



Understanding the ins-and-outs of the banking and mortgage worlds can cause your head to spin — especially if you've never gone through the home buying process before. To help prep for the big borrow, we've created this quick tip sheet to arm you with the knowledge you need.

FIND YOUR FINANCIALS. Securing a mortgage is no easy feat. Buyers need to gather all types of financial documentation, such as pay stubs, bank records, and tax returns to prove they will be able to pay the mortgage they are applying for. Compiling the necessary documents in advance will help speed along the process once it starts.

EXPLORE OPTIONS. Your brother's ex-girlfriend's cousin who sells mortgages and says they can get you a great rate might not be your wisest option. Though it's tempting to use friends or family to give them business, make sure the mortgage you get is the mortgage you want.

COOL THE CARDS. One of the first things a mortgage company will check is a potential buyer's credit score. It will pay off big time to get your credit score as high as possible before applying for a loan. Help increase your score by paying down high interest debts and refrain from spending exorbitantly on your credit cards during the process.

LEARN THE TERMS. It's your money and you need the process to work for you. If you are uncertain about something, ask questions and demand responses that make sense to you. It's important to arm yourself with knowledge, especially since buying a home is one of the largest purchases you'll likely make during your lifetime.

DON'T DESPAIR OVER THE DOWN PAYMENT. Yes, 20 percent is the golden rule for down payments, but plenty of people buy homes with less. Federal Housing Administration loans allow borrowers to put down as little as 3.5 percent and Veterans Affairs loans allow for no down payment at all. To take advantage of these programs you must meet their qualifications and requirements.

INVESTIGATE RATES. As of April 20, the 30-year fixed-rate mortgage rate was 3.97 percent, up from the same time a year ago, but still historically low. While 30-year fixed-rate mortgages are the most common, 15-year fixed-rate loans can make sense if you have the cash to cover the bills, as you'll end up paying far less in interest. But, working with a professional you trust is the surest way to know you're making the right choice.