

## Plot Your Financing Path, Even if Buying a Home Is Not in Your Near-Term Plan

I know there are many Coloradans who fall in the category of planning on buying “someday but not anytime soon.” The good news is that **NOW** is the perfect time to start making changes that will put you in the best position to buy even years down the road. I spoke with **Jaxzann Riggs** at **The Mortgage Network** to find out more on how shoppers in all stages of buying can improve their purchasing power.

### Focus on your credit score.

An easy way to monitor your credit score is through your bank or credit card company. Larger banks and credit card companies such as American Express, Chase, Capital One, etc., all offer “FICO scorecards” which are updated monthly. This will tell you what your current score is, and what factors are affecting it. Use caution with Credit Karma and similar sites — they use a different scoring model that can be significantly inflated compared to your true *mortgage* credit score.

The best way to see your true mortgage credit score is to talk to a mortgage professional. A “soft” credit pull doesn't affect your credit and will give you a correct *mortgage* credit score.

**Don't cancel any paid off credit cards.**

Any open credit card accounts help to build your credit, **even if never used**. 30% of your credit score is made up of the ratio of your current revolving debt compared to your total credit limit. Unused but open credit accounts help to lower that ratio. Also, 15% of your credit score is determined by the length of time you've held your accounts. The longer you've had an account, the more impact it can make on this section of the score.

### Don't forget to plan for closing costs.

People usually have a general idea of how much to save towards their down payment, but many are surprised by the other costs of buying a home. Typical costs include origination fees, appraisal, inspection, and title fees. You will also have to prepay a full year of homeowners insurance and several months of property taxes and insurance to build up your escrow account. To offset closing costs, you can take advantage of down payment assistance programs, increasing your interest rate, and using seller concessions. Jaxzann even knows about **down payment grants**.

### Think twice before changing jobs.

If you are planning to buy in the

next two years, a career change or switching from W2 to 1099 compensation can be problematic. Underwriters want to know that your income is stable and is likely to continue in the future. Be wary of jobs that don't generate a W2, because being “self-employed” has more rigid underwriting guidelines. Also, even if you have been in the same line of work for at least two years, a switch to 1099 status may add more time to the required employment history. Typically, you will need to show at least one year of taxes with 1099 income, and that timeline moves up to 2 years if you weren't in the same line of work beforehand.

### Talk to a Mortgage Broker.

Whether you are only months away from becoming a purchaser or 3-5 years away from buying and you believe that you won't currently qualify, it still helps to reach out to a mortgage professional. I suggest calling **Jaxzann Riggs**, owner of **The Mortgage Network**. In addition to helping you create a plan, she will (with your permission) keep you posted on new lending options specifically for you which might otherwise fly under your radar. You can reach Jaxzann anytime on her cell, 303-990-2992.

