

Name _____

Unlocking the Mystery of Mortgages: How to Apply for Your Dream Home

Short Answer Key

1. Checking your credit score before applying for a mortgage is important because a good credit score can help you qualify for a better mortgage rate, potentially saving you money.
2. Getting pre-approved for a mortgage means a lender has reviewed your financial information and is willing to lend you a specific amount of money. It's beneficial because it helps you narrow down your house search and shows sellers that you're a serious buyer.
3. A fixed-rate mortgage has an interest rate that remains the same throughout the loan term, providing stability. An adjustable-rate mortgage (ARM) has interest rates that can change over time, usually after an initial fixed-rate period.
4. At the closing meeting, you sign various documents and pay closing costs, including fees for services like appraisals and inspections. You receive the keys to your new home after completing the process.
5. The lender's underwriter reviews your mortgage application and documents to ensure you meet their requirements. They assess your creditworthiness and evaluate the property's value to determine if the loan can be approved.

