

A person wearing a beige suit is sitting at a desk, typing on a silver laptop. To the left of the laptop is a small potted plant with green leaves. To the right is a tan leather bag with a strap and a metal ring. The background is a blurred office setting with a light green wall and a wooden floor.

REALTOR
OR LOAN
OFFICER?

WHERE TO
START


IS THE TIME RIGHT?

**YOU HAVE JUST DECIDED THAT THE TIME
IS RIGHT FOR YOU TO BECOME A HOMEOWNER.**

Now you have to make your plan. While your first impulse may be to call your favorite Realtor® and start looking at properties, you should do some homework before starting to look at homes. After all, you don't want to fall in love with a house, only to discover that you won't be able to qualify for the loan!

It is always a good idea to have a trusted mortgage lender as a resource to guide you early in the process, but you can do some of the initial work on your own. You already know how much cash you have available for your down payment and closing costs, but you should get at least a rough idea of your payment by going to the **Sammamish Online Calculator** to determine the mortgage payment for the loan amount and interest rate you enter.

Write that number down.



If you plan to make a down payment of less than 20%, you'll pay mortgage insurance. For a simple calculation of what mortgage insurance will cost, use $\frac{1}{2}\%$ of your loan amount divided by 12.

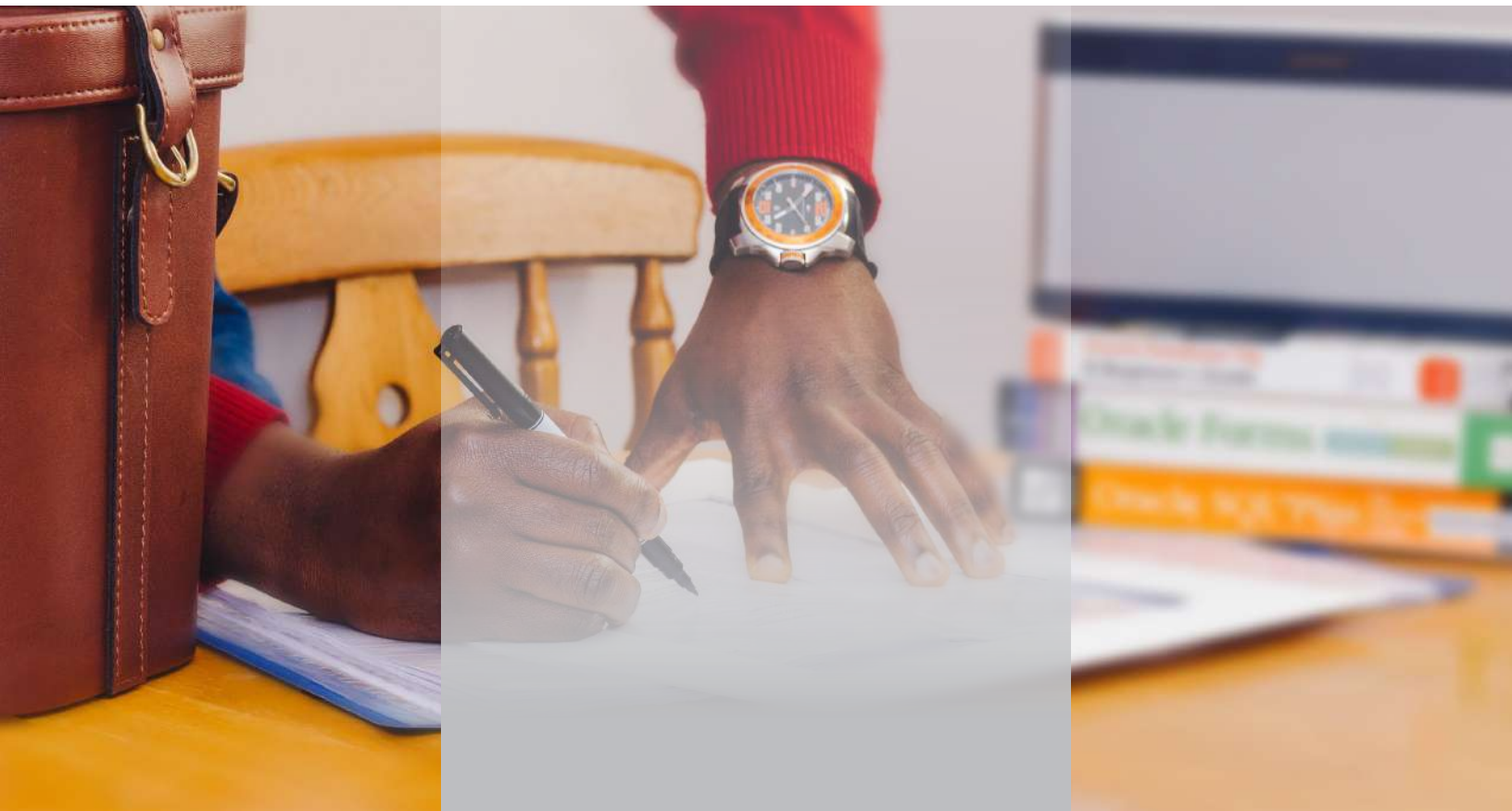
Write that number down under the mortgage payment.

Next, calculate your monthly property tax. At this stage, use 1% of the purchase price, divided by 12.

Write that number down.

Finally, add the cost of homeowner's insurance. Although premiums vary, we are working with very rough numbers at this stage. \$900 per year for insurance is a reasonable number, so divide it by 12 to get the monthly amount of \$75.

Write that number down.





YOUR BUDGET?

Add all those numbers up to get your total house payment. If it's higher than your budget will allow, play with the [Sammamish calculator](#) until you get a number you're comfortable with. If you're technically adept, you can create a simple spreadsheet to do some of the number crunching for you.

Now you should find out whether you can qualify for that house payment. To do this, you need to know what your current monthly debt payments are. This would include credit card bills, car payments, student loans and alimony or child support—any debt payment that will last 10 months or more. Add those monthly payments to the house payment you calculated earlier. This is your **"total debt."**

Finally, calculate your "debt-to-income ratio" (DTI). Divide the total debt figure by your gross monthly income (before taxes). If this number is 45% or lower, you should be in the ballpark to qualify.



WHERE DO YOU STAND?

Please keep in mind that the simple process we've just outlined is no substitute for an in-depth conversation with a loan originator. Still, it's a good start to give you an idea of where you stand. If this all seems like a lot of work, it is—but your Sammamish loan officer does this every day. Your loan officer would be happy to go through the whole process with you.

You might be thinking that NOW would be a good time to call your favorite Realtor® and start looking at houses. Not quite; now is the time to start the preapproval process with your loan officer.

To do this, you'll need to provide some documents:

DOCUMENTS NEEDED

Two years' tax returns

Two years' W-2s

A current month's pay stubs

Current bank statement(s) documenting the money you'll be using for your purchase. If you will receive a gift from a generous relative, bring a note from that person to indicate their willingness to help you



WHEN TO MEET?

During your conversation with the loan officer, your loan application will be created. Your loan officer will get your credit report and merge that information into your application. All this information will indicate how much home you are actually qualified to buy. If you've provide all the necessary documents, your loan officer should be able to give you a preapproval letter.

NOW you can meet with your Realtor®!

Many Realtors® have "preferred lenders" they like to deal with. That status means only that they have done business with those lenders in the past. It does NOT mean you'll get a "better deal" from them. You should always deal with the people you feel most comfortable with. You should expect your loan officer to answer your questions in a way you understand, and the loan officer should communicate with you effectively and return calls and emails promptly.

Keep in mind that Realtors® don't get paid until you have a successful transaction with them. By showing your agent that you have done your homework ahead of time—especially by getting preapproved by your lender—you'll show them that you are serious. They'll know that they have the very best chance of getting paid for the time they spend with you. Being preapproved at the very beginning is the best way to get a real estate agent to work tirelessly for you.

**To make that relationship
as productive as possible,
you should already have made
some decisions:**

1 What your price range is, realistically. If your maximum payment is, say, \$3,000, you should decide whether that is a "hard" limit, or whether you might be willing to stretch it for the perfect home. If so, how far are you willing to go?

2 What are your minimum requirements? What are the neighborhoods you might consider? Are the prices in those areas within your budget? It's easy to go online and do a quick survey of prices in each area.

3 What features would be nice to include, but are not actual requirements?

NOW YOU'RE READY

You should write down your answers to these questions so you'll be able to have a meaningful and productive conversation with your Realtor®.

Another thing that's worth mentioning: it is far more productive to focus on those aspects of your new home that you **DO** want, rather than giving your Realtor® a long list of what you **DON'T** want.

Finally, as you look at homes, consider keeping notes. What did you like? What did you hate about each house? Each home you look at should get you closer to THE home you're looking for, as you narrow down your choices.



NOW IS A GOOD TIME TO GET A NEW MORTGAGE

Don't simply assume that you
won't qualify because of
your credit score.

Apply now for free to
get pre-approved

[CLICK HERE](#)

If you still have questions,
please email us **HERE**.

or call us at
800-304-6803



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