

# The Mortgage Messenger

**A** New Year. It's an opportunity to start fresh. Make resolutions. Think about goals. Maybe this year is the year to buy a new home. Despite news reports that lending standards have increased, it is certainly not impossible to obtain financing for a home purchase or refinance. Rumors about minimum 20% down payment requirements are just that ... rumors. FHA offers a minimum 3.5% down payment and conventional lending is 5% for the purchase of a primary residence. Have questions about qualifying? Call me!

Heidi Snow, President

[hsnow@perennial-mortgage.com](mailto:hsnow@perennial-mortgage.com)

## Client Comment Corner

**"Heidi—Great Job! We really appreciate all the hard work you did for us!"**

Kateland & John North., Albuquerque, NM

**"Ms. Snow gave helpful financial planning options on real estate debt management for our overall real estate holdings. Thank you!"**

Elaine & Michael M., Albuquerque, NM

See more at: [www.perennial-mortgage.com/testimonial.htm](http://www.perennial-mortgage.com/testimonial.htm)

## Cubby Hole Savings: Saving for Specific Goals Helps You Achieve Them

New year, new goals? As we all, the nation, states, and individuals strive to climb back from the financial hardships of the recession we often resolve to start saving more and spending less in the new year. Wait, didn't I resolve that last year too? I set up a budget, why didn't it work? Upon reflection, it felt restrictive and self-denial is never easy to overcome.



EMERGENCY \$\$

A better approach might be to set specific spending goals, turning them into cubby holes and actually giving them names, such as "6-month emergency reserve", "ski trip", "credit card funeral", or "down payment on new home". Once partitioned and named you can make payments to them on a regular schedule as if they were real entities. There's a sense of satisfaction paying toward something rather than taking away from something as you do with a conventional budget. This method is also a good way to eliminate that pesky credit card debt.

Since these cubby holes aren't totally imaginary, exactly where do you put the payments? Not the cookie jar - that's too easy to steal, er, borrow from. Many banks and credit unions will allow you to set up multiple savings accounts. Some families may already have multiple accounts but favor one trying to eke out a higher interest rate. Online banks are a low to no cost alternative for setting up multiple savings accounts.

Once committed to the goal-oriented savings path it becomes psychologically harder to borrow from your cubby holes. Do you really want to sacrifice the ski trip for that new pair of designer jeans? And just think how good it will feel to finally put the last nail in the credit card debt coffin.



VACATION

The old saw, "Don't buy what you can't afford" is a pretty strict concept in today's world of credit, but setting aside savings toward specific goals can get all of us closer to living within our means and achieving our financial goals.



DEBT REDUCTION



RAINY DAY FUND



RETIREMENT

## Credit Cards: Good or Evil?



There are many factors involved in the complicated road to loan approval, but credit scores still loom as a major reason for denial. Most programs require a 640 or better score but scores above 740 will make borrowers eligible for the best terms.

The main drags on credit scores are maxed-out credit cards, recent credit card late payments, or inactive or closed accounts with no recent credit history. Therefore, while credit card accounts are a must to achieve high credit scores, they should be used wisely to avoid getting dinged.

Sometimes when I see late payments the client shrugs it off saying, "It's just a credit card." Depending on how recent the late occurred it could be devastating. A late payment on a credit card last month has more impact on your score than a bankruptcy two years ago. The ability to make credit card payments on time may be easy if one makes only the minimum payment. However, the new "consumer-friendly" credit card statements contain a section that demonstrates the likelihood of ever paying off the balance by making minimum payments is slim to nil.

The best way to use credit cards is to use them and pay them off in full each month. One method to keep the balance manageable and accumulate a positive credit history is to use credit cards for everyday purchases like gas and groceries. This keeps the account active but doesn't create such a high debt that balances are rolled into the next month. Accounts that are not used will not contribute to calculating your score. The scoring system will reward the wise use of credit with higher scores.

505 888 9500 office  
505 888 9760 fax

2201 San Pedro Blvd NE, Bldg 1 Ste 235  
Albuquerque, NM 87110

Co. NMLS #182700  
[www.perennial-mortgage.com](http://www.perennial-mortgage.com)



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# Survey Says:

A recent survey of renters and homeowners by the National Association of Homebuilders found:

- 72% believe it's a good time to buy a home.
- 37% believe that an IRA or 401K is their best investment, while 33% believe their home is the best.
- 74% agree or strongly agree that owning a home is worth the ups and downs of the housing market.
- 96% of homeowners are either happy or very happy with their decision to own a home while just 3% are unhappy.
- 79% of homeowners would advise a close friend or family member just starting out to buy a home.
- 27% of renters rent as a matter of choice yet 68% of renters say it's a goal to own a home.

Full NAHB survey results at: <http://image.exct.net/lib/fefa1173766c06/d/1/NAHB%202012%20Survey.pdf>

## You Think You're So Smart!

One letter can replace the first letter of each word pair so that two new English words are formed. Place your chosen letter on the line between the words. The new letters will spell out a new English word.

MAIL	___	PINK
CART	___	SAID
GRID	___	RIMLESS
LINK	___	BOUND
ROWED	___	RIPPLE

If you want to see if your answer is correct, or you can't figure it out and want to know the answer, email or call Roger Kennett (our resident "Mensa Dude") at [rkennett@perennial-mortgage.com](mailto:rkennett@perennial-mortgage.com) or 888-9500.

### We Are a Referral-Based Business!

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Whom do you know who needs our services?

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**Perennial**  
MORTGAGE

*Always there for you*