



Securing A Mortgage As A First-Time Homebuyer: A Primer

Chicago mortgage broker Brad Boden gives insight on how first-time homebuyers can best prepare.

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01/10/2017

Making the decision to buy a home is exciting, but it can also be filled with stress and fear. For first-time homebuyers in particular, the process can be daunting and frustrating, especially if they don't do their homework before getting started.

Brad Boden of A and N Mortgage has been working in the industry for more than a decade, and has seen his fair share of unprepared homeowners.

“People often don't consider all the details when reviewing their finances to determine if they can afford a specific home,” he said. “In addition to financing, I help guide them through the

entire process and help them every step of the way.”

Boden highlights the importance of getting preapproved as the first step. His clients often do this backwards – they’ll meet with a realtor and fall in love with a place and don’t realize it’s out of their budget until later.

“The first question a realtor will ask is a client’s budget, but many clients have unrealistic viewpoints on what they’re able to afford. The last thing anyone wants is for a client to be house poor – meeting with a mortgage broker as the first step in the process is the best way to avoid this,” Boden says.

During this initial meeting, the mortgage broker will inquire about income, assets, down payment preferences and more to put together an assessment of what the client can comfortably afford. Boden also makes sure to discuss taxes and assessments, which are often not included in online listings.

“Many clients use online mortgage calculators and get an inaccurate estimate of what a particular home will cost. I help factor in assessments, taxes, down payment and closing costs to get a full picture of what they can expect,” he says.

When determining how much of a down payment to put down, Boden suggests asking your mortgage broker for financial planning advice.

He continues, “It can be difficult for clients to make a decision on a down payment on their own. I often put together different scenarios to help them determine what works best for them. Some people would rather have extra cash in the bank and spend an extra few hundred dollars on a monthly payment and others feel the exact opposite. It’s important to be open and honest – mortgage brokers can help with more than just laying out the facts.”

Another important factor to consider is credit score. Boden notes that a low credit score can drastically impact interest rates. People don’t realize that paying bills on time and keeping credit card balances in check can affect credit.

“Ideally, a credit card balance should be less than 33 percent of the limit. If a client has a balance higher than that, but pays it under, his or her credit score can jump up to 30 points in one month, saving a significant sum in interest in the long run,” he said.

Buying a home can be a tedious and stressful process, but it doesn’t have to be. Homeowners should do their due diligence and ask for help and advice whenever they need it. Speaking up at the beginning will simplify the process and get them into the home of their dreams with less stress.