

The USA Mortgage  
*Smart-Loan Guide*

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Hello!

Welcome to the USA Mortgage Smart-Loan Guide. Please keep in mind that this simple guide is not intended to be an exhaustive work on mortgages and financing, but rather a quick and easy way to help you WIN when you're looking for a loan and we applaud you for requesting it! That puts you in a small category of people who take the time to *research their options* before attempting to get a home loan or refinance an existing loan. Congratulations!

Whether this is your first home mortgage or you are a seasoned borrower, it is a big decision that can affect your life for a long time. If we can help you in any way, please feel free to contact us through email or by calling the number below.

We wish you the very best!

Sincerely,

**The Staff of USA Mortgage  
Cleveland, TN**

**Phone: (423) 478-3115**

**Visit us online at: [www.usamortgageinc.com](http://www.usamortgageinc.com)**

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# The USA Mortgage *Smart-Loan Guide*

In this guide you will discover:

1. **How to Choose The Right Mortgage Lender** (*And how to avoid the wrong one!*)
2. **What You Need to Know About Interest Rates & Lender Advertising**
3. **How to Get A Home Loan if You Have Credit Issues** (*It's probably easier than you think!*)
4. **Understanding Your Credit Score, *Plus* What You Can Do to Improve it!**

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## How to Choose the Right Mortgage Lender (...and how to avoid the wrong one!)

When most people start looking for a mortgage lender, they think about finding the lowest interest rate....period. While getting a good rate is important, it's not the *only* criteria you should use when choosing a lender. Considering that you are about to make a large investment, it's reasonable to take a cautious approach to finding your lender. It's important that you find someone you can *trust* and work with comfortably in a long-term setting.

Based on our 20 years of experience, here are the questions we suggest you consider when looking for the *right* mortgage lender:

- ▶ How long have they been in business?
- ▶ What is their reputation in their home town or city? Do people like doing business with them?
- ▶ Are they open, friendly and willing to answer all of your questions?
- ▶ Do you get the feeling that you are being told what you want to hear rather than the truth?
- ▶ Have they worked with people in your situation before?
- ▶ Do they offer a wide variety of loan programs that meet your needs? (i.e. FHA, VA, Conventional, 1<sup>st</sup> time homebuyer, etc.)
- ▶ Are they knowledgeable about options and current rates?
- ▶ Do they appear to be well-managed, organized and professional?
- ▶ Are they members in good standing with their national and state lender associations?

### **The bottom line:**

If the lender you are speaking with isn't giving you a good feeling, move on to another one. Why? Because the last thing you want to do is tie yourself to a long-term relationship with a lender who's too busy to handle your questions or doesn't care to make you feel welcome. The best lenders will be completely honest with you even if it means they'll have to wait to get your business.

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## What You Need to Know About Interest Rates & Lender Advertising

We've all seen the advertisements from lenders claiming to have the "best rates around". The question is: Can these claims be trusted? The Answer: It depends. As with any advertising in any industry, sometimes you can trust them and sometimes you cannot. That's why we believe a little information goes a long way in guiding you toward the right loan.

Here are 3 things you should know about interest rates and lender advertising.

**1. There are several different types of interest rates.** You should be asking yourself questions like, 'Which type of loan/rate is the lender advertising and does this fit my needs?' You may find that the quoted rate is for a very optimal situation and doesn't apply to your circumstances at all.

**2. Interest rates can change from day to day.** If you call lenders on different days, you could get widely different quotes simply because rates *can* change daily. This is why it's important to get all of your quotes from different lenders on the same day. Also, ads are generally placed *at least* a day and sometimes even weeks in advance, therefore since rates can change daily, the quotes found in advertising aren't always reliable.

**3. Interest rates will vary depending on several factors.** Keep in mind that it would be almost impossible for any advertisement to cover all the different types of home loans, personal situations and needs that people have. Interest rates are not usually a "one-size-fits-all" item -- meaning that the enticing ad you're reading may or may not be relevant to your situation. The truth is, your interest rate will be determined by your credit, the type of loan you need and several other factors. If all this seems a little confusing, don't worry - An experienced lender will carefully walk you through the process, explaining everything and presenting quality options that fit your circumstances and goals.

**So how do you get a dependable quote you can trust?** We'd suggest you start with a lender who's been around for a while and has a solid reputation. If hundreds of people find them enjoyable to work with every year, you probably will too.

**Our best advice?** Go with your instincts, not with the latest advertisements, when it comes to choosing a lender. Only deal with someone you're comfortable with and you feel you can trust.

## (3)

# How to Get a Home Loan if You Have Credit Issues

*(It's probably easier than you think!)*

If you're dealing with credit issues as you work toward obtaining a home loan, don't feel like the Lone Ranger. Lenders everywhere understand that there is a huge market of folks out there with credit problems and they are prepared to handle just about anything you can throw at them.

The tendency for a lot of people is to *give up* once they realize they've put a bad mark on their credit. They tell themselves that there's no chance for a home loan and they put their hopes and dreams aside for another day. But if the timing for a home loan is right for you, we have some good news.

Today, many lenders are specializing in something called "alternative" or "sub-prime" credit mortgages *and* in helping the larger population who suffer from the consequences of poor credit. The good news is that today almost everyone *can* get a mortgage.

Still, a little work on your credit will make it easier to find a mortgage with favorable interest rates and it's usually well worth the effort. (Be sure and check out section 4 in this guide covering credit scores and how to improve them.) In most cases a poor credit rating alone will not prevent you from getting a mortgage, however it will most likely have an impact on the mortgage interest rate and/or down payment you'll pay.

You may find you are eligible for a sub-prime mortgage even if you have any of the following issues on your credit:

- **Bankruptcy**
- **Multiple late payments**
- **Any judgment against you**
- \* **Foreclosure**
- \* **Debts sent to debt collection agency**
- \* **Multiple credit checks**

If you have credit issues, there are things you should know before you apply for a mortgage loan:

### **1. Advise your lender of any credit issues upfront.**

If there are problems with your credit, be honest with the lender. Remember, they have the tools to help you in most cases, so let them. A good lender really *wants* to help you accomplish your goals and they will appreciate knowing all about your credit up-front.

### **2. Its good to have a plan for improving your credit.**

While it *is* true that a loan handled well over time will help you improve your credit score, many times there are ways to expedite this improvement. A good lender will help you with a plan to work on your credit score *before* you get your loan when necessary! Bad debt and poor credit issues are not fun concepts for any of us to deal with. That's why you need a plan for getting rid of your credit problems once and for all.

Our advice: Don't let credit problems intimidate you into thinking that you can't get a home loan. The best lenders are prepared to help you make your dreams come true even when it seems like there are big obstacles standing in your way.

At USA Mortgage, we are fully equipped to handle almost any credit condition. We work hard to stay up to date with the latest tools, options and information in order to serve our clients who have special credit situations.

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## Understanding Your Credit Score *Plus* What You Can Do To Improve it!

### What is a credit score?

Credit scores are numbers, generally ranging from 400 - 850, and are designed to help lenders and others decide how good a credit risk you are and can make a big difference in the interest rate you'll be offered. The higher the score the better.

You have three credit scores, one for each of the three credit bureaus – Experian, TransUnion, and Equifax. Each score is based on information the credit bureau keeps on file about you. As this information changes, your credit scores tend to change as well. Interesting note: According to the Fair Isaac Corporation, a person with a credit score of 720 or more will pay significantly less in interest on a mortgage than someone whose score is below 560. Your score is important to understand and control.

### How your credit score is broken down:

- 35% -- Payment History
- 30% -- Amounts Owed
- 15% -- Length of Credit History
- 10% -- New Credit
- 10% -- Type of Credit Used

### Ideas for improving your credit score

If your credit score could use a raise, we have a few suggestions to help you out. While this is not the end-all list of things that will help you improve your score, we feel that it's a great start that *will* help you get real results.

1. **Pay your bills on time.** If you haven't been doing this, there's no time like the present to get started in building a better score keeping in mind that the longer you stay current, the better your score will be.
2. **Keep balances low on credit cards and other revolving credit.** High, outstanding debt can affect your score. It's also better to pay off debt, rather than moving it around. Lenders like to see plenty of breathing room between the amount of debt reported on your credit cards and your total credit limits. A rule of thumb is to keep your revolving debt at no more than 50% of your credit limit.
3. **Apply for and open new credit accounts *only as needed*.** If you have been managing credit for a short amount of time, don't open a lot of new accounts rapidly since this can look risky to lenders as well as affect your credit score.
5. **Do your loan shopping in a short period of time.** Looking for a mortgage loan may cause multiple lenders to request your credit report, even though you're only looking for one loan. To compensate for this, your credit score ignores multiple *mortgage* inquiries made within a 30 day period, treating them as a single inquiry. Still, we at USA Mortgage feel it's more important that you focus on finding the right lender rather than sport-shopping your way to a loan.
6. **Re-establish your credit history if you've had problems.** Opening new accounts responsibly and paying them on time will raise your score over the long term.

## **In Conclusion**

We would like to thank you for taking the time to read our Smart-Loan Guide. It's our hope that you find the information useful as you explore your various mortgage options. Our entire staff looks forward to helping you with your mortgage needs and we are always available to answer any further questions you may have.

**USA Mortgage** is a full service lender with more than 20 years in the mortgage industry. Our goal, every day, is to work with honesty and integrity -- building lifetime relationships with our clients. We invite you to explore the friendly services of USA Mortgage by calling or emailing us today.

**USA MORTGAGE, INC.**

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