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Mortgage Rates Are Low, But You'll Pay More Points for Credit Scores Under 740

Yes, interest rates are still low. As you can see by clicking on "Mortgage Rates" at GoldenRealEstate.com, the average 30-year fixed rate last week was 5.1%. It's unclear how soon these rates will rise.

Mostly, the mortgage lenders are being flooded with refinancing applications, which is completely understandable. The uncertainties of our economy make saving money everyone's #1

concern — ahead of buying a new home, new car, or new anything.

My mortgage broker, Shelley Ervin, tells me that this flood of business has overwhelmed the industry, resulting in longer waiting times for loan approval.

Fannie Mae, which sets the guidelines for issuing "conforming" or "conventional" loans — that is, loans that Fannie will buy from the

lenders so they can make additional loans — recently began to impose surcharges in the form of additional discount points based on several criteria, including FICO scores and the percentage of the purchase price that is being financed.

Let's just look at FICO scores. Under the new guidelines, if you have a score lower than 740, you must pay an extra quarter point to get the

same interest rate as someone with 740 or higher. Below 720 you pay an extra 3/4 point. Below 700, you pay an extra 1.5 points to get the "prevailing" rate.

For a cash-out refinance, the penalty for a low FICO score is even greater. For example, if your score is under 700, you'll pay an extra 2.875 points to get the same rate as someone with a 740 score.

(Most buyers choose to raise the mortgage interest rate rather than pay the points up front, to reduce their closing costs.)

There are ways to raise a FICO score. I'll post information on this at www.JimSmithColumns.com.

Another trend is being observed. Lenders, in increasing numbers, are refusing to deal with mortgage brokers, and only accepting loans originated in-house. The rationale for this is that banks have found more fraud and errors in loans initiated by brokers vs. in-house.

The Discerning Home Buyer

This week's tip concerns stucco siding. Learn to distinguish concrete-based stucco from artificial stucco, and whether it was installed properly. An important rule with stucco is that no surface should be parallel to the ground, which would allow it to hold rather than shed water. For more info on assessing stucco (and for previous tips) visit JimSmithColumns.com.

REAL ESTATE TODAY



By **JIM SMITH, Realtor®**

This Week's Featured Listing:

Price Reduced on Golden Half-Duplex

This half-duplex at 1546 Secret Court has been completely renovated upstairs and down with new carpet, new paint, and new tile. The other half of the duplex was already sold, and now the price on this half has been reduced for quick sale. In my opinion, this is the best deal in Golden at only \$127 per square foot. This home has three bedrooms and two baths upstairs, vaulted ceilings, a spacious 2-car garage, hot water heat and a terrific, quiet location. Find it under "Our Listings" at www.GoldenRealEstate.com, where you can take a guided video tour with me through this fine home. Other details: Built in 1999; 1,647 sq. ft.; refrigerator included; taxes \$1,130; master bathroom; dishwasher; cul-de-sac. Open Saturday 1-4.



GOLDEN REAL ESTATE

Jim Smith

Broker/Owner

Golden Real Estate, Inc.

DIRECT: 303-525-1851

EMAIL: Jim@GoldenRealEstate.com

OFFICE: 303-302-3636

17695 South Golden Road, Golden 80401

WEBSITE: www.GoldenRealEstate.com



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