

Alert for first-time homebuyers

Start early to meet stricter lending standards

“The rules have changed,” said Paul Gershkowitz, first vice president of retail lending for Berkshire Bank Home Lending, a partner in the MTA Mortgage Program. “Today’s tougher mortgage standards call for more paperwork and documentation. First-time buyers should seek out a mortgage consultant to help them with the lending process six to 12 months ahead of buying a home. Getting information as early as possible can help MTA members save a lot of money over the years.”

Gershkowitz pointed out that MTA Mortgage Program professionals at Berkshire Bank educate buyers about the process and explain how to prepare for it so members can achieve the best possible outcome. Being knowledgeable before the process starts is essential to pulling it all together, he said. Without professional help, the experience can become daunting — and more expensive — for the buyer.

“In the past, consumers got similar rates and closing costs, regardless of factors like credit scores and down payments,” Gershkowitz said. “Now, loan pricing and interest rate quotes are made based on each consumer’s risk factors. The stronger the consumer, the better the rate and transaction costs. The higher the credit score, the more a member will save.”

Looking at finances

“Credit scores and stable income are major factors in obtaining a loan and keeping payments low,” said Gershkowitz. “Buyers may need to improve their credit by reducing or restructuring debt, or even by establishing a successful credit record. That takes time. They also need to have enough money for a down payment. A large down payment and a high credit score are going to translate into a low rate, one that could mean savings of tens of thousands of dollars over the life of the loan.”

A mortgage consultant can point out ways that buyers can save in order to make a more significant down payment. The mortgage professional will also explain other fees and costs associated with buying and owning a home, such as property insurance, real estate taxes and closing costs.

The consultant can provide information on what price range the member will qualify for and what a comfortable payment might be. Even though the homebuyer might be eligible for a larger loan amount, Gershkowitz said, the buyer must budget comfortably and realistically for mortgage payments and other expenses.

Preapproval

The preapproval process is more formal and important than the prequalification process. Preapproval verifies a homebuyer's credit, finances, employment and ability to qualify for a mortgage. This strengthens the buyer's position when making an offer.

Types of loans

"Many loans are available to first-time homebuyers," said Gershkowitz. "Banks need to show reinvestment in the community, and loans favorable to first-time homebuyers demonstrate that commitment."

An FHA loan, insured by the Federal Housing Administration, is a favorite of first-time homebuyers. It requires a very low down payment of approximately 3.5 percent. Conventional loans, veterans' loans, USDA loans and other options are available.

MTA Mortgage Program advantages

MTA members enjoy all of these advantages through the MTA Mortgage Program:

- Reduced monthly payments through low-interest-rate programs
- A wide range of programs, including low down payment options for first-time homebuyers
- FREE prequalification and FREE preapproval
- FREE flood certification
- Reduced appraisal fees
- Capped attorneys' fees

Direct line to Paul Gershkowitz

"MTA members are welcome to contact me for more information at **866.475.HOME (4663), ext. 125**," said Gershkowitz. "I'm available to help first-time and other homebuyers get an early start on the mortgage process."