

Consumer News & Views

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Ten Reasons Why You May Not Be Able to Buy a House

By Gina Roberts-Grey, CreditSesame.com

As home prices continue to rise and mortgage rates creep above 4%, home buyers are jumping into the market as sellers move off the sidelines. But strict lending standards have complicated the home-buying process.

Even if you have the down payment for a new house, that might not be enough to move into your dream house. Despite the uptick in the housing market, banks are using much more stringent standards when making a mortgage loan.



It's not just the expected problems like late payments, charge-offs, collection accounts or judgments against you that can prevent securing a mortgage. More common events might stop you from making your dream home become a reality.

Here are 10 events that can hurt your credit score and how to prevent them:

#1. Your credit has been checked too often. Applying for credit cards or loans can shave precious points off your credit score. And if you're close to the threshold between a "good" or "fair" credit score, even a few points can be the difference between qualifying for a loan. To be safe, hold off applying for anything for six months before applying for mortgage.

#2. Applying or obtaining new credit while in escrow. Fannie Mae now requires lenders to run a new credit report just prior to loan funding. So if you open a new credit card or finance furniture for your new digs before closing, expect to provide a good explanation and possibly have the deal fall through.

#3. Not having credit. Pre-bubble days no credit was considered good credit, but in today's market, a lender needs to see that a home buyer has a history of managing credit obligations. If you are new to the credit market and do not have a long enough credit/payment history, you may not be able to get a mortgage.

#4. Not having PMI. Qualifying for a mortgage isn't the only approval you need. If your down payment isn't 20% of the purchase price, you're going to need private mortgage insurance (PMI). PMI is generally required by lenders as a means of protection in the event you default on the loan. But just because you qualify for a mortgage, doesn't mean you'll qualify for PMI; these companies run their own credit check and assess credit worthiness independent of the mortgage lender.

#5. Lack of reserves. Mortgage lenders like to ensure borrower has proper reserves (savings account, IRA, 401(k), stocks, etc.) in case of a physical issue with the house or loss of the borrower's job. And inadequate reserves kill many loans.

#6. Appraisal issues. The price negotiations aren't necessarily over just because the buyer and seller agree on a price. In an unstable market, an agreed upon price may be more than the appraised value of the home. If that's the case a buyer has to cough up more cash for the down payment to maintain the proper loan to value ratio.

#7. Your available credit to debt ratio is too high. The preferred credit to debt ratio varies by lender, but tends to hover around approximately 36%. If your credit to debt ratio is higher than this amount, it is wise to pay your cards down to this level or expect to be denied a mortgage.

#8. You have been the victim of identity theft. Applying for a mortgage could tip you off that your information has been used to open fraudulent credit accounts that were probably not paid. If you are a victim of identity theft, notify the police, the credit bureaus and creditors immediately and advise them of what has happened in order to begin the process of cleaning these fraudulent items off of your credit reports.

#9. You may not have been at your job long enough. Potential lenders want to know you have a stable income and the ability to pay your mortgage payment along with your other obligations. So if you just started a new job, you might have to wait three to six months (maybe longer depending on credit history, etc.) before putting in a purchase offer.

#10. You only have one type of credit history. If you only have a department store credit card or one consumer credit card, lenders won't be convinced you can aptly handle a budget. They want to see diversity (car loan, a store card and a credit card) to assess your full potential as a debtor lender.

Credit Sesame is the consumer's credit and lending expert, providing smarter financing for your world.



Mountain America Credit Union Helps Southwest Consumers Rebound.

Are you looking to be part of a safe, secure and progressive credit union? If so, consider Mountain America Credit Union with offices in New Mexico, Nevada, Utah and Arizona. Mountain America Credit Union has super-low loan rates for qualified members and borrowers ranging from a home equity line of credit super low auto loan rates.

And, Mountain America Credit Union is working hard to support its communities. When Mountain America was formed in 1934, it was in the midst of the Great Depression. Workers were losing jobs, banks were failing as families were struggling for money and food. It was a time when communities had to rely on each other just to survive.

Today, that spirit of cooperation still burns strong. Over the years, MACU supported a variety of community events and charitable organizations, including numerous scholarship opportunities:

- Mountain America's Financial Literacy Initiative
- Mountain America's Speaker's Bureau Financial Seminars
- Utah Jump\$tart Coalition for Personal Financial Literacy
- Primary Children Hospital
- Habitat for Humanity
- Autism Speaks
- American Diabetes Association
- National MS Society
- Local high school, collegiate and professional sports
- And many others

Mountain America Credit Union has 63 branches in four states and offers a variety of financial products and services for consumers and businesses. With roots dating back to the 1930s, Mountain America Credit Union is a tradition for many members. Today the credit union serves more than 343,000 members and has over \$2.8 billion in assets. Mountain America Credit Union has been honored four times as one of "Utah's Best Companies to Work For" by Utah Business magazine. Visit www.macu.com for more information.

Mountain America Credit Union Earns Two Excellence Awards

Mountain America Credit Union has earned two Excellence Awards from the Credit Union National Association (CUNA) HR/TD Council, which recognizes and honors credit unions that exemplify excellence in human resources and training. Mountain America won in the Council's Employee Engagement category for its "*How-to Training Videos*," a series of videos created in-house for use in the classroom that demonstrate a real-life environment using an attractive and audience-engaging medium.

The credit union also won the HR/TD Management Practices award for its "IRA ELearning Suite," which successfully converted an entire operational training class to eLearning. The set of courses are accessible 24/7, provide a consistent message and can be revised as needed. "Independent recognition is always a plus, as it validates our commitment to member value through our education and training programs," said Suzanne Oliver, senior vice president of educational services and governmental affairs for Mountain America Credit Union. "These awards are particularly significant because the CUNA HR/TD Council Excellence Awards are the standard of excellence for HR and training & development programs in our industry."

Mountain America Credit Union has more than \$3 billion in assets and serves more than 400,000 members wherever they are through online and mobile banking, Mountain America branches in five states, and more than 30,000 ATMs and 5,000 shared-branching locations nationwide. With Utah credit union roots dating back to the 1930s, Mountain America has become a tradition for many members, offering a variety of financial products and services for consumers and businesses,

including savings accounts, auto loans, checking accounts, mortgage loans, business checking, SBA loans and retirement options. Visit www.macu.com for more information.

*The American Consumer Council is pleased to have
Mountain America Credit Union
as an Exclusive Sponsoring Member*

ACC's Friend of the Consumer Award Recognizes Outstanding Companies. Is your company or organization a friend of the consumer? Are your policies and corporate practices winning the hearts, minds and wallets of customers? If so, you should apply for The American Consumer Council's prestigious *Friend of the Consumer Award*.



Throughout the year, the American Consumer Council receives numerous applications from companies and organizations seeking to be recognized for their commitment to consumers and providing consumer-friendly products and services.

To apply for the *Friend of the Consumer Award*, complete the online application and return it to ACC with the application fee. Applicants will be notified within 5 days of receipt of their application. Thereafter, a panel of independent judges will review your application and make a formal recommendation within 45 days of receipt of your award application.

For more information, visit: <http://www.americanconsumercouncil.org/awards.asp>



Maine Savings Federal Credit Union began as BARCO Federal Credit Union in Millinocket, Maine in 1961 for the Bangor & Aroostook Railroad Company. In the past 52 years, we have grown to be the largest credit union in eastern Maine with assets exceeding \$262 million, and more than 26,000 members, plus more than 450 Select Employee Groups, and nine branches—in Hampden, Bangor, Brewer, Milo, Corinth, Ellsworth, Vassalboro and Bar Harbor.

In 2001, the Board of Directors made the strategic decision to change the name to Maine Savings Federal Credit Union, to more accurately reflect our diverse field of membership.

To become a member of Maine Savings Federal Credit Union and take advantage of their outstanding customer service and competitive loans, please click on their website link at: <http://www.mainesavings.com/>

Maine Savings is a full service financial institution offering all of the products and services as the large national institutions—consumer products, commercial services, mortgages, insurance, and financial planning—but with the safety and security of a truly local institution. You can rest assured that Maine Savings is safe and sound.

Maine Savings is the largest credit union lender in the state of Maine, and specializes in mortgages. While the national news about housing slowly improves, Maine Savings has been quietly building a mortgage success story, with a complete menu of mortgage products and services. We're helping more Maine people buy new homes or refinance existing ones than ever before. Maine Savings offers the new CU Promise Loan, created specifically to make the home buying process

simpler. It comes with three guarantees—guaranteed same day loan decision, guaranteed closing date and guaranteed local servicing for the life of the loan. Your money stays right here in the community you call home.

Maine Savings also continues to lead the way in commercial services. Ever since introducing the expansion of our commercial services in late 2003, more and more of our small business owner members have taken advantage of our Business Made Easy program. Our financial products and services provide simple and effective ways to handle their finances with ease, freeing them up to concentrate on developing their business. Our commercial lending program offers business loans at competitive rates, lower and fewer fees and generous terms that allow small business owners to borrow comfortably in order to achieve their financial goals.

Make the move to Maine Savings and you'll agree that our tag line says it all — "We treat you like you own the place!" — *because you do!*

To become a member of Maine Savings Federal Credit Union and take advantage of their outstanding customer service and competitive loans, please click on their website link at: <http://www.mainesavings.com/>

*The American Consumer Council and the New England Consumer Council are pleased to have
Maine Savings Federal Credit Union
as a Sponsoring Member*

Green CSM Certification Accepting Applications for 2013 Summer Cycle:

If your company or organization would like to increase its credibility with consumers, you should consider applying for the **Green CSM Certification**. Applications for the 2013 Summer cycle are now being accepted through August 31, 2013.

It's a proven fact that consumers want to do business with companies that are eco-friendly and practice Corporate Social Responsibility (CSR). The process is straight-forward and all applicants are recognized by ACC and the Green USA Institute.

All applicants complete the criteria and submit their responses to ACC's Green Consumer Council for review, assessment and feedback. Program details and the **Green CSM Certification** criteria can be viewed at ACC's website located at: <http://americanconsumercouncil.org/greenc.asp>

