



HOME *n* WORK[®]
MORTGAGES



Bad Things do Happen to Good People!

By Gregory Stanley CFP CSEC

Borrowers can have good, bad or ugly credit.

A borrower can have either *good, bad or ugly* credit. Being on a wrong path is really about following all the other borrowers off the cliff who mindlessly make mortgage payments each month without any thought to their *end game* with their mortgage. They just make their payments each month and let their inner voice say in the old Italian Godfather way *'forget about it.'*

It's true to some degree that it is the credit worthiness of a person that makes one lose ground. What is worse though is someone with no plan in place in managing themselves financially and spends freely without any consideration to a budget then bills can get out of control. Without any budget being monitored within the household one will soon find their credit balances start creeping up. The result is that one's credit rating can drop. A low score hurts.

Most people are slipping financially until their eyes are opened. You feel stress about making bill payments — always juggling funds to pay, with far too many sleepless nights. You look around and think, *"enough is enough hey?"*

The next step is to have a conviction to make a change. Basically if you don't control your debts then your debts can begin to control you. Your debt payment load will start eating way from your disposable income potential and start impacting other areas of your life.

It is like blowing up a balloon and holding the end with your thumb and finger. The balloon has potential because if you let go of the balloon it will jet off across the room. With your

debts under control you have potential too. You can truly get ahead financially. But if you are controlled by debt, just like tying off the end of the balloon, it goes nowhere without any potential.

So not being in control of your debts may mean that your lifestyle is impacted to an uncomfortable level.

Our discussion now is really about knowing if you are *ready to go* as far as getting a real management system in place to manage your financial life better. As a mortgage broker, and an advisor on debt management, our office can help almost everyone. The differences in creditworthiness either open or close a few doors.

I am not going to go through bank underwriting guidelines at this point. It will only make your eyes glaze over. But, it is true that based on your credit rating banks will or will not lend to you. If you make good money and always pay cash, and never bothered to build up any kind of credit rating (beacon reject) then you'll end up paying far more for borrowing than the guy that earns less than you who established some credit. It sounds odd but it isn't. One has a proven track record of borrowing and paying back, borrowing and paying back again, and again. The other one has no proof that he'd make a payment. There is simply no history. So let us look at the good, bad and the ugly with regards with credit and see what can be done. The good news is that we are here to help you.

When your credit is good

All the doors are open to you. Every bank is your oyster ... or I should say will want to lend to you. For these clients our office is approached every day with *seat sale* mortgage rates and products.

A good score is one that is 680 and higher. It means you always pay your loans on time and don't miss any payments. It also means that you don't keep any high loan or credit card balances. When a lender knows that you are this type of borrower they will offer lender specials that will blow your socks off. We can't put them here because they change so frequently. But again, it is not all about rate. It is about the flexibility to pay down a mortgage as often as you'd like. It is about picking the time horizon that meets your life needs. There are many offers out there that are simply not good because they are inflexible and carry really high penalties if you ever wish to leave early. You should always get a second opinion on any rate sale being offered.

Our office takes this approach when we discuss both interest rates and terms. We do not charge any fee for any conventional residential mortgage. Lenders pay our fees directly so the advice to you is free.

When your credit is bad (fair)

In lending terms we are looking for a *beacon score* on your credit report that is 600 points or better. That is not really *bad* but fair. In fact prior to the recession most files at 600 were just fine at getting financing. Then the lenders tightened their rules. Some stopped lending in rural areas. Others demanded more equity in your house and lowered the amount they would lend. Others, including such notables as Wells Fargo and HSBC Finance, even decided to pull out of the *alternative* lending market altogether. As mortgage brokers we hope that as the recovery continues that more alternative lenders will return.

Today, any score less than good but above 600 means less choice for selecting lenders. You'll pay a bit more than a preferred rate.

This score means that you've had some bumps in the road but in general you do eventually pay all your bills. Some bills may have been late but most are paid on time. The easiest way to have a lower credit score is to have high loan or credit card balance. The flip side also means that by paying down high balances your credit will greatly improve.

Our office looks at your file and we see where we can pay off high balances and improve your household cash flow. With more cash flow in your pocket each month we can then focus on paying off more debt to improve your credit score more rapidly.

The other error made in a dropping a credit score is caused by borrowers *rate shopping* and letting lenders pull individual credit reports each time they ask about rates. Did you know that by pulling your credit your score lowers each time? It does. Compared to individual banks a mortgage broker only needs to pull ONE credit score and then he can then use this one report for the dozen lenders that she may use. This one simple solution will avoid you pushing down your score unnecessary. Congratulations! You made a wise decision to stop here for friendly advice.

When your credit is ugly we may still be able to help.

Sometimes there are many debts that need to be consolidated and more work is needed to be done. Your credit is fair but your financial situation may be really ugly. Any score under 600 is pretty ugly from a lender point of view. Mainstream banks are simply not interested. However the good news is that our office can employ a 2 step approach to successful lending.

The sky has not fallen in yet ... but you think it soon will be ... so you may require private mortgage financing to solve your financial problems. We first find a private lender that will pay off all your high debt balances and high interest rate charges. We then work with you to improve your credit so in one year's time you will be able to obtain normal conventional financing again. So this two step approach really works well. It can make a night and day difference in your household budget. The average household can save almost \$1000 each month in cash flow. It can make the difference to keeping your house or not.

Such mortgage loans are commonly called second mortgage loans or private mortgage loans and they are arranged with non-institutional lenders or speciality lenders. Such lenders deal in the hard cases. In such cases fees may be applicable but will be financed out of any loan advance. So you do not have to come up with those costs until your loan funds. There is always a written agreement. No fees are ever charged if a mortgage broker cannot obtain the rate and terms of mortgage that were promised to you.

Nobody has to tell you when your credit is ugly (poor). You already know. Creditors call your home - mornings and evenings. You are stressed out about bills to pay and how to pay them.

You may have people knocking on your door, have suffered from a previous bankruptcy or may even be in the middle of foreclosure proceedings.

The point to remember is that we can help people pay off high monthly payment debt when there is enough equity in their home. If you have more than 25% equity in your home then our office can help you.

If your equity is less than 25% of the value of your home we will see if you have other collateral such as vehicles or even RSP's that we can loan against.

We are here to give you a new beginning in life ... We take pride that we really do the very best for each and every client.

More importantly we will provide a 2 step approach to normal financing which on average will take 10 to 12 months. We will also offer you a debt management system so you will be focused and on budget each month. It is easy and simple to use which leads us into our next chapter that will teach you how we get you on track and focused to pay off all your debts faster.

Let's get started!

Submit a secure application today so Greg Stanley can start to help you. It will only take 10 minutes to fill out, and once received he will contact you. *Help is on the way!*

A knowledgeable friend is just a call away.

Greg Stanley is duly licensed both as a mortgage broker and a certified financial planner. He is friendly and very easy to talk to. Within a few minutes he can reassure you that your problems are solvable. Wouldn't that be nice?

Call Greg today at: 1.866.658.0492 Ext. 100

Advice Matters!®



Greg Stanley CFP CSEC

Greg Stanley oversees the private lending division of Canada's mortgage brokerage 'Home n Work Mortgages Inc' that specializes in all types of residential and commercial lending.

Greg Stanley and his team specializes in fixing you up, paying off your high interest rate debts, improving your cash flow and getting you back on track. Our service is fast and friendly.
We look forward to helping you!

Our Top Ranked Sites

FOR ALL YOUR RESIDENTIAL NEEDS
www.mortgageconsultant.com

COMMERCIAL LENDING NEEDS
www.homenwork.com

**FOR THOSE 55 OR OLDER LOOKING FOR
RESIDENTIAL FINANCING**
www.canadareversemortgage.com

We Specialize In:

- Foreclosure Prevention • Poor Credit Situations • Improving your Cash Flow
 - Private Mortgages • Quick Closing & Funding
- Reducing unnecessary financial stress in your life

Advice Matters![®]