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# NEI's Real Estate Report

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## Ten Ways To Accelerate Your Mortgage Application

by Broderick Perkins

The Feds are out to corral lenders they say are making too many risky loans and the recent bridle on rising mortgage rates likely will only temporarily reign in the trend of higher mortgage interest rates.

You may have some time yet before lenders withdraw some risky loans or tighten underwriting rules, but not much. Meanwhile, mortgage rates can and do turn on a dime -- and that can cost you.

Such volatility in the mortgage market behooves you to speed your mortgage application through the pipeline. The faster you get your loan approved, the better shot you'll have at the home you want.

Federal financial regulators last year twice warned lenders to curtail risky mortgages, most recently in December when they issued "Interagency Guidance on Nontraditional Mortgage Products" to address the overabundance of risky purchase mortgages, recommendations. The proposal was not unlike "Credit Risk Management Guidance For Home Equity Lending" released earlier last year targeting risky equity loans.

The last proposed edict came with a 60-day public comment period. Little more than a month remains.

Meanwhile, interest rates have been largely falling since Nov. 17, 2005 when the fixed-rate average for 30 year, conforming purchase loans stood at 6.37 percent. By January 19 this year, the average had slipped to 6.10 percent, according to Freddie Mac's Weekly Primary Mortgage Market Survey.

Other Fed actions, including the Federal Reserve's ratcheting up benchmark interest rates, likely will pressure mortgage rates to resume their rise if not until spring buying ensues. Last year, mortgage market monitors predicted rates would be at or above 6.5 percent by now.

The best way to deal with so much uncertainty in the mortgage market is the fast way.

Here are ten ways to speed up the approval process for your home loan.

**Be smart.** Once a simple task that meant comparing the fixed interest rate mortgages of a dozen or so

lenders, the mortgage search today is more like finding your way through a maze. Luckily, mortgage information resources are as vast as the number of mortgages available. Delve into some. Websites, topical newspaper articles, mortgage books, consumer seminars, workshops and counseling, financial planners, real estate agents, mortgage brokers and lenders are all available to assist you to give you insight on what is likely to be your largest financial transaction ever. The more you know, the faster you can make decisions about how much you can afford, what loan is best for you, and how to shop for the best deal.

**Be creditworthy.** Pull your credit report to determine if there are any black marks that could stall your application or get it rejected. You are entitled to one free credit report each year from each of the three major credit reporting agencies -- Experian, Equifax and TransUnion -- which means you can get three different credit reports each year at no cost. Obtain the reports from AnnualCreditReport.com, the only resource for the federally-sanctioned free report. The sooner you know your credit standing, the sooner you can challenge errors or otherwise address your findings.

**Be frugal.** Certainly stretch to afford the most home you can buy, if you want to avoid the cost of adding on or moving up later, but stretch only within the scope of what you can truly afford. Determine how your mortgage payment will fit your current budget and, to some extent, your future obligations 15 to 30 years down the road. Don't let the lender make this decision for you. As the Feds' proposal to curtail risky loans indicates, lenders are apt to qualify you for as much as they are willing to lend, with terms that appear like dreams today, but could become nightmares tomorrow. When calculating what you can afford, don't forget related insurance, taxes, homeowner association dues and any other expenses that come with the cost of owning a home in addition to the mortgage payment. Likewise, calculate the financial benefits of home ownership, including tax breaks and equity growth.

**Be a comparison shopper.** Shop mortgage lenders, brokers and online mortgage outlets to compare the best of all worlds. To the extent that it's possible, compare all major loan costs, rates, points, broker fees and other costs to make the best comparison.

**Be prepared.** When it's time to complete your mortgage application, have all your "docs" in a row. The application will ask for information about your job tenure, employment stability, income, your assets (property, cars, bank accounts and investments) and your liabilities (auto loans, installment loans, mortgages, credit-card debt, household expenses, insurance and others). Have pay stubs, tax returns, rental agreements, divorce decrees, proof of insurance and any other documentation you'll need to back up statements on your application. The lender may want to see them to verify your information. The sooner they are available, the faster your application will proceed.

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### FEBRUARY AT A GLANCE...



**2 Groundhog Day**



**14 Valentine's**



**20 President's Day**

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**Be assisted.** Consumers have an easier time understanding nutrition labels on food products, car manuals, wireless phone bills, airplane safety instruction cards, catalog order forms, checking account statements, credit card statements, payroll stubs and energy labels on appliances than they do understanding mortgage applications, according to Los Angeles, CA-based brand strategy firm Siegel & Gale. The company's "Perplexity Poll: Americans Befuddled By Business Documents and Health Care Communications" found that among the five commonly-used documents rated most "difficult to understand" 60 percent of those surveyed had problems grasping mortgage applications.

Whenever possible, schlep all those documents down to the broker or lender's office and let the broker or loan officer assist you with completing the application, correctly, the first time. You can also seek help from a housing agency, independent mortgage counselor, financial planner, social service agency or other knowledgeable person.

**Be focused.** You've done your homework. Settle on one loan. Complete one application and see it through. Don't "double dip." Online applications make it easy to fire off several quick applications, but each one could trigger a credit check. That could send the wrong signal to a lender who could reject an application that yields a credit report with numerous credit checks in a short period.

**Be available.** Don't complete an online mortgage application, say at work, if you don't have Internet

access at home or you'll defeat the purpose of the automated online mortgage process. Online brokers use e-mail to keep you abreast of your application's progress and some offer online application tracking. Brick and mortar operations may do likewise. Don't plan a vacation, roadtrip or getaway during the application process. If there are questions about your application, you'll need to be available to address them quickly.

Be about locking down that rate. During the loan application, get a rate lock, in writing. A rate lock guarantees you a certain interest rate and terms. The lock is in effect for a given period of time, which should be stated in the lock contract. The lock cuts down on haggling time for the best rate.

**Be committed.** Don't behave like a retail shopper who fills out a credit application in the checkout line. Most housing consumers, 92 percent of those want to buy a home, have no idea if they can really qualify for a mortgage, according to Wisconsin-based mortgage banker and broker Majestic Mortgage Corp.

Getting prequalified, even preapproved for a loan have been superseded by getting a real loan commitment. As rock solid as the rate lock, a loan commitment guarantees you've got a loan. All you need to do is sign on the dotted line. When you go shopping for a home, the commitment tells the seller your offer is indeed worth a whole lot more than the paper it's printed on.

## TOP 10 VALENTINE'S GIFT IDEAS (for her)



### 10. TV Cuddle Blanket

While a blanket might not seem like the most elaborate gift, it's the perfect choice for those of you whose girlfriends look forward to lounging on the living room couch after a long day. The blanket has a built-in pocket to store the TV remote or a book, and is even designed with a pouch for her feet.



### 9. Picture Frames

Why? You've been with her long enough to know that you take the relationship seriously. A picture frame with the two of you in it will illustrate that you see a possible future together.



### 8. Romantic Toys For The Bedroom

Bedroom toys are used to enhance a couple's experience or for thrilling bedroom experiments. This Valentine's day, bring some excitement to the bedroom by showing her your inner bad boy.



### 7. Charm Bracelet

The charming thing about a charm bracelet is that it allows you to add charms to the bracelet.



### 6. Lingerie

Most of the time, men will buy sexy lingerie for the woman in their lives. Purchasing lingerie is a little cliché, but it is generally well received by women.



### 5. Perfume

There's a reason a woman's fragrance is so important to both you and her. She wants to make sure her scent suits her personality, and you want to ensure the fragrance makes you want to cuddle up to her all day and night.



### 4. Jewelry Box

Make sure your woman has a unique, beautiful box to keep her precious jewelry in.



### 3. Spa Massage Gift Certificate

Treat her to a special day in which she gets treated like a princess. This all-day pampering will make her feel like a vibrant teenager again. After her princess treatment comes to an end, bring her home and treat her like a queen.



### 2. Dance Lessons Together

Women are deeply attracted to men who know how to dance without stepping all over their feet. This is the perfect time to sharpen your salsa skills, while spending a little more time closer to your love.



### 1. Jewelry

Every woman dreams of holding her hair up while her man stands behind her and ties a golden necklace around her neck.



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