10 TIPS TO HAVE AN AWESOME MORTGAGE

By Holden Lewis • Bankrate.com

You *Can* Make A Small Down Payment -- Or *None* At All

Whether You Are Buying A Home Or Refinancing Your Loan, Here Are 10 Mortgage Tips.

Lenders Say They Often Dispel The Mistaken Idea That Homebuyers Have To Make Down Payments Of At Least 20 Percent. In Fact, Some Loan Programs Allow Qualified People To Buy Homes With No Down Payment At All. Other Loan Programs Allow Down Payments As Small As 3 Percent Or 3.5 Percent. SEARCH RATES: Ready to shop for a mortgage? Find the best deal today

1. FHA-APPROVED LENDERS

The Department Of Veterans Affairs Guarantees Zero-Down VA Mortgages For Qualified Borrowers: Veterans, Active-Duty Service Members And Certain Members Of The National Guard And Reserves.

The U.S. Department Of Agriculture Guarantees Zero-Down Mortgages As Part Of Its Rural Development Program. The Loan Guarantees Are Available In Eligible Areas -- Mostly Rural Areas, Though Some Are Suburban.

Navy Federal Credit Union Offers Zero-Down Mortgages For Qualified Members To Buy Primary Residences.

Finally, Federal Housing Administration-Insured Mortgages Allow Down Payments As Small As 3.5 Percent. And A Few Lenders Offer Conventional Mortgages With Down Payments Of As Little As 3 Percent With Private Mortgage Insurance. Check With Me For A Las Vegas Lender.

2. WITH FHA, YOU CAN GET A LOAN WITH IMPERFECT CREDIT

Federal Housing Administration-Insured Loans Are Appealing Because They're Widely Available To Borrowers With Imperfect Credit. In 2016, The Average Credit Score For An FHA Homebuyer Was Around 686, While The Average Conventional Homebuyer Had A Credit Score Around 753.

You Need A Credit Score Of 580 Or Higher To Get An FHA-Insured Mortgage With A Down Payment As Low As 3.5 Percent.

If Your Credit Score Is Between 500 And 579, You Need To Make A Down Payment Of At Least 10 Percent To Get An FHA Mortgage. But First You Would Have To Find A Lender That Would Approve The Loan. Here are more crucial facts about FHA loans.

3. KEEP SOME SAVINGS IN RESERVE

Mortgage Lenders Don't Want You To Deplete Your Savings On The Down Payment And Closing Costs. They Want You To Have "Reserves" -- Cash, Or Assets That Can Be Sold Quickly, So You Can

Take Care Of Unexpected Expenses Without Missing House Payments.
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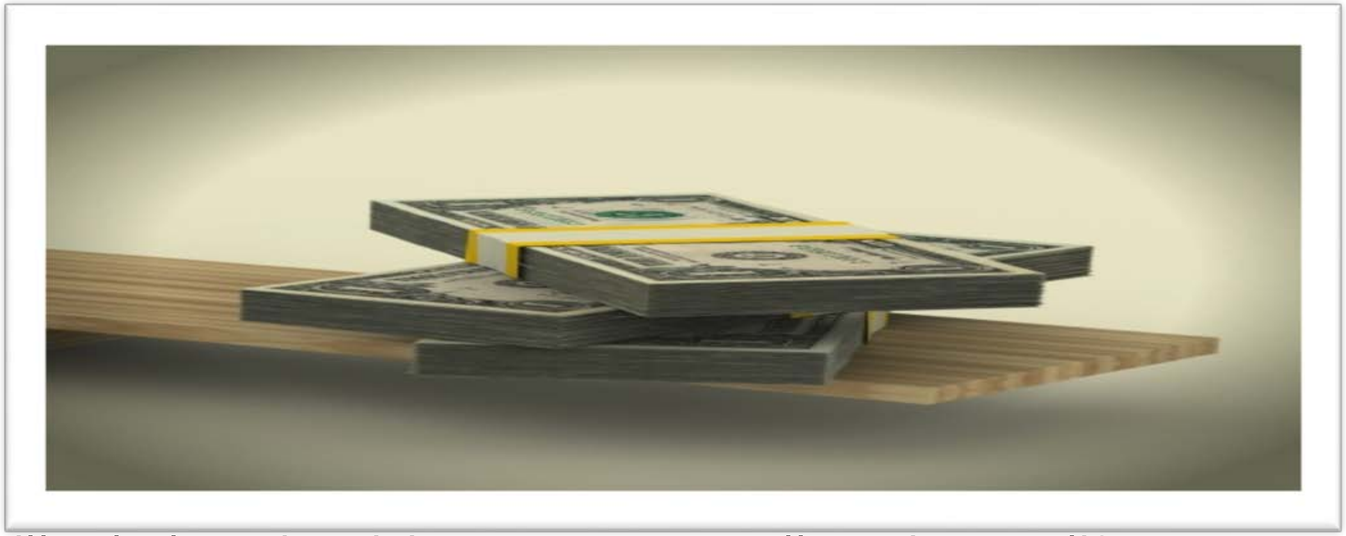

Your Lender Will Calculate The Minimum Reserves You'll Need To Qualify For A Mortgage. There's A Possibility That The Reserve Requirements Will Oblige You To Unexpectedly Make A Down Payment Of Less Than 20 Percent, Triggering The Need For Mortgage Insurance. To Avoid Mortgage Insurance In This Case, You'd Have To Cancel The Deal, Scrape Up More Money For A Down Payment And Wait While You Put Aside More Money.

Lenders Would Rather You Have An Emergency Fund Than Not, Even If It Means You'll Have To Make Higher House Payments Because Of Mortgage Insurance.
Depleting your reserves is just one of five first-time homebuyer mistakes.

4. YOU CAN SAVE BY REFINANCING INTO A 15-YEAR LOAN

Even Though Mortgage Rates Are Likely To Rise In 2017, Some Homeowners Will Have Reason To Refinance. There Are Various Refi Triggers, Even After Interest Rates Have Risen Above Record Lows:

- Divorce.
- Finally Recovering From A Low Credit Score.
- To Get Rid Of Mortgage Insurance.
- Finally Having Positive Equity.
- To Cash Out Some Equity.
- To Save Money In The Long Term By Refinancing Into A 15-Year Loan.

SEARCH RATES: Find The Best Deal Today For A 15-Year Mortgage.

The Last Item -- Refinancing Into A 15-Year Mortgage -- Saves Money In Two Ways: 15-Year Mortgages Tend To Have Lower Interest Rates Than 30-Year Loans, And You Pay Interest Over A Shorter Period. In Most Cases, The Monthly Payments On A New 15-Year Mortgage Are Higher Than For A 30-Year Loan, But The Total Interest Paid Over The Life Of The Loan Is Less.

5. BORROW WHAT YOU CAN AFFORD TO REPAY

When People Buy Homes, They Often "Stretch" To Make Their Initial Monthly Payments, On The Theory That Their Incomes Will Go Up Over Time, Making House Payments Easier To Cover.

But It's Smarter To Live Within Your Means. You Can Move Up To A More Expensive House After (And Not Before) Your Income Rises. A Conservative Rule Of Thumb Is That All Of Your Monthly Debt Obligations, Including The House Payment, Shouldn't Exceed 36 Percent Of Your Income Before Taxes.

Let's Say Your Household Income Is $5,000 A Month: The Monthly House Payment, Car Payments, Student Loans, Credit Cards, Child Support And Other Obligations Shouldn't Be More Than $1,800, Or 36 Percent Of That $5,000.

SEARCH: Interested In Getting An FHA Loan? Start By Shopping Today For An FHA Mortgage.

Now, If You Have A High Credit Score And Will Have Plenty Of Money In The Bank After You Close On The Loan, The Lender Will Be Willing To Let You Accept A Higher House Payment. But If Your Debt Obligations Are Well Above 36 Percent Of Gross Income, You Won't Have Much Money Left Over To Have Fun And Save.

6. ASK ABOUT A NO-CLOSING-COST MORTGAGE

A Typical Mortgage Has Thousands Of Dollars In Mortgage Fees And Other Closing Costs. If You Pay Those Fees Out Of Pocket, You Tend To Get The Lowest Interest Rate You're Eligible For. But You Might Want To Accept A Higher Interest Rate In Exchange For The Lender Paying Some Or All Of The Closing Costs.

For Example, You Might Be Offered An Interest Rate Of 3.75 Percent If You Pay All The Closing Costs, Or A Rate Of 4.125 Percent If The Lender Pays The Closing Costs.

SEARCH Explore Your Mortgage Options Now.

Generally Speaking, No-Closing-Cost Mortgages Are Attractive To People Who Plan To Sell Their Homes Within Five Years Or So. If You Plan To Stay Longer Than Five Or Six Years, Your Total Costs Will Be Lower If You Go Ahead And Pay The Closing Costs Out Of Pocket.

It's A Balancing Act, Because Paying The Closing Costs Could Push You Into Making A Smaller Down Payment, Potentially Forcing You To Pay For Mortgage Insurance.

7. GET A ZERO-DOWN VA LOAN

We Already Mentioned Veterans Affairs-Guaranteed Mortgages Before, But These Home Loans May Be Underused, Even Though They're Popular.

In 2016, Approximately One-Eighth Of Mortgages Were Guaranteed By The VA, According To The Mortgage Bankers Association. But A 2010 Survey Found That Many Homebuying Veterans Weren't Aware Of The VA Loan Benefit Or Didn't Know Much About It. About A Quarter Of Active-Duty Military Personnel Weren't Aware That They Were Eligible For VA Loans.

SEARCH: Comparison Shop For A VA Loan Today.

Maybe Those Active-Duty Personnel Believed That The VA Loan Benefit Was Available Only To Retirees Or Veterans Who Have Been Discharged.

In Fact, VA Loans Are Available To Honorably Discharged Veterans, Those Who Are On Active Duty Or Who Have Completed At Least Six Years Of Service In The National Guard Or Selected Reserve Units. Certain Surviving Spouses Of Veterans Are Eligible, Too. See A Detailed Eligibility Table.

The Primary Feature Of VA Loans Is That They Can Be Used To Buy A Primary Home Without A Down Payment.

8. A CASH-OUT REFI MIGHT WORK FOR YOU

A Cash-Out Refinance Happens When The Homeowner Refinances The Mortgage For More Than The Amount Owed. The Borrower Pockets The Difference.

Cash-Out Refinances Were Popular During The Real Estate Boom Of The Early 2000s. Then They Almost Disappeared After The Housing Bust Wiped Out Billions Of Dollars In Home Equity.

Now That Home Values Have Climbed Near Their Pre-Recession Peaks In Many Markets, Cash-Out Refinances Have Returned.

SEARCH: Compare Rates On A Mortgage Refinance.

The Other Way To Extract Cash From Equity Is Through A Home Equity Loan Or Line Of Credit. When You Want To Spend The Money On Something Short-Term -- Like A Vacation Or A Wedding -- It's Probably Better To Get The Money Through A Home Equity Loan Or Line Of Credit. But If The Purpose Of The Money Is Long-Term -- Like Building An Addition To The House -- Then A Cash-Out Refi Might Make More Sense.

9.YOU MIGHT BE ABLE TO REFINANCE INTO A VA LOAN

If You're Eligible For A VA-Guaranteed Mortgage, You Might Be Able To Refinance From A Conventional Mortgage (Or An FHA-Insured Mortgage) Into A VA Loan.

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In Many Cases, You Can Refinance For Up To 100 Percent Of The Home's Current Value. This Means You Can Do A Cash-Out Refinance Using A VA Loan. Funding Fees For Cash-Out VA Refinances Vary From 2.15 Percent To 3.3 Percent, And The Fee Can Be Added To The Loan Balance.

10.BE PATIENT DURING UNDERWRITING

Keep Your Finances As Boring And Steady As Possible Between The Time You Apply For A Mortgage And The Time You Close On The Loan.

SEARCH: Find A Mortgage Lender Who You Can Trust.

That Sounds Simple In Theory, But It's Sometimes Difficult In Practice, Especially For First-Time Homebuyers. What It Means Is This: Don't Charge Up Your Credit Cards And Don't Apply For New Credit While The Mortgage Is Going Through The Underwriting Process.

When You Apply For The Mortgage, The Lender Looks At Your Credit Report And Your Credit Score. Then, Shortly Before Closing, The Lender Surveys Your Credit Again.

If There's A Substantial Change -- Say You Maxed Out Your Credit Cards To Buy Furniture And Appliances, Or You Got A Loan To Buy A Car -- The Lender Might Have To Delay Your Mortgage Closing. In Drastic Cases, You Could Torpedo Your Mortgage And Have To Apply All Over Again. Applying For New Credit At The Wrong Time Is Just One Of 3 Ways To Mess Up A Mortgage Closing.

LINKS TO INTERESTING INFORMATION:

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http://www.bankrate.com/finance/mortgages/3-ways-to-mess-up-a-home-mortgage-closing.aspx

Thank You! Hope You Found This Information Helpful.