

## Applying for Charlottesville Mortgages: One Underlying Factor

Every mortgage lender develops their own unique guidelines for evaluating the factors contained in a home loan application. These may change from time to time so that their portfolios stay “balanced”—that is, so that the cumulative risk represented by the entire batch of home loans do not exceed the level of risk they wish to assume.

Potential Charlottesville mortgage applicants are bound to be curious about which factors are more or less influential for that decision. Their curiosity is why you can find hundreds of “Top 5” and “Top 7” lists of “mortgage application factors”—and why home loan originators pay top dollar to advertise on them.

Given that the factors mortgage companies examine are hardly secret, it’s not surprising that all of the lists are pretty similar. It’s also true that the individual factors all have something to do with a single underlying element. (I’d call it the “hidden factor” if it weren’t right out there in the open). Here’s a typical list seen as it relates to that single underlying factor:

1. **Down payment** (underlying factor: size of loan). If, say, \$50,000 will be available for the down payment, a \$200,000 home loan would be easier to grant than one for \$600,000. Many mortgage firms have relaxed their requirements—but inevitably look harder as a down payment percentage declines.
2. **Debt level;** aka Debt-to-Income ratio (underlying factor: size of loan). Lenders analyze an applicant’s monthly cash flow to determine how much will be available to pay the monthly mortgage payment. The size of the loan—thus amount of the payment—determines if that’s easily doable.
3. **Loan type** (underlying factor: size of loan). Conventional loans carry stricter qualifying factors than do other types. For instance, if the size of the loan is beyond the conforming loan limitation, jumbo loan requirements pitch in.
4. **Employment history** (underlying factor: size of loan). Starter homes requiring smaller loans are often right-sized for younger borrowers with shorter employment records.
5. **Credit Score.** Typical descriptions say things like, “*Borrowers who need to finance more will need a higher credit score of 700 or above...*” In other words (you guessed it), underlying factor: size of loan.

Success when applying for a mortgage loan does involve all these factors—and more—but that’s just another way recognizing the common sense notion that home loans are granted to those who can demonstrate the ability to repay. The last time that notion was abandoned, the global financial crisis ensued.

The corollary for house hunters is equally clear: determine your comfortable budgetary range first--*then* go out and find your new home. The mortgage lenders will fall into line—and I’ll be delighted to help with the rest of the home buying process to ensue!



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**SETH BATTON**

REALTOR, ABR®, e-PRO®, GREEN®

Born and raised in the Shenandoah Valley of Central Virginia, I love everything outdoors. Most of my free time is spent hiking, rock climbing, playing water sports, or cooking out on the back deck with friends. As a child, my parents built me with the core values of a southern gentleman. Trust starts with honesty and honesty builds integrity. I'm a technology guru! One of my favorite hobbies is restoring old homes in depressed neighborhoods to meet the needs of our generation today. My mission is to build a career worth having, a business worth owning, and a life worth living. Being GREEN® is more than just the resource efficiency of your home. It's a lifestyle choice! Let's discuss how to minimize your carbon footprint in everyday life by simplifying your daily commute, decreasing your household energy costs, and boosting the efficiency and sustainability of your daily routine!

I'm an Accredited Buyer's Representative (ABR®) with the National Association of Realtors. Which means I have extensive training to help walk you through the home buying process from start to finish. From lenders and home inspectors to mortgage agents and closing companies, together we will find the best home for your family's needs!

As an e-PRO®, I can show your home to over 500 million visitors today. And you don't even need to vacuum! Curb appeal isn't just about looking good from the street. It's about looking good from the digital highway!

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