

THE 8 DEADLY MISTAKES WHEN APPLYING FOR A MORTGAGE

1. **Not Knowing How Much Money You Can Put Down.** It's important to know how much you can afford to pay as a deposit and the costs when you apply for your mortgage. The more you put down the better rates and terms you're likely to get. At the same time you also need to stay within your means and comfort level.
2. **Not Understanding the Process.** Most of us don't shop for a mortgage very often. As a result it isn't something we become familiar with.

Lenders generally have a range of options when it comes to loans. A lender or broker should be prepared to work with you in your interests now and in the future rather than just flogging a product. A NZ Mortgage Brokers Assn mortgage broker who has many lenders, enables you to address your issues without starting the process over again.

Don't make large purchases prior to your mortgage application. Many people think that it is in their best interest to get large purchases completed prior to applying for their mortgage. As total debt is a key component in determining the amount of home you qualify for, it is best to wait until after your home purchase has closed to make such purchases.

3. **Over Shopping Your Loan.** Each time you call on a lender for a loan you have your credit report pulled. Every time your credit report is pulled you risk decreasing your credit score and thus possibly decreasing the likelihood of getting the best rate and terms. Experts recommend that you select a NZMBA mortgage broker with a number of lenders and do your shopping with her/him.
4. **Hiding Things from Your Mortgage Broker or Banker.** Most of us have experienced times of financial difficulty at some point. While it can be embarrassing to discuss issues like this, a competent advisor will help you get a loan approved despite such issues. The advisor can only help you with those things with which she/he is aware. Remember your statements, pay slips and credit checks will paint a picture for lender and broker – be up front.
5. **Making Late Payments.** Late payments, especially those within the last year, can be very detrimental to getting the best rate, terms and even the difference of being approved at all. While this might seem like unnecessary advice, ALWAYS pay on time, whether it be the Bank or other borrowing.
6. **Over Using Credit Cards.** Credit cards are a convenient way to make purchases, but if not paid off or balances kept low you might find it more difficult to get the best rates and terms on your mortgage. Keeping your total debt as low as possible helps you get the mortgage that best meets your specific needs.
7. **Guaranteeing Someone Else's Loan.** While it can be a great service to a friend or loved one, signing to guarantee someone else's loan is often a big headache for the guarantor. Before guaranteeing decide if you're willing and/or able to assume the liability. A good advisor will give you the pros and cons.
8. **Not Getting All The Facts.** It is important to learn the total cost of your mortgage loan, both at closing and for the life of the loan. While mortgages can look a lot alike there can be subtle differences which can save or cost you thousands of dollars. Get all the facts and know what to expect. This has been a key area where registered mortgage brokers have been able to assist people.

Mortgage regulations and products have changed significantly over the last few years, making your options wider than ever. Subtle changes in the way you approach mortgage shopping, and differences in the way you structure your mortgage, can cost or save you literally thousands of dollars and years of expense.

Your questions on mortgages can be answered by:



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