



Half of refinance applications are abandoned or rejected, as are 30 percent of purchase mortgage applications, according to the Mortgage Bankers Association. Want to avoid falling into that number? Here, as a cautionary tale and primer on what to expect.

1. Income issues. Most failed applications falling into this category have income too low for the mortgage amount they are seeking; often, a spouse's credit issues can create this problem. Increasingly, the

recent unpredictable changes in the job market are also causing this issue, as people who have changed their line of work or have changed from salaried employee to freelancer over the last few of years can also have their home loan applications rejected based on income.

2. Muddled money matters. If the mortgage for which you're applying plus your monthly payments on credit card, car and student loan debts are too large an amount of your total income, you could have problems qualifying for a home loan.

3. Credit issues. Today, the necessary mortgage-qualifying FICO score depends on which lender and which loan type you seek. More than one-third of Americans, have credit scores too low to qualify for a home loan. Even if your credit score is high enough to qualify, if you have any late mortgage payments, a short sale, a foreclosure or a bankruptcy in the last two years, loan qualifying could be difficult to impossible.

4. Property didn't appraise. The whole industry had its hand (among other things) smacked for allowing home values to skyrocket in a very short time, appraisal guidelines have tightened up.

5. Condition problems. With distressed properties on the market, and with nondistressed sellers barely breaking even, more home-sale transactions than ever are falling apart due to condition problems with the property.

6. Technical difficulties with application. The days when lenders just took your word for it are long gone. Applications with incomplete or unverifiable information are doomed. If any of these mortgage loan application glitches arise in your homebuying or refinancing process, it's critical that you connect with your mortgage professional to determine what course of action to take. It might be as simple as buying a stove you find at Craigslist and installing it before escrow closes; but with income issues your mortgage pro will need to help you determine whether it makes sense to pay some bills down, get a co-signer, or even wait six months so your income documentation will qualify.



DO YOU REALLY WANT TO JUMP THROUGH THE HOOPS FOR A MODIFICATION?

HOW ABOUT A REFINANCE, AND DON'T FORGET WE OFFER THE BEST TITLE SERVICE AVAILABLE! CALL US !!!

Does a new home loan make sense? Why refinance?

There are at least seven reasons to refinance a mortgage. You probably can think of the first one, to get a lower mortgage rate. However, lenders today are offering very low rates, making a refinance a no-brainer for many. But low rates are not the only motive for refinancing a home loan nowadays. The following are good reasons to consider a new refinance for a lower rate.



THE NO. 1 REASON to refinance is to get a lower mortgage rate. Despite sinking rates, a lot of people haven't refinanced. Many homeowners would like to refinance but can't because they have little or no equity due to falling home values. But there are people who can, and some people who get so into whatever they're doing that they don't pay attention to the news and don't pay attention to where rates are.

CONVERT AN ARM

Stability-hungry borrowers are ditching adjustable-rate mortgages and refinancing into fixed-rate loans. It's not because you can get them at a better rate, but because you can get them at a stable rate.

GET A MORTGAGE ON A PAID-OFF HOUSE

This isn't, technically, a refinance, but it's close. Mortgage-free homeowners sometimes get mortgages to put cash in their pockets. Maybe they want to go to Florida, or buy a second home with cash. They could also take out a mortgage to start a business.

CASH OUT TO CONSOLIDATE DEBT

When house prices were rising by 10 percent or more a year, millions of borrowers got cash-out refinances. They refinanced for more than they owed, got cash, and spent or invested it. The cash-out refinance craze ended when the housing bust began.

CASH OUT TO BUY OTHER PROPERTY

A trend now is that people are taking money out to purchase other properties. Often, it's to buy investment properties.

CONSOLIDATE TWO MORTGAGES

Some homeowners want to combine their first mortgage with their home equity line of credit. A lot of people, even if the rate on their equity line of credit is 3 percent, are refinancing to get rid of the equity line. Why get rid of a loan with such a low rate? Because they're worried if five years from now, what if that rate jumps up to 11%, 12%, 13%?

ADDRESS FAMILY MATTERS

Divorce leads to a refinance as a means of removing the former spouse from the note.

TITLE INSURANCE

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