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Part I

Step 1: Spiff up your credit

Good credit can lower your mortgage interest rates, potentially saving you hundreds of dollar a month. Order a credit report (usually free online). You can dispute any mistakes, but the most important thing is to build up good credit from here out.

Lenders want clients who can pay bills on time and who don't owe too much to anybody else. Automated bill-paying services help. Stop applying for credit cards just for a free T-shirt or shuffling your debt around. Consider closing some of your accounts, but that's tricky. Maxine Sweet, Vice President of public education at Experian, says lenders don't want you to owe near your limit, which can happen if you consolidate to one card. Your score can dip temporarily when you make any big change -- even for the better-- so work on your credit long before you seek a mortgage, she says.

Step 2: Start saving for a down payment and closing costs

Home buyers traditionally had to put up a 20% down payment. Now it's more like 5-10%. Some don't put anything down. "There's nothing typical today," says Pat Vredevoogd Combs, president-elect of the National Association of Realtors.

You'll always get a better deal if you make a down payment. Until you've paid for 20% of your home, your lender will probably want you to buy insurance on your mortgage.

The buyer also has to come up with closing costs, about 1-2% of the price.

Step 3: Calculate how much house you can afford

Housing eats up more of everyone's paycheck these days, but as a rule of thumb buyers spend 25-30% of their pre-tax pay on housing. That translates roughly to a mortgage of 3 to 4 times your salary. Consider your entire budget: How is your credit card bill, student loan or kids' tuition? How much will your new palace cost to maintain? Will you get a big break on your taxes from the mortgage interest rate deduction?

Step 4: Shop for a mortgage

New loan offerings make it easier to buy a home, but harder to pick which mortgage is right for you. The standard 30-year fixed rate mortgage allows predictable payments. If you're planning on moving quickly, consider an adjustable rate mortgage, which has low interest and payments for the first few years. Buyers have really low starting payments with interest-only loans, but they don't build up any equity in their homes. These new fangled mortgages are often sold to those who want to buy more house than they can afford.

Compare terms and rates from several sources. A pre-approved mortgage will let you pounce on the right house. Your lender usually calculates your monthly expenses including principal, interest, taxes and insurance. You'll pay a monthly bill into an escrow account instead of getting clobbered by annual taxes.

ThePremiumProperties.com is quickly becoming the leading choice of the most discerning buyers and sellers of luxury property in the most prestigious, impressive, and sought after locations throughout the Greater Orlando area. ThePremiumProperties.com focuses primarily on luxury estates, but we don't hesitate to work with new home buyers as well. We understand that unparalleled luxury homes and estates demand the next level of service that goes beyond the average service that agents provide. We specialize in a variety of distinctive properties some of which are in the exclusive neighborhoods of neighborhoods of Dr. Phillips, Windermere, Hunter's Creek, Downtown Orlando, and Lake Nona.

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