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## South Florida Sun-Sentinel.com

### Five home-buying myths

As first-time homebuyers grow curious about the home-buying process, they often turn to friends and family for advice about purchasing a home. While these sources can provide useful tips and information, they also may perpetuate some common home-buying myths. Brian Lee, vice president and national sales manager for ditech, a wholly owned subsidiary of GMAC Financial Services, addresses the myths and sets the facts straight.

**Myth 1: You need perfect credit.**

**Fact:** An individual's credit score will significantly affect his or her mortgage loan approval and interest rate. Credit scores may range from 500 to 850, but the majority of scores are between 600 and 700. The higher the score, the more options you will have when looking for a mortgage.

Along with your credit score, lenders will need to consider other factors before they approve a loan. Carefully review your credit report and immediately contact the credit reporting bureaus to correct any errors. You will want your credit report to be accurate by the time you apply for a mortgage.

**Myth 2: Owning a home is more expensive than renting.**

**Fact:** In many markets, owning can be as affordable as renting, especially when you consider the tax advantages of owning a home. Unlike rental costs, which increase over time, fixed-rate mortgages provide consistent monthly principal and interest payments for the life of the loan. As you make payments, the money will be applied toward the principal, increasing the equity in your home over time. Historically, owning a home has been one of the easiest ways of building wealth in America as home prices generally increase over time.

**Myth 3: Lenders share your personal information.**

**Fact:** Federal and state privacy laws protect your personal information. Generally, lenders must get your permission to share personal financial information with non-affiliates.

**Myth 4: The mortgage process is too long and complicated.**

**Fact:** With the right resources, the process of buying a home and obtaining a mortgage can be simplified. Expect an experienced loan officer to review the home financing process with you, define terms, and address concerns to find the financing option that's right for you. In addition, home lenders such as ditech offer a number of online resources such as payment calculators, appraisal tools and a glossary of commonly used mortgage terms to simplify the home-buying process.

**Myth 5: Lenders love to make you wait.**

**Fact:** Mortgage lenders don't enjoy making you wait, but it does take time to review your application. Although some lenders may give you a preliminary and conditional pre-approval based on the information provided in an application, they will need to verify this information. This typically involves confirming employment and income, financial assets, and assessing the value of the home you're



purchasing. Other documents, such as a payoff statement, may have to be ordered as well. Because lenders must rely on the response time of third parties, the process may take longer than anticipated. Ask your lender about what to expect when you submit an application and to keep you informed of unexpected delays.

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