

Qualify for a Mortgage

The thought of acquiring a house for a first time buyer can be really overwhelming and many do not know if it is possible in their finances. With the variety of options obtainable to customers, acquiring a mortgage has never been easier.

When considering mortgage applications, lenders decide whether you are qualified by accessing several factors. Amongst the main questions a lender would ask is how much of your total salary would be dedicated to housing. This will suggest whether or not you could comfortably afford your home. Normally, your mortgage payment must not go over 30% of your monthly income.

The second thing which a lender would look over is any other financial commitment that you have already, like for example past loans, house payments, credit cards, child support, etc. They likewise desire you to have a history of steady employment. The longer you have held your existing job, the more likely you will be qualified. Nonetheless, so long as there have been no major gaps of income over the last couple of years years, you shouldn't have any problem obtaining a loan.

An extremely important factor to qualify for a loan is having good credit. They will also want to know that the value of the house is worth the price which you are paying.

A conventional mortgage is one where the down payment is 20% or more of the purchase price. A mortgage where the down payment is less than 20 percent is known as a high ratio mortgage and requires default insurance in order to ensure that you do not back out on your loan. It is possible to be qualified for a mortgage with a down payment of as little as 5%.

It is essential to think about other monthly costs like for example hydro, heat, property tax, water, condominium fees, insurance and household maintenance when determining your funds. By carefully planning, it is possibly to overcome most obstacles the first time buyers often deal with within as little as two years.