Eliminate extra-credit accounts for better credit rating



Mortgage lenders are using some different criteria than in the past to judge a persons credit worthiness. For a long time, the key to getting approval for a mortgage loan was showing to late payments on your credit report and hav-

your employment and assets, etc.
More recently though, if you
happen to have a lot of charge
cards, open credit lines and credit inquiries, your credit rating is
not viewed as favorably, even if
you have always paid on time. It
is now more important than ever
to keep the number of open credit accounts and inquiries to a
minimum. And, as always, you
should show a history of paying
on time.

mortgage loan was showing no late payments on your credit report and have ing everything else in order with

due to an excess amount of open credit accounts and inquiries. This activity lowered their credit rating to a level that concerned the mortragge 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

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 they that FHA
did not inspect the home and

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 too much 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 ration.

If you fall into this

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 about, the answer is usually no. Time and time again, we hear that either the Realtor or lender told the potential homowner a private inspection was not necessary since FHA would inspect the come. Some lenders will how loan you up to 85 percent of the value of your monthly income. That's up from typical debt ratio limits of 36 percent of the value of your gross monthly income. That's up from 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. ot 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.

Those loans usually do not carry private mortgage insurance or prepayment penalties and allow you to pay your property taxes and homeowner's insurance on

your own without requiring an up-front escrow account. Also, the loans are available to for to \$500,000 without a change in interest rate. Rates for these

in interest rate. Rates for these programs are in the 10-percent range.

That may seem high, but remember, you should only have 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 15-percent downpayment.

downpayment.

David Mully has been writing his weekly Mortgage Shopping column for the Observer & Ecentric Newspapers since June 1995. He has been involved with residential mortgage lending in the Detroit area since 1988 and is a senier loan officer. For information about a new mortgage, call Mully foll-free at 1-800-405. 3051, fax him at 810-380-0603 or send e-mail to ogbod-406prodigy.com. You can access Mully's previous Mortgage Shopping articles on-line at http://oconlinc.com/-emoryd/mully

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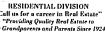


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Jamey Kramer's **REAL ESTATE**

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

First ask 'Am I ready to purchase anoil home? If you can answer with an unequivocal 'YES', follow up with 'By what date do I expect to make my

'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 deposits? If your answer is 'Yes' to both, consider it a private victory. You are on your way to owning a new home.

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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.

you will be moving.

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