

you are a renter? If you don't know your score or don't know what your score means with regard to obtaining a mortgage, contact us and we will help you find out as well as help you set up a plan of action to raise your score.

There are many reasons for low scores, including late payments, outstanding judgments, tax liens and more. Sometimes the information contained on your report is riddled with inaccuracies and/or information that was reported is in non-compliance with laws meant to protect the consumer.

Qualification

- ◆ **Credit Score & Monthly Debts**
- ◆ **Cash Reserves**
- ◆ **Income Documentation**

Your monthly debts. Many can't purchase because they have too many debts. This problem also exacerbates the process in other ways as too many debts can help to lower your credit score and make paying a mortgage or even rent more difficult. It is important to come up with a plan to lower your debts. Paying down debts is actually a science and undertaking the task without advice can cost you thousands of dollars. Again, we can help determine how your debt load may be affecting your qualification for a mortgage as well as setting up a program to help you get your debts paid down.

This process starts by budgeting and minimizing excess spending. Certainly, if you are thinking about purchasing a home, you should hold off on major expenditures such as purchasing a new car or furniture. Concentrate instead on paying off existing debts.

Cash reserves. Most home purchases require a down payment as well as the payment of closing costs. There are many programs that may help you minimize your need for cash. For example, there are programs for active military and veterans and programs for those with low-to-moderate income.

Regardless of these programs, having cash reserves after you purchase the home is important for qualification standards and it is prudent to have reserves for emergencies at all times whether you are a homeowner or renter. Of course, the first step in building reserves is minimizing your debts. As you can see, all of these factors are related.

Income documentation. Many Americans do not keep good records, especially with regard to the money earned by those who are self-employed or have other sources of income that vary such as tips or commission. Keeping track is very important because mortgage programs today require detailed documentation of income. This means keeping copies of checks, receipts, tax returns and more.

For many who don't qualify, this process may seem daunting. Yet, if you are truly committed to improving your financial situation, the rewards are well worth it. Contact me for an analysis of your situation and to determine how I can help you change factors affecting your qualification for the home of your dreams... 

Chris Ryan

Mortgage Loan Officer
Office: 301-841-1332
Cell: 301-335-6082
cryan@gmmlc.com
www.chrisryanloans.com

**GEORGE MASON
MORTGAGE, LLC**

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