

The Benefits of Having Good Credit!

You've maybe heard a lot about people who have bad credit. But the average American has a very good credit score which falls somewhere in the range of 720 to 740. So what kinds of benefits come with having good credit and what should someone with good credit be looking for?

Lower Rates & Payments

Probably the biggest advantage that comes from having a good credit score is being able to get lower interest rates on loans. The reason you have a good credit score is because you know how to manage your credit wisely. You pay back your loans and make payments on a timely basis. Lenders know by your credit score that you're less of a credit risk — you're less likely to default on your loan, so they're more willing to give you a cheaper interest rate. And the lower your interest rate, the lower your monthly payment. In essence, having good credit saves you money.

Less Documentation, Less Hassle

Another big advantage to having a good credit score is that you are more likely to qualify for a loan where you may not have to document your income and assets as much as the person with a low credit score. These loans are known as "Low Doc loans." Loans of this type have recently become more and more difficult to get.

You can "go stated," which means you have to disclose your income for the last two years, but instead of showing pay stubs and W-2s, you just show tax returns and bank statements.

If you get a "no-ratio" loan, you just declare your income without showing pay stubs, tax returns or W-2s. However, no-ratio loans still require that you list your assets to reassure the lender that you can still pay back the loan.

There are also loans known as "no income, no asset," or NINA for short. NINA loans only require you to disclose your name, Social Security number, the address of the property you're buying and how much you intend to use as a down payment. This can be very useful for people who want maximum protection of their privacy. However, in today's risky mortgage climate, these type of loans are very difficult to get.

Of course, the less documentation you provide, the higher your score has to be. And, of course, you need to have sufficient assets in exchange for providing less documentation. In today's volatile mortgage environment, it's also possible that the rate may actually be a little higher — less documentation means more risk for the lender since they're basically taking you at your word. However,

the more documentation you provide, the less risk to the lender and, thus, the lower your rate should be.

More Freedom & Flexibility

As a result of your good credit score, the more freedom and flexibility you have to consider more types of loans since you probably qualify for more types of loans. You have the ability to consider loans that others cannot, because of your good credit score. In other words, you have the freedom to consider the loan that best suits your financial goals and your specific individual situation. For example, let's say you just accepted a new permanent position and were moving with your family. You want your kids to grow up there and didn't plan on moving. You might go with a 30-year fixed-rate mortgage. But, in contrast, let's say you wanted to invest in a rental property and needed some flexibility in payment. You might then go with an option ARM that allows you to make different types of payments at different times.

Having a good credit score means you have more options available to you. You can get loans with better terms and rates and you have more available to you when it comes to the types of loans available to you.

For more information about the types of loans you may qualify for because of your excellent credit score, contact our office today.



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No Time Like Now to Buy Your Dream Home!

Whether you dream of buying a brand new home from a builder or an existing home from a homeowner, this is a powerful buyer's market. As the residential real estate market continues to weaken in many areas, the inventory of unsold property expands. And the absence of demand, coupled with an overabundant supply, is causing sellers to pull out the stops in an effort to encourage home purchases.

Compare Mortgage Rates

Adjustable rate, interest-only, and other mortgage loans that become expensive when mortgage rates rise are contributing to the pressure to sell, as homeowners face monthly payments that they can no longer manage. But fixed-rate mortgage quotes remain attractive, and offer predictable and affordable options for those considering buying a home.

Meanwhile, new homebuilders are enticing buyers with discounts, upgrades, and giveaways. This is not only good news for people shopping for a new home, but also bodes well for those looking at older houses. When new home sellers attract the attention of buyers, sellers of existing homes need to up the ante and offer their own perks and



incentives. Potential buyers in the middle of this tug-o-war have tremendous leverage, which can translate into ever-attractive deals at the closing table.

The median price of new construction has dropped recently, and builders are still experiencing many cancellations. Cancellations of existing home purchases are also rising, according to the National Association of Realtors®. To keep deals from falling apart, sellers are offering all sorts of bonuses, from free vacations and cases of rare wine to assistance with buyers' closing costs. Plus, sellers are more inclined to accept lower offers, rather than hold out for a better price that they may never get.

Carpe Diem!

If interest rates stabilize, as many economists expect, the buyer's market may quickly end. Current conditions are ideal for buyers; but these conditions won't last forever. This fact makes the present moment an ideal time to get a good mortgage rate and buy the home of your dreams. Remember Hamlet's quote when considering purchasing a home in the city or hamlet of your choice: "Readiness is all!"

Is Your Debt Out of Control?

Carrying some debt is very normal. Virtually everyone has debt. But the key is controlling and managing your debt, not letting debt control you. How can you tell if your debt has become out of control? Here's a list of debt danger signs.

- You spend more than you earn
- Creditors call you often
- You live paycheck to paycheck
- You don't know how much you owe
- You've paid late fees more than twice in the last year
- You occasionally make late payments
- You pay only the minimum on your credit cards

- You put off paying one bill so you can pay another
- You often argue with family members about money
- You take cash advances from credit cards to pay bills
- You make purchases impulsively

How to Manage Your Debt Responsibly

If you think your debt is out of control, don't panic. With a little bit of self-discipline and smart financial planning, you can learn how to get out of debt. There are even organizations you can turn to for help.

The first step is to carefully examine your monthly budget. By reducing your spending each month, you'll have more money available to pay down high-interest debt.

If you're a homeowner, you can also leverage your mortgage to pay off your high-interest debt. Contact our office today about how you may be able to consolidate your high-interest bills into one lower-interest payment. This makes it easier to pay off debt while turning non-tax-deductible interest into tax-deductible interest*.

Credit counseling organizations are another option. These organizations can give you advice on how to handle your money and help you develop a budget to pay your bills and get out of debt. Some credit counselors offer their services at high fees which can put you further into debt. Make sure to do your research first and find a reputable agency that will give you free information about the services it offers.

* Please consult your tax advisor.

