Applying for Mortgages: a Few Basics You Need to Know by Avril Copperfield

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Applying for a mortgage can be the most important financial decision for most people. A mortgage can greatly affect your financial position because it involves a sizeable amount that you need to pay for a period of time. Aware of the dire consequences of mortgage when not properly handled, you need to study the matter very well before you make a life-changing decision. A mortgage is a loan where the borrower's house or any property is used as collateral. The mortgage lender gives the borrower an amount equivalent to around 80% of the collateral's value. The borrower needs to pay this loan over a period with interest. If the borrower fails to pay his amortization, the lender can take the property through a legal process called foreclosure. Lenders can be banks and other financial institutions, and they can also be investors who own part of the mortgage through mortgage-backed securities.

Before applying for a mortgage, it helps to be familiar with each type: fixed rate mortgages and adjustable rate mortgages. A fixed rate mortgage is a loan with a fixed interest rate until it is paid off, or until a pre-determined period of time. Fixed loans are the most common mortgages in the market. Adjustable rate mortgages are loans whose rates are subject to change on different schedules.

A Georgia mortgage lenderneeds to check your employment and credit history to determine your capability to pay your mortgage. Just like other credits, applying for a mortgage requires a review of your credit reports from the three major credit reporting bureausâ€”TransUnion, Equifax, and Experian. Any incorrect information from any of these should be rectified immediately because they can affect your credit score. It is also a good idea to pay off other loan balances to boost your chances of approval for the mortgage.

Applying for a mortgage requires providing some personal and financial information. Any understatement or over statement will not be good for you. A common mistake is when a borrower does not declare an alimony or child support payment which can actually qualify him for more favorable terms. Overstating the income can also have an adverse effect to the application. According to a mortgage lender in Georgia, you can strengthen your application by adding a co-signer who has good credit.

For more information, you can visit lendingtree.com and mortgagecalculator.org. These websites can give you advice on what you need to know about mortgages, and how to apply for them. If you would like to know the most competitive rates offered by a mortgage lender Georgia residents have trusted for many years, you can go to compareinterestrates.com for a state-by-state listing of home loan rates.

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