

Marriage and Mortgages FAQs



Q: Could one spouse's bad credit negatively affect the other?

A: If a couple is applying for credit jointly, say for a loan or credit card, then yes. One person's lower score can negatively impact the interest rate the couple will be offered. This is because every borrower has three credit scores, and lenders use the lowest "middle" credit score of the two borrowers. We have seen many situations in the past in which one borrower was dropped from the application – but only if the lower score belongs to a non-working spouse. This can create a serious issue, however, if the income is needed in order to qualify.

Q: Can one spouse's low score negatively affect the couple's chances of securing a mortgage?

A: Yes, if one borrower has negative credit items, such as late payments or a foreclosure, the worst of the two will be taken into account when considering your mortgage application. With a foreclosure, this could mean having to wait up to four years to be eligible for a loan again.

Q: Does the lender use both people as a measure of creditworthiness, or is it possible to focus on the spouse with the better score?

A: In the past, this was possible, but now the lowest score of the two (or however many) people are on the application is used. For example, if two couples buy investment property or a second home, the lowest credit score of those four people will be used to determine the rate (which includes loan-level price adjustments or "risk-based" pricing). This could also include parents that are co-signing a loan for one of their children.

Q: How can credit be repaired or enhanced?

A: If you or your spouse have poor credit, credit repair services may be necessary in order to qualify for a mortgage in today's tough market. If you're thinking of buying or refinancing a home in the next 6-12 months, now is the time to get pre-approved. Give us a call. We'll do everything we can to make sure you're credit ready. And remember, credit is complex subject which we've simplified here in order to answer these important questions. If you have any additional questions, please don't hesitate to give us call.

Mortgage Interest Rates*

Rates as of Monday, 4th August, 2008:

	Conforming	APR	Payment per \$1,000	Jumbo	APR	Payment per \$1,000
Jumbo 5/1 ARM	%	0.000 %	\$0.00	5.75 %	5.796 %	\$5.84
FHA 30 Year	6.75%	6.821 %	\$6.49	%	0.000 %	\$0.00
30 Year Fixed	6.50%	6.570 %	\$6.32	%	0.000 %	\$0.00
15 Year Fixed	5.875%	5.989 %	\$8.37	%	0.000 %	\$0.00

*Rates are subject to change due to market fluctuations and borrower's eligibility.