



**Obtaining financing to purchase a home includes a number of important factors.** Lenders, banks and other sources for loans take into consideration a combination of items when determining whether or not to loan you money. They look at factors in your profile like:

- Current income
- Length of time at your job
- Debt-to-income ratio
- Past rent or mortgage payment history
- Your credit report
- Tax returns
- Down payment amount
- Months of reserve money



Your income level, debt and credit information will be used to pre-qualify you for an amount the lender thinks you can afford. However, a pre-qualification is different than a pre-approval. A pre-approval takes into account your credit report, the debt-to-income ratio and a more in-depth analysis of your financial situation. Once pre-approved, you will receive a pre-approval letter that can be provided to a seller with an offer.

Often the pre-approval process comes after homebuyers begin looking at homes, but a pre-approval can provide a more definitive price range for your search and is best completed as a first step, or as early in the home buying process as possible.

There are benefits to obtaining a mortgage on your home. These benefits can help you decide if it is the right time for you to buy and provide other values, such as the mortgage interest deduction to offset income against your taxes or making mortgage payments as an investment into building your wealth.

**Once you have identified a property for purchase,** and have an accepted offer, the lender will begin processing your loan. They will take into account other factors impacting an approval including items such as:

- The preliminary title report
- Any homeowner or community association dues
- Financial stability of a homeowner or community association
- An appraisal report
- Homeowner insurance payments
- Property taxes

The combination of your financial profile (income, debt, credit, etc.) and the property (condition, value, etc.) gives the lender a complete picture of the risks and benefits of providing you with the loan. Once all these items are reviewed and approved, you will be in the home stretch for closing on your new home.