

Eliminate extra-credit accounts for better credit rating

MORTGAGE SHOPPING



DAVID C. MULLY

ing everything else in with

Mortgage lenders are using some different criteria than in the past to judge a person's credit worthiness. For a long time, the key to getting approval for a minimum, and as always, you should show a history of paying on time.

I have recently seen clients who've paid all their debts on time but had some problems getting their mortgage approved

due to an excess amount of open credit accounts and inquiries. This activity lowered their credit rating to a level that concerned the mortgage lender. You will find that most lenders are now basing their approval decision heavily on this new credit rating system. Call me if you have any questions on this.

Buying a home

When buying a home with FHA financing, you still need a private inspection.

I recently talked to Detroit HUD office representatives regarding FHA mortgages. They were concerned that the general public has a big misconception regarding what an FHA inspection covers when buying a home.

Their office receives numerous calls from people who say that FHA "inspected" their home before it was purchased. They call HUD because they have discovered some costly problem such as a roof or basement leak. The unpleasant task falls to HUD to inform them that FHA did not inspect the home and

does not warrant the condition of the house. FHA insurance is for the benefit of the lender in case of default. All of this misunderstanding could be avoided if the public could understand that FHA does not inspect and warrant home purchases.

Additionally, when the HUD representatives ask buyers if a private home inspection was done, the answer is usually no. Time and time again, we hear that either the Realtor or lender told the potential homeowner a private inspection was not necessary since FHA would inspect the home.

Whether the misinformation is intentional or not, it's just as important to have a private inspection done on an FHA purchase as on any other type.

Refinancing an existing home

A growing number of people today have loan debt to be approved for a mortgage. Even if you have a perfect credit history, you still may not be able to qualify for a new mortgage because of a high debt ratio. If you fall into this

category, there are now options available to you.

Some lenders will now loan you up to 85 percent of the value of your home with a debt ratio as high as 60 percent of your gross monthly income. That's up from the typical debt ratio limits of 38 percent. These loans can be used as short-term money to help you reduce debts and bring your debt ratio down to the standard 38-percent limit.

You can borrow the money to pay off existing liens, mortgages, equity loans or high credit card debt, or you may need the money for home improvements or even investments.

With these non-standard loan programs, the interest rates are higher and are established depending on your particular needs and circumstances. Most times, people refinance within one year to a lower available fixed rate after they've paid off some of their debt.

These loans usually do not carry private mortgage insurance or prepayment penalties and allow you to pay your property taxes and home-owner's insurance on

your own without requiring an up-front escrow account.

Also, the loans are available to for \$500,000 without a change in interest rate. Rates for these programs are in the 10-percent range.

That may seem high, but remember, you should only be on the loan for one year before becoming eligible to refinance to a lower rate. You could also use these programs for purchasing a property with just a 16-percent downpayment.

David Mully has been writing his weekly "Mortgage Shopping" column for The Observer & Eccentric Newspapers since June 1995. He has been involved with residential mortgage lending in the Detroit area since 1988 and is a senior loan officer. For information about a new mortgage, call Mully toll-free at 1-800-405-3051, fax him at 1-800-380-0603 or send e-mail to cgx04d@prodigy.com. You can access Mully's previous Mortgage Shopping articles on-line at <http://econline.com/~emeryd/mully>

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I also understand that the first step toward reaching your objectives is learning. I must learn what you want to accomplish, so I will ask. When you answer, I will listen.

The more you answer, the more I listen. As you tell me what's right for you, I formulate a plan - one designed to translate what you want into what you receive. Step-by-step, your dreams become reality. No, there is no magic involved, only hard work.

I begin the process as a stranger to your expectations, and leave as a friend.

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Observer & Eccentric MORTGAGE MARKET

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ITEM	RATE	PT/PT25	DK PNT	LOAN	APR	COMMENTS
AMERICAN FINANCE & INVESTMENT 800-562-5674						
30 yr FIX	7.25	3.25/35.5	5%	45 days	7.65	24 hr RateLine 1-800-689-2562
15 yr FIX	6.75	3.15	5%	45 days	7.25	http://www.loanapp.com
1 yr ARM	4.125	3/35.5	10%	45 days	9.28	
30 yr Jumbo	7.5	3/35.5	10%	45 days	7.89	
(A) 10400 Eaton Pl., Ste 220, Fairfax, VA 22030						
AMERICAN HOME FINANCE 800-440-1940						
30 yr FIX	8	0/290	5%	45 days	8.13	Large Apartment buildings.
15 yr FIX	7.5	0/290	5%	45 days	7.64	No Cost Loans
7/28 Balloon	7.5	0/290	5%	45 days	7.63	No origination
3/1 yr ARM	7	0/290	5%	45 days	7	Fee - Sun 10-2
(A) 39111 W. 6 Mile Rd., Livonia, MI 48151						
FIRST ALLIANCE MORTGAGE CO. 810-433-9620						
30 yr FIX	7.75	2/295	5%	45 days	7.95	Open 7 days a week. Debt consolidation & Refi for credit problems, bank turnouts we make it possible.
15 yr FIX	7.625	2/295	5%	45 days	7.84	
1 yr ARM	5.125	2/295	5%	45 days	5.34	
1 yr ARM/Jumbo	5.375	2/295	10%	45 days	5.61	
(A) 32100 Telegraph Rd., Ste 205, Bingham Farms, MI 48025						
NORTH AMERICAN MORTGAGE CO. 810-362-8200						
7/28 Balloon	7	2/300	10%	30 days	N/A	Purchase express. Free 24 hr Mortgage approval with or without a property.
30 yr Jumbo	8	2/300	5%	30 days	N/A	common sense underwriting.
1 yr ARM	5.625	2/300	5%	30 days	N/A	local decisions.
30 yr FHA	8	2/300	5%	30 days	N/A	
(A) 900 W. Wabash, Ste #155, Troy, MI 48061						
OLD KENT MORTGAGE 800-792-8830						
30 yr FIX	7.875	2/275	20%	45 days	8.13	Old Kent lends throughout the state of Michigan.
15 yr FIX	7.25	2/275	20%	45 days	8.17	We take pride in providing excellent customer service.
1 yr ARM	5.625	2/275	20%	45 days	8.31	
7/28 Balloon	7.25	2/275	20%	45 days	7.54	
(C) 33555 W. 12 Mile Rd., Ste 151, Farmington Hills, MI 48331						
PRIME FINANCIAL GROUP, INC. 800-448-7179						
30 yr FIX	7.625	2/290	5%	45 days	7.94	24 hr life recording for information
15 yr FIX	7.25	2/290	5%	45 days	7.77	24 hr life recording for information
1 yr ARM	5.5	2/290	5%	45 days	5.77	problems, refinancing, pre-approval & investment property.
3/1 yr ARM	6.75	2/290	5%	45 days	7.05	
(B) 17187 N. Laurel Park, Ste. 354 Livonia, MI 48152						
STANDARD FEDERAL BANK 800-643-9600						
30 yr FIX	7.75	2/275	20%	45 days	8.09	Rate lock or lower guarantee. Many mortgage programs avail. Experts in pre-approval for the office nearest you.
15 yr FIX	7.25	2/275	20%	45 days	7.74	
1 yr ARM	5.625	2/275	20%	45 days	8.47	
1 yr Jumbo	7.25	2/275	20%	45 days	N/A	
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30 yr FIX	7.625	2/290	5%	30 days	N/A	As seen in Money Magazine, Your #1 local mortgage lender. Call now for personalized service on (810) 398-9010.
15 yr FIX	7.125	2/290	5%	30 days	8.01	
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1 yr ARM/Jumbo	5.25	2/290	10%	30 days	8.01	
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Jamey Kramer's REAL ESTATE FACTS

"The 'Original' Real Estate Column"

Win A Private Victory!

Before beginning the search for your next home, take time to answer a few questions in the privacy of your present home. From your answers, you will know whether the time is right to get started.

First ask "Am I ready to purchase another home? If you can answer with an unequivocal "YES", follow up with "By what date do I expect to make my purchase?" If your answer to the second question is "Soon!", continue by answering the next two questions.

"Am I prepared to sign an Offer to Purchase when I locate the right home? Am I prepared to write a check for the earnest money deposit? If your answer is "Yes" to both, consider it a private victory. You are on your way to owning a new home.

Why are the answers to these questions so important? They lead to the firm personal commitment which ultimately results in completion of a home purchase. Without the desire, the motivation, and the willingness to proceed, the search itself would prove futile. No home would meet your expectations, and the search would end in miserable failure.

Once you've made the commitment to yourself, however, a new world opens up - one in which you have many choices and the confidence that soon you will be moving.

Now you are ready to select a real estate agent who will bring you those many choices. Make an appointment to discuss your expectations with the agent, then ask to see a wide selection of suitable homes. Your new home dreams will quickly become reality.

For more information about the Real Estate process, please call me at ReMax, Inc. (810) 349-3000 or Call my 24 Hour "customer service" line at 1-800-955-SOLD

JAMEY KRAMER, GRI CRS
Associate Broker