

mortgagematters

Compliments of Rein Weber

TMG The Mortgage Group



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I truly hope that your Holiday Season and slide into 2008 was everything you wanted it to be!

I wish you Peace, Health and Happiness in 2008!

All the best,

Rein



Your Credit Score, and How it Affects Home Buying

January is often a time of financial reflection. The holidays are over and the joy of giving has been replaced by the reality of dealing with all the credit card bills. When reviewing which bill payments take priority, remember to keep your credit score in mind, as home buyers who are seeking a mortgage find out early how important their credit score is in the home buying process, and in determining the interest rate that a lender offers.

WHAT IS A CREDIT SCORE?

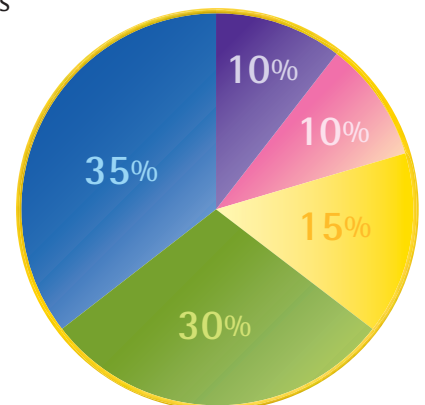
A credit score is a number that lenders use to estimate risk. Experience has shown them that borrowers with higher credit scores are less likely to default on a loan. Credit scores are generated by plugging the data from your credit report into analytical software. Credit reporting agencies don't necessarily use the same scoring software, so don't be surprised if you discover that the credit scores they generate for you are different.

Credit scoring software only considers items on your credit report. Lenders also look at other factors that aren't included in the report, such as income, employment history and the type of credit you are seeking.

Borrowers with good credit scores are typically offered more financing options and better interest rates, but don't be discouraged if your scores are lower, because there's a mortgage product for nearly everyone. Please call me with your questions on the types of financing available for your particular financial situation.

The pie chart shown here shows a breakdown of the approximate value that each aspect of your credit report adds to a credit score calculation.

- 35% - Your Payment History
- 30% - Amounts You Owe
- 15% - Length of Your Credit History
- 10% - Types of Credit Used
- 10% - New Credit



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January marks the start of a new year, a time when many endeavor to make a change in their lives. Often, that change includes getting organized. A home with a place for everything and everything in its place can save time, stress and money – and boost your home’s appeal should you decide to sell it. What follows is a game plan to help you get, and keep, your home organized.

The prospect of organizing your home can be daunting. To make the task more manageable and increase your odds of success, break it down – focus on one space at a time. That space may be as small as a desk or as big as an entire room. Whatever area you choose, stick with it until it’s done.

Before you can actually get to organizing, you need to purge your chosen space of items that don’t belong there. If you don’t love it, need it or haven’t used it for a year, throw it out or give it away; chances are it won’t be missed. Keep a box handy for items that should be kept but make more sense in a different space; later, you can distribute the contents to areas where the items rightfully belong, so that they can be incorporated into your organizational scheme for that space.

After purging, you’ll no doubt find yourself with extra room that you weren’t even aware you had. Now it’s time to organize, which means using the space to designate a spot for each of the items that belong there, a spot where they will always be stored when not in use. As you find a home for your things, group similar items together for convenience and place frequently used items where they can be quickly and easily accessed.

If you find that you still don’t have enough room to store everything that belongs in the space you’re working on, you can always purchase some creative storage solutions. Depending on the area you’re organizing, the remedy might be more shelving to take advantage of vertical space, under-bed totes to maximize space that typically goes unused or decorative storage boxes that can be seamlessly incorporated into your décor.

Now that all of your things have a permanent home, the trick to keeping organized is making sure they stay there. Ideally, get into the habit of replacing items immediately after you’ve finished with them. This may be challenging at first, but after a while it should become routine. If that strategy doesn’t work for you, use time that likely gets wasted while waiting for the oven to heat up or talking on the phone, for example, to pick things up and return them to their home. Or dedicate 10 minutes before bed each night to round up out-of-place items and put them away. Once picking up and putting away becomes second nature, maintaining an organized home is easy!

FALLING INTO PLACE



Hiring a HOME STAGER



If you're considering selling your home, you might also be thinking about having it professionally staged. If you've never had to hire a home stager before, you'll want to read these tips:

Home staging is an industry for which official accreditation standards don't yet exist. As such, your screening of candidates is critical. Just as you would if hiring an interior designer or contractor, ask potential home stagers for references – and check them. If you can't tour homes the candidate has staged, at least ask to see a portfolio of before-and-after photos.

Ask for an estimate. In fact, get a few estimates, as pricing in this industry varies significantly. Be sure you understand and are comfortable with how the home stager charges for their services. Some charge by the hour, while some charge a flat fee for the entire job. Still others charge based on square footage or number of rooms.

Depending on the scale of the job, home staging can cost anywhere from hundreds to thousands of dollars. A stager can orchestrate the entire moving process for you, from cleaning and packing, to painting and removing furniture. Some will even rent furniture in order to achieve a desired effect, which will drive up costs.

If you're willing to do the work yourself, however, a home stager may simply be able to provide you with a detailed analysis of what needs to be done in order to make your home appealing to the broadest spectrum of buyers. Such a to-do list could cost as little as a couple hundred dollars, making home staging a more viable option for sellers.



Terms Over Price

Money isn't everything – even when it comes to real estate. While price is often the bottom line for sellers, sometimes it's another term of your offer that can make your bid the winning one.

After price, the closing date tends to be the most frequently negotiated term of an offer. Perhaps the seller requires a quick close due to a job transfer or a scheduled closing date on another home. Maybe the seller is looking for a long closing, allowing them time to find their next property. Whatever the circumstances, your ability to accommodate the seller's closing date may be just what tips the scales in your favor.

A buyer will often make their offer conditional upon their ability to obtain a specific amount and type of financing, or upon selling their current home by a certain date. If the buyer can't arrange that financing or sell their home by the specified date, their offer becomes null and void. Such offers are risky for sellers. If you can make an offer free of such conditions, thus eliminating the risk for the seller, it may win you the home – even if your price is lower than that of a competing offer.

For some sellers, it may be your willingness to waive another common offer contingency – the home inspection – that clinches the deal. Foregoing an inspection and agreeing to buy the property "for better or for worse" is risky, but some buyers are willing to assume that risk if that's what it takes to seal the deal.

How is Your Credit Score Calculated?

Here's a reference for the chart on page one:

YOUR PAYMENT HISTORY:

- Number of accounts paid as agreed
- Negative public records or collections
- Delinquent accounts; Quantity and length of past due items

AMOUNTS YOU OWE:

- How much you owe on accounts and the types of accounts with balances
- How much of your revolving credit lines you've used
- Amounts you owe on installment loan accounts
- Number of zero balance accounts

LENGTH OF YOUR CREDIT HISTORY:

- Total length of time tracked by your credit report
- Time passed since the last activity

The longer your (good) history, the better your scores.

TYPES OF CREDIT USED:

- Total number of accounts and types of accounts (installment, revolving, mortgage, etc.)

A mixture of account types usually generates better scores than reports with only numerous revolving accounts (credit cards).

NEW CREDIT:

- Number of accounts you've recently opened and the proportion of new accounts to total accounts
- Number of recent credit inquiries
- The time passed since recent inquiries or newly opened accounts
- If you've re-established a positive credit history after encountering payment problems

As always, if you, your friends or family need an explanation on this or any other home financing or credit-related issue, please do not hesitate to call me.



Terminology Tip

Prepayment Privileges — Also known as prepayment rights, this is a mortgage clause that allows borrowers to make voluntary payments against their mortgage without incurring a penalty. Extra payments are applied to the principal owing, thus allowing borrowers to reduce the amount of interest owed and to pay off the mortgage more quickly. Prepayment terms vary from lender to lender, so check with your financial institution to see what limitations might be placed on your ability to make prepayments.

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My commitment is to deliver the highest level of service to earn the deepest level of trust. I want you to be so satisfied with my services you feel compelled to refer your friends, family, neighbours and co-workers to me. Not by obligation, but because you truly believe they will benefit from my services.

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