

ROAD TO HOMEOWNERSHIP

Part 1: CREDIT

By Bev Hedrick

If you are considering purchasing a home, start by evaluating your situation before shopping for a new home or Realtor. Your most important asset in purchasing a home is your CREDIT.

Your credit history should be clean for AT LEAST 24 months prior to application.

Bankruptcy MUST be fully documented and should be discharged with no derogatory ratings for 24 months.

Any derogatory credit should be due to extenuating circumstances and explained in full.



Borrower should show a capability to live within his/her means, should demonstrate capability to

save money regularly and have respect for his/her credit obligations.

One or two isolated late payments are usually okay.

Non conventional lenders are available to extend credit to borrowers who do not fall within the guidelines mentioned above. However, you should typically expect to make sizeable downpayments and incur high interest rates.

TAKE ACTION

Do you have outstanding judgements?

Call collectors to discuss making monthly payments to pay off judgements and/or collections.

Are you past due on loans?

Don't avoid the lenders phone calls. The worst thing you can do is to not talk to them. They have no choice other than to turn these past due payments into collections and judgements.

Do you have medical collections?

Most medical facilities are more than willing to work with you to take care of these things.

Are you in over your head?

It might be wise to seek the assistance of a credit-counseling agency to assist you in negotiating reasonable repayment of all outstanding debts.

Where is your money going?

Work out a budget for yourself. Watch where your money goes. Eliminate unnecessary spending.

Ask for Part 2: Budgeting