

Before You Borrow

Got your eye on a new car? Does the kitchen or bathroom need a facelift? Maybe you've decided to renovate your home instead of (or before) selling it? Whatever your reason for considering financing, let's make time to ensure you have a handle on the following before you apply for a loan.

WHAT IS MY CREDIT SCORE?

Whether or not you're considering applying for a loan at this point, everyone should check their credit score on a yearly basis to ensure the information on file is accurate. It's common for credit reports to have inaccurate information, so you're wise to clear this up before it interferes with a loan or credit card application when you actually need the money.

HOW MUCH CAN I AFFORD TO BORROW?

How much you can afford to borrow depends, of course, on how much you can afford to pay back on a monthly basis. When calculating your monthly expenses, don't forget to figure in an emergency stash, for unexpected expenses.

HOW CAN I FIGURE OUT THE TOTAL COST OF MY LOAN?

Researching loan options ahead of time will ensure you get the right loan, at the right rate, on an affordable payback schedule. Education is the key here – with so many types of loans, interest rates, lengths of loans, etc., it can get overwhelming very quickly. The job of a mortgage broker is to make sense of all these options for you, allowing you to enter into your new loan arrangement well-informed and confident.



Terminology Tip

Pre-qualification — Pre-qualification is the first step in the mortgage application process, in which the lender takes into account basic information about a borrower's financial standing, including his or her income, assets, and debts, in order to approximate a loan amount the borrower might qualify for. It's important to note that the amount is not guaranteed for approval, since the figure established by the pre-qualification process is based on unverified information provided by the borrower.

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Rob Dotzert
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