

4 Tips to Ensure a Smooth Real Estate Transaction

By Chip Poli

RISMEDIA, January 31, 2011— As a real estate agent, it's important to be aware of the pitfalls of home financing in order to help your sales come together and stay together. Typically, during the sales process, you may be your client's first point of contact for any and all situations that arise. *As such*, if you are able to work in conjunction with a knowledgeable mortgage professional and help educate your client along the way, this extra knowledge may eliminate potential issues and bring you and your client to a successful close.

Since there have been a number of industry regulation changes in the mortgage industry in the past few years, it's important to keep these tips in mind:

1. You don't want to waste your time showing homes to someone who can't buy them. Have your client check their credit score in advance to be sure they meet the minimum credit standards to qualify for a mortgage. A reputable mortgage company can run the necessary credit report and recommend a credit repair company should there be credit concerns. You can also suggest to your client they request a preapproval letter from your mortgage partner. This will save you time and money if you have the conversation before you start the process of showing them homes.

2. Advise your client to obtain a preapproval. The information needed includes, but is not limited to the following; W2s for the past two years, 30 days of consecutive pay stubs, all pages of the two most recent statements for checking, savings and all investment accounts, a copy of the signed P&S or Warranty Deed Agreement. Your mortgage partner will let your client know this, but it's important you know in case it comes up in advance.

3. Prior to home buying, it's important that your client set aside the proper amount of cash for closing. They should keep current on all loan payments, should not make any large purchases on credit, or sign or co-sign on any other loans. If there is any change in employment, borrowers should make all parties in the process aware. These things can affect your client's credit as well as their ability to qualify for a mortgage.

4. Your client should be prepared to pay closing costs unless they qualify for a no-points, no-closing cost loan. This is important to mention to them because you don't want them to fall short and not be able to secure financing at all or have delays when it is time to close.

NOTE: Buyers can ask the Seller's to pay a portion or all of the closing costs, this is negotiated and agreed between the Seller/s and Buyer/s.

While a good mortgage partner will be able to handle the specific mortgage related issues that come up, ensuring this process goes smoothly is paramount to getting the house closed, and being educated is your first line of defense.

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