

# Homes & Money

ADVISORY FROM THE DESK OF DOUGLAS BONCOSKY

May / June 2008

## Credit Scores Rule More Than Ever Before - 720 is Magic

In these changing financial markets that you learn about in the news, because of risk, it is never more important than now to have excellent credit scores. Otherwise, you will have to pay the price in the form of higher interest rates. The magic number is 720!

If your credit score is 720 or higher, you will always qualify for the best interest rates. In the past, you could have a 680 credit score and get the same interest rate as a 720, but not anymore. To make matters even more stunning for borrowers, you will be penalized with a higher rate for doing a cash out refinance. If you take money from your home, lenders see risk, and they charge you for the risk in the form of a higher rate.

The days of free for all lending are over and people now need to qualify for the loans they want. Oddly enough, this concept is hard for people to grasp since they were so used to qualifying for the best rate.

Developing a mortgage strategy is more important than ever before. Should you be in a position to take cash out of your home to consolidate some debt, the rate should be irrelevant in your eyes. You need to focus on the overall payment since by consolidating debt, your overall cash flow will improve. By clearing off the debt, by default over time, your credit score will improve. At the point your credit score improves, then you can do a quick refinance to get back down to a lower interest rate. No longer can you have both the benefit of consolidating debt and a low rate.

If you are purchasing a home with a 701 score, you could expect to pay at least .25% higher in interest rate. Another way to do the loan without the higher rate, is to buy down the rate by paying .25% of the loan value. A \$200,000 loan would cost you \$500. You would recoup that \$500 back in 16 months with the lower rate. By doing a complete analysis, you can learn mortgage strategies that fit your current and future finances and save you MONEY.

Bottom line, if you don't have a 720, your goal is to get there. It won't happen overnight, but with some help and planning you can get there. I offer a complimentary session to help you analyze your credit and devise a plan to help you improve your score.



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Illinois Residential Mortgage Licensee  
& Equal Housing Lender

## Yes, I Made a Mistake & It Cost Me

As many of you know, in November of 2007, Smart Mortgage Access closed its doors and I joined Perfect Mortgage. While I was excited about this new opportunity, I soon discovered that my business philosophy was quite different than that of my branch manager and the company. As you know, I strive for excellence during the loan process and quality customer service. This vision was not shared, proving my job difficult.

This mistake cost me income. The same can be said for people looking for a mortgage broker. A mistake in choice can end up costing extra money in fees, bad advice, and a higher rate.

With that said and upon extensive research, I discovered the folks at MDR Mortgage in Palatine and moved my practice as of March 20, 2008. MDR Mortgage has been in business since 1992. They have a processing team that consists of 5 experienced processors to ensure that loans are completed on time regardless of the challenges a loan file may contain. In addition, MDR has an extensive list of lenders which will allow me flexibility in finding a lender who is offering the best rates on any given day for various loan programs.

Moving back to a locally based company with great values and hands-on ownership will allow me to effectively manage your mortgage.

Speaking of managing your mortgage, I have invested in some really exciting software tools to help you make decisions about your mortgage. Check my website for details.

I look forward to helping you with making educated mortgage decisions from my new home!

## Keep Track of What's Inside Your Wallet

My brother recently attended a workshop at the local library on the subject matter of keeping track of records and information in your home.

One of the topics was knowing what is in your wallet or purse. If you really think about it, we kind of know what we have in there, but if it came down to it if our wallet or purse were stolen, could we really remember what credit cards needed to be canceled.

Here is what you should do:

- Make a photocopy of everything in your wallet/purse
- In the empty space on the page, write down the contact info (ie: credit card phone number, bank number, etc)
- Store one copy of the info in your home filing system and the other outside your home, such as in a safety deposit box or with a relative.
- On a business card size card, write down your doctor info, name/number of any meds you are taking or other medical need you have in the event something happens to you.
- Keep at least two emergency contact names/numbers on a piece of paper, as well.

You might take one extra step and make a spreadsheet listing all of your credit cards, banking accounts, investment accounts, emergency contacts, and all other personal business. Along with making copies of what is in your wallet/purse, cut back on what you actually carry with you. For example, cut down to just one credit card, your ATM card, drivers license, and emergency/medical contact info.

Also, have an ICE (in case of an emergency) number listed in your cell phone. For example, ICE Wife Debby 847-555-1212. You should also have at least one other emergency contact listed within your phone.

## Money Humor

A lot of people still have the first dollar they ever made. Uncle Sam has all the others.

What's the definition of a good tax accountant? Someone who has a loophole named after him.

Whomever said the truth never hurts, never had to fill out a 1040.

When you put the 2 words "The" and the "IRS" together, it spells "THEIRS".



## Mortgage Education in the Workplace

In today's competitive marketplace, it's challenging to provide a complete resource of benefits to *attract and retain quality employees*. Many organizations are in a position to take away value from the benefit packages being offered. If you work for an organization who you think might benefit from offering mortgage education and group discounts to their employees, please pass my name along to HR or learn more at: [www.dougboncosky.com/workplace.html](http://www.dougboncosky.com/workplace.html) or call me to schedule a workshop.

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