

Informed Homebuyers Are More Effective Consumers

By Rhonda Hanson, Mortgage Lender, BANKWEST

Today, there are a growing number of obstacles for homebuyers, including a higher credit score standard and more restrictions on credit. Consumers should have a thorough understanding of the changing market when shopping for a mortgage. To find the right product, BANKWEST Mortgage recommends that buyers:

- Be aware of first-time homebuyer programs. Call BANKWEST or your housing agency in your state, county or city to see what they offer. Sometimes these programs offer better interest rates and terms than for previous owners.
- Get pre-approved. Know the difference between “pre-qualified” and “pre-approved.” Getting prequalified is a casual process where the lender tells you how much you should be able to borrow based on how much money you make, how much debt you have and how much you have to put down on a house. Pre-approval occurs only after you actually apply for the loan and the lender gives you in writing the amount you can borrow. A buyer who is pre-approved is more attractive to sellers and their agents than one who is only pre-qualified. Once you find a mortgage that is best for you, get pre-approved before you start making offers on a home.
- Be honest with the lender and yourself. You don’t want to borrow more than you can afford. BANKWEST provides a calculator to determine if you can afford to borrow and if so, how much. The calculator is available on www.bankwestmn.com. Click on BANKWEST Mortgage on the front page and you will find the calculator under the Loan Center menu.
- Look at the basics of the loan. Don’t get distracted by all the bells and whistles. Choose the type of loan that makes the most sense for you. Use the financial calculator to determine if you should go with a fixed rate mortgage or an adjustable rate mortgage.
- Know your credit situation. Obtain a copy of your credit report and FICO score or VantageScore at least six months before you apply for a mortgage. This should give you enough time to challenge and remove any errors on your credit report and take care of anything that is hurting your credit score.
- Consider all the costs. A lender will review costs like fees, closing costs, points, homeowner insurance, and taxes. But consumers should also consider repairs and maintenance costs. As a homeowner, you are responsible for those additional costs – there won’t be a landlord to call.
- Organize your finances before you visit BANKWEST. While each bank may require different documentation, at a minimum you will need:
 - Residential Loan Application completed in detail by customer
 - Current paystubs for last 30 days
 - W-2s for last two years (all borrowers)
 - Complete copies of Federal Tax Returns for last two years
 - All pages of the most recent two months bank statements for all deposit accounts (savings, checking, retirement, 401K, stocks, etc.)
 - Complete copies of last two years Federal Corporate/Partnership Tax Returns and year-to-date income and expense statement along with current balance sheet (self-employed only)