

## **Getting Financing**

For most people who are looking for a new home, arranging your financing should be your first priority.

The first thing you should do is start working on financing so that you can confidently look for and negotiate the price of your new home.

So, how does a buyer know where to go for financing?

Finding a loan officer is just like finding any other professional.

Look for someone with experience and someone that you are comfortable working with. Get a referral from your friends or family. Getting pre-qualified for a loan is a must.

It is important to see a loan officer right away for a few reasons:

A bank owned property will not even look at an offer without a preapproval letter from a lender.

With all offers, submitting your offer with an approval letter strengthens your negotiating position.

Additionally, buyer's may find that they can afford more home than they may think with the interest rates as good as they are.

So, what does it take to get financing?

Most lenders have increased the credit score necessary to obtain financing due to the high number of foreclosures in past years. Also, buyers need more money down.

Zero percent down financing is now quite rare - other than with some special government backed

programs. You can sometimes get it if you are a veteran.

There are hardly any other options.

FHA is a widely-used form of financing right now. You need 3 ½

percent down and most times you

can ask the seller to pay for a

percentage of your closing costs.

Otherwise, the traditional 20

percent down payment is what you

can expect.

It doesn't have to be difficult

getting financing.

I always council my sellers that

getting the buyer to the closing

table is the most difficult part of the whole selling process.

I tell my buyers that getting through the process can be frustrating. The lenders are very thorough.

I let the buyer know that the quicker they deliver the documents the lender requests, the smoother the process goes.

Lenders have more conditions that need to be met before the underwriter gives the clear to close. Lenders want to make sure the buyer can afford to make their

payments so that they do not default of their loan.

Finally, if you are thinking of buying a new car, or any other high dollar item, wait until you close the loan. The lender will do their final verifications and look at current bank statements before the loan gets the clear to close.