

# The New York Times

## 5 Tips On Getting a Mortgage After the Bust

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Back in the bad old days of the housing boom, merely having a pulse seemed to qualify you for a mortgage. Now, not only do you need a strong heartbeat, all of your documents need to be double and triple-checked.

After a massive surge in defaults and foreclosures, mortgage lenders have made it far tougher to qualify for a home loan. And even as the housing market stabilizes, those tightened standards mostly remain in place.

To get the best rate and the lowest fees, you'll need a top-notch credit score of at least 720 out of a possible 850. You must provide proof of your income. And you need to have a decent down payment.

"Either you fit the box or you don't," says Shawn Trock, a mortgage banker with Pan American Mortgage in Knoxville, Tenn. "There is very little room for negotiation."

Here are some tips:

**SAVE UP:** If you can bring 20 percent of the home's purchase price to the table, you will save money. But if you don't have that kind of cash lying around, your most likely route is mortgage insurance. That protects your lender if you default. But it will cost you.

The Federal Housing Administration, a government agency that provides mortgage insurance, charges an upfront fee of 2.25 percent of the loan amount, plus an annual premium paid in monthly installments of up to 0.55 percent. Also, several private mortgage insurance companies compete with FHA.

**GET THOSE DOCUMENTS READY:** These days, mortgage lenders need to see anything and everything in writing. They typically require at least two months of bank and investment account statements, your two most recent pay stubs and your last two years of tax returns.

**SHOP AROUND:** A home is the biggest purchase most people ever make, so spend plenty of time doing research. Get quotes from at least six bankers, brokers and credit unions, advises Keith Gumbinger, vice president of HSH Associates, a financial publisher. "These are permanent debts," Gumbinger says. "You need to spend some time being involved in it."

**WHAT'S YOUR COMFORT LEVEL:** Many of the shadier players in the mortgage industry were weeded out when the market went bust. But unsavory characters still lurk, so take your time. "I would be nervous about the person who rushes you," said Jared Martin, chief executive of GOTeHomeLoans, a broker in Malvern, Pa. and board member of the UpFront Mortgage Brokers Association, an organization of

brokers with a code of ethical standards.

**KEEP AN EYE ON RATES:** Mortgage rates were at record lows for much of past year as the Federal Reserve bought up bonds backed by home loans. But the central bank ended that program last month, and rates are expected to go up.

"People may get lucky and may catch a day or a week when rates are relatively low," said Michael Fratantoni, vice President of Research and Economics at the Mortgage Bankers Association. "But we do think we're on an upward trend from here."