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# How Does the Mortgage Application Process Work? Part I

If the time has finally arrived to purchase your first home, you are probably very excited but perhaps a little apprehensive and unsure of how to start the process. This is a very important investment and you want to make sure you do it right. This article series aims to spell out the mortgage application process, detailing the steps you should take and the hoops you will have to jump through to obtain your home mortgage loan.

## THE PRELIMINARY STAGE

### Do Your Homework

Before you even start filling out any paperwork, you should do your own research to learn a few key pieces of information. Start by collecting important financial documents. When it is time to meet with a lender and begin the application, he or she will want to have plenty of documentation as proof of your income and assets. So compile a stack of paperwork that includes your most recent bank statements, your W-2's, statements from companies with whom you have long-term debts, and any other documents that will give your lender an accurate picture of your financial state.

Next, you should obtain a copy of your credit report and credit score. There are three major credit reporting agencies: Experian, Equifax, and TransUnion. Some mortgage lenders will pull from just one bureau, but many like to pull them all to get a composite history from all three. Just to be safe, you should obtain a copy of your report from each bureau. You can do this for free once a year; for additional requests you will be charged a small fee. You will have to pay an additional fee for access to your actual credit score, but it will be worth it. Your credit score will have a huge influence on the type of loan programs available to you as well as what type of rates and terms you will be offered. Your score will be a number between 300 and 800, with anything above 700 being considered excellent and anything below 620 considered poor. You should find out the national average rates begin offered to people with your credit score on certain loan programs. The website [myFICO.com](http://myFICO.com) provides you a table of both the national and state averages. Today, for example, if you went to that site and you know that your credit score was 675, you would find that the national average rate for that score on a 30-year fixed loan is 6.381%.

### You Better Shop Around

Armed with your valuable credit score information, you can now start shopping around for the right mortgage lender. Getting the best deal is a result of getting quotes from many different lenders and comparing them. Based on your credit score, you should have a fair idea of what kind of quotes you will get, but you can still make the lenders compete for your business. Just be sure to compare not only the interest rate offered, but also any points or fees that will be included in the loan. You can do this best by comparing the APR, or annual percentage rate, which is a measure of the total loan cost.

Stay tuned for the next part of this article that will prepare you for the mortgage application



interview.