

MORTGAGE LENDING UPDATE

By David Griffin

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All I need to know

In 1989, a book by the name of "All I Really Needed to Know I Learned in Kindergarten", written by Robert Fulghum was published. I have a copy in my bookcase at the office. In one of the many essays therein, Robert explained his credo for living a meaningful life:

"All I really need to know about how to live and what to do and how to be I learned in kindergarten. Wisdom was not at the top of the graduate-school mountain, but there in the sandpile at Sunday School. These are the things I learned:"

"Share everything. Play fair. Don't hit people. Put things back where you found them. Clean up your own mess. Don't take things that aren't yours. Say you're sorry when you hurt somebody. Wash your hands before you eat. Flush. Warm cookies and milk are good for you."

"Live a balanced life – learn some and think some and draw and paint and sing and dance and play and work every day some. Take a nap every afternoon. When you go out into the world, watch out for traffic, hold hands, and stick together."

"Be aware of wonder. Remember the little seed in the Styrofoam cup: The roots go down and the plant goes up and nobody really knows how or why, but we are all like that. Goldfish and hamsters and white mice and even the little seed in the Styrofoam cup – they all die. So do we. And then remember the Dick-and-Jane books and the first word you learned – the biggest word of all – LOOK."

So too, everything we need to know about mortgage lending, we learned cross legged on the floor in front of our Sunday School teachers. We were told a story from the Bible (its truths are everlasting) where Jesus shared with his followers a parable about a rich man and the manager of his estate.

Luke 16:10-12. "Whoever can be trusted with very little can also be trusted with much, and whoever is dishonest with very little will also be dishonest with much. So if you have not been trustworthy in handling worldly wealth, who will trust you with true riches? And if you have not been trustworthy with someone else's property, who will give you property of your own?"

My point is that you must be found faithful in the small things before you can expect to have an opportunity to be found faithful on a mortgage. You can't just decide one day to begin your happy journey of consumer credit with the purchase and financing of a home. You need to first establish a track record (credit report) of successfully handling smaller amounts of consumer credit. If after some period of time successfully managing one or more credit cards (keeping the payments current and keeping the balances no more than a third to one half the credit limits), an automobile loan, an installment loan, rent payments, medical bills, cell phone bills and utility bills, you will have established a satisfactory track record.

Once you have established your bonafides by having three credit scores (one each from Equifax, TransUnion and Experian) with the middle score being no less than 620, then you can make application for most current home loan programs. If there are two borrowers on the loan, the lower middle score must still be 620 or better. Beyond that, the mortgage must make sense for your situation and circumstances.

There is no mortgage fairy. There are no 0% interest rate mortgage loans from Uncle Obama. And the Constitution does not mention any right concerning a low fixed rate 100% mortgage.

David Griffin has been financing homes in Macon, Warner Robins and all of Middle Georgia since 1983 and is a member of the Mortgage Bankers Association of Georgia, mbag.org. For an archive of past articles visit mbag.org/ML_Update.htm. (4/28/10)