

How to increase your mortgage borrowing power

ON MORTGAGES



(This is the first of a two-part series on what you can do to increase your mortgage borrowing power and get the house you have always wanted.)

If you've ever been in the market to buy a house before, chances are you've run into this situation: you've gone through the prequalification process — aizing up your income, down payment, debts, etc. — and now you're unhappy with the mortgage amount lenders are willing to let you borrow. You know that your house-buying options will be reduced by your mortgage limit, and you may not be able to move into the neighborhood or area you desire. Basically, this gives you two choices:

■ Lower your sights and start shopping for a less expensive starter house, or

■ Find ways to increase your borrowing power.

There's absolutely nothing wrong with the first option. Often, going with a less-expensive house

gives the buyer a chance to enjoy a little higher standard of living (not all of your income is going into the house) while you build equity in your starter house that will make it easier to get the house you really want a few years down the road.

However, if you're like most of us, you know what you want and you want it now. You've seen your dream house, and you want to know if there's anything you can do to increase your buying power in order to purchase the house. Well, there is.

The three main ways to increase your buying power are:

■ Reduce your existing long-term debt

■ Wait until your income increases to apply for a mortgage

■ Find a financing option that results in a lower down payment or lower monthly payments.

You already know that if your monthly mortgage payment and long-term debts amount to more than 36% of your gross monthly income, then you won't qualify for the mortgage you want.

You can qualify for a larger mortgage by paying off some of this debt before applying for a mortgage. It should be obvious to everyone that when you are antici-

patating buying a house, it's not a good time to purchase a big ticket item such as a car.

If your problem is not debt, but instead, income, what can you do?

Well, maybe you can boost your income. Is it possible for you to put in extra hours on your job? Do you or your spouse expect a raise in the near future? Either one of these options can make the differ-

ence when it comes to qualifying for the size mortgage you want.

Of the three options I just mentioned, probably the most frequently used is shopping around for the right financing program that makes it easier for you to afford the house you want at your present income.

Lenders and financial institutions are always searching for al-

ternative programs designed to help as many people as possible realize their dream of home ownership. At this time, I'd like to take this opportunity to briefly review some of the financing alternatives that are available to you. These include private, and government-insured loans, alternative financing mortgages for first-time house buyers and special financing options for low- and moderate-income house buyers.

One of the easiest and most popular alternatives is called private mortgage insurance. This coverage protects the lender in the event that the buyer fails to repay the loan.

When you agree to pay for and carry private mortgage insurance (PMI), the lender will usually reduce the amount required for your

down payment. Instead of the usual 20% down that most lenders prefer, PMI will allow you to put down as little as 5% of the purchase price.

This means that on a \$60,000 house, instead of having to put down \$12,000, you would be able to make a down payment of as little as \$3,000.

David Mully is a senior loan officer for Source One Mortgage Services Corporation, Michigan's largest mortgage bank. He has specialized in residential mortgages in the Detroit metropolitan area for the last eight years. If you have any comments or questions regarding this column or house mortgages in general, you can call David direct at (810) 488-7664 or fax him at (810) 488-7590.

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SPACIOUS MANY UPDATES Brick ranch in Clarkston minutes from town. 2 bedroom, 1 1/2 bath, large lot, sun room with \$125,000 (OE65SHD) 299-6200



GROUND FLOOR UNIT CONDO with doorman and patio. Immediate occupancy. Assumable and contract. Call for more details. \$35,900 (OE34LDL) 299-6200



SUPER NICE AND VERY CLEAN comes with this 4 bedroom, 2 1/2 bath, formal dining room, foyer, master bedroom with large whirlpool tub, great room, living room and much more. You got to get inside and see the quality construction throughout the home. \$249,900 (OE45AJS) 299-6200



Just Listed!
YOUR CHANCE TO OWN The price of this condo gives you a chance to own your own condo with very little capital. This property is offered at this low price for a quick sale, so do not delay. \$38,000 (OE34LDL) 299-6200

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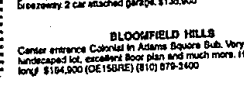
GOLF, LAKE & TERRIS
French Provincial design in West Bloomfield. First floor main room. Master suite quarters. Exercise room with Jacuzzi, spa and cedar bar. 100' on Pine Lake Country Club. Florida room \$899,000 (OE42H4279) 648-1800



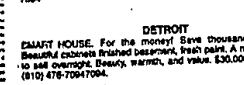
OPPORTUNITY KNOCKS!
Ideal opportunity for large family looking for Bloomfield Hills schools. Big five bedroom Colonial needs work, but loaded with potential for your taste. \$232,900 (OE625WEH) 647-1900



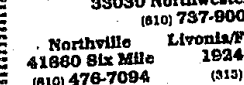
GORGEOUS COUNTRY LOT
Very charming ranch home located in Bloomfield Hills. Beautifully landscaped. Updates include new putters, bath, downstairs deck drive, landscaping. Rested breezeway 2 car attached garage. \$130,900



BLOOMFIELD HILLS
Center entrance Colonial in Adams Bayers Sub. Very private, nicely landscaped lot, excellent floor plan. Call today. \$154,000 (OE158SE) (810) 878-3400



CANTON
WOODED LOT. 5 acres of trees in Canton just waiting for you to clear a spot and build your dream home. \$80,000 (OE400FDR) (810) 478-7094



DETROIT
CHARTER HOUSE. For the money! Save thousands in minutes. Beautifully finished basement, fresh paint. A must see, priced to sell overnight. Beauty, warmth, and value. \$36,000 (OE407HRE) (810) 478-7094



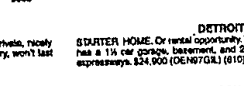
LAKEFRONT CLASS IN W. BLOOMFIELD
Dedicated home. View of Pine Lake in the 3 bedroom, 2 1/2 bath. Living room, family room, 2 bedrooms plus a 3 car garage. \$795,000 (OE42H4279) 648-1800



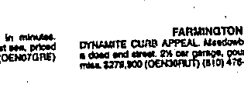
FARMINGTON HILLS
Great family home. 2,600 sq. ft., library, dining room, family room has full brick wall fireplace. Large foyer, circle drive \$212,000 (OE653JAL) (810) 737-9000



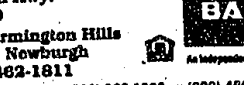
SOUTHFIELD COLONIAL
Move in condition. Open floor plan. 4 bedroom, 2 1/2 bath, with family room, partially finished basement. 2 car attached garage. \$117,900 (OE653JAL) (810) 737-9000



DETROIT
STARTER HOME. Or rental opportunity. This well kept home and yard has a 1 1/2 car garage, basement, and 2 bedrooms. Located close to expressways. \$24,900 (OE678GL) (810) 478-7094



FARMINGTON HILLS
AWESOME TUDOR. Immaculately maintained situated on cul-de-sac with walkout basement with new deck to private backyard. Intercom, sprinklers, first floor laundry, den, central air, freshly painted, and immediate occupancy. \$299,900 (OE620JAL) (810) 478-7094



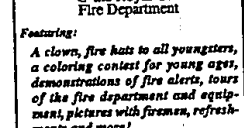
FARMINGTON HILLS
DYNASTY CLUB APARTMENT. Masterpiece Park Colonial located on a dead end street. 2 1/2 car garage, gourmet kitchen with island. Don't miss. \$279,900 (OE608FUT) (810) 478-7094



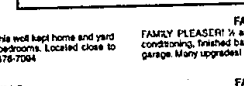
THIS HAS IT ALL!
Original owner, center entrance Colonial with circular stairway. Overlaid rooms, family kitchen, custom master suite, basement. Burglar alarm, double closet. \$269,900 (OE650REB) 647-1900



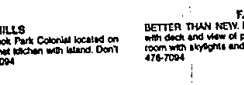
BLUE RIBBON LAKEFRONT
Breathtaking views from a wall of Anderson windows and doorways in the great room and dining room that overlooks the lake. Deck with hot tub. Major additions and remodeling 1989-91. \$229,900 (OE636AND) 647-1900



TROY
Super sharp ranch with open floor plan, ceramic tile, updated kitchen, 1st floor laundry, master suite with full bath, newer garage and entry door. Totally redecorated! \$164,900 (OE647EH) (810) 878-3400



ROYAL OAK
Move in condition and special 4 bedrooms plus a den, computer room and a sewing room. Updates include laminate, siding, storms and screens all throughout basement. One car garage. \$96,500 (OE615EDK) (810) 399-1400



FARMINGTON HILLS
FAMILY PLEASER! 1/2 acre treed lot. Updated gourmet kitchen, air conditioning, finished basement, 1st floor master, large deck. 2 1/2 car garage. Many upgrades! \$244,000 (OE6562CCH) (810) 478-7094



FARMINGTON HILLS
SHARP CONTEMPORARY HOME. Huge great room with fireplace, gourmet kitchen with island formal dining, 1st floor laundry, 1st floor master suite, basement, large treed lot, 2 car garage. \$225,000 (OE658AE) (810) 478-7094



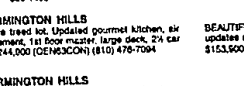
BETTER THAN NEW Beautifully landscaped Colonial. Private yard with deck and view of pond. Island kitchen with white cabinets, great room with skylights and vaulted ceiling. \$194,900 (OE658AND) (810) 478-7094



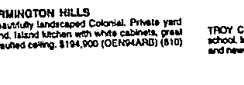
FARMINGTON HILLS
TROY COLONIAL in a quiet location near a park and elementary school. Immediate occupancy! Central air, fireplace, hardwood floors and newer paint and carpet! \$123,900 (OE62CAM) (810) 878-3400



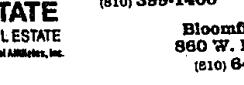
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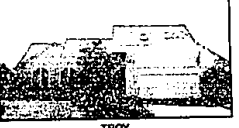
FARMINGTON HILLS
FAMILY PLEASER! 1/2 acre treed lot. Updated gourmet kitchen, air conditioning, finished basement, 1st floor master, large deck. 2 1/2 car garage. Many upgrades! \$244,000 (OE6562CCH) (810) 478-7094



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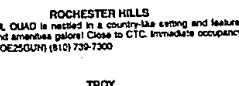
TROY
Unbelievable 90's built contemporary home. Great room, master 4 bedrooms, 2 1/2 baths, 1st floor master bedroom, garage, implied ceiling/trim, gorgeous lot with spectacular view. \$254,900 (OE617AL) (810) 878-3400



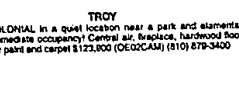
ROCHESTER HILLS
Brash taking property. Located in area of \$300-400,000 homes. 2 acre wooded parcel with creek on north side that connects to Ford Creek. Private country feeling. \$142,800 (OE615LV) (810) 878-3400



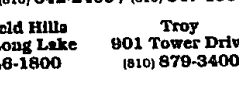
A LITTLE GEM!
Lots of updates in this Southfield ranch with 3 bedrooms and both family room and living room. All appliances stay 2 car attached garage, newer flooring, updated electrical. \$63,900 (OE644SEU) 647-1900



ROCHESTER HILLS
BEAUTIFUL QUAD is nestled in a country setting and features updates and amenities galore! Close to C.T.C. Immediate occupancy. \$153,500 (OE625GUR) (810) 737-9000



TROY
BRICK AND ALUMINUM ranch with finished walkout. Nestled on a secluded .30 acres in Troy. Updated neutral kitchen, new fireplace and central air with 2 fireplaces. \$173,500 (OE13FTE) (810) 878-3400



TROY
TROY COLONIAL in a quiet location near a park and elementary school. Immediate occupancy! Central air, fireplace, hardwood floors and newer paint and carpet! \$123,900 (OE62CAM) (810) 878-3400

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