

## **Can't Qualify for a Mortgage? You Still Have Choices**

Until recently if you had a middle score of 520 or even as low as 500, you could qualify for mortgage. For example if your Experian score was 513, your Transunion score was 522, and your Equifax score was 507, your middle score would be 522. That would be the score the mortgage company would use to set up your mortgage financing. Because of this low score, you may have had to accept a higher interest rate, come up with a higher down payment, or our accept a lower loan-to-value if you are refinancing, but you could still get your financing done.

*Now, you must have a middle score of at least 620 to even get considered.* And along with the need for a higher score, a larger down payment, beginning at 10%, is required for conventional loans. For an FHA loan the down payment is 3.5 % if you and the property meet the qualifications. Nevertheless, despite these changes, you still have a chance to acquire your home. You just need a higher level of sophistication and be willing to carry out your search without using a realtor.

### **Rent with an Option to Buy.**

Many sellers are realizing that buyers are having more difficulty qualifying for a mortgage, but have a steady job, adequate income, and some savings. This type of buyer would make a good candidate for Rent with an Option to Buy.

### **Contract for Deed**

This is often referred to as buying on an installment contract or just buying on contract. This is another option for the similar type of buyer, but gives the buyer more rights while living in the property.

### **Seller Financing**

On occasion a seller might have a need to move because of a death in the family, a need to relocate for employment purposes, or just tired of the property and the location. If the property has a low mortgage balance or a non-existent one, the owner may be receptive to a wraparound mortgage. In a situation like this, the owner may agree to an amount which will wrap around his current monthly mortgage payment as well as a give him a profit.

The details covering the owner and buyer obligations are very important and it would be wise to consult a real estate lawyer to review the agreement.

Finding these types of sellers will require persistence and follow through. These types of sellers generally advertise in the classified sections of the local newspapers. They are receptive to your calls and offers and although they may be tough negotiators, it is possible to have a meeting of the minds. The key is being diligent and persistent.