

CHECKOUT LANE: Advice for obtaining a mortgage

Requirements have changed, but money's still available

By Brent Lang

The Patriot Ledger

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WEYMOUTH — Sure, the economy is ailing, the housing bubble has burst and credit is harder to get. Still, mortgage brokers insist this is a good time to buy a house.

"The degree of difficulty for obtaining a mortgage is not great," said Robert Petrelli, president of Mount Vernon Mortgage Corp. in Weymouth. "It's just different than the extremes it had gotten to a few years ago."

It is also a misconception that banks aren't lending, brokers say. However, home buyers may have to pay a heftier down payment and their credit rating will need to be high.

"The days of 100 percent financing are gone," said Don Larsen, owner of Larsen Mortgage in Hingham.

One incentive for getting back into the housing game is that interest rates are low. Many 30-year mortgage rates hover at 5.2 percent, making it a good time to consider a fixed-rate mortgage.

Both Larsen and Petrelli say there is little incentive to get an adjustable-rate mortgage now because it's doubtful buyers will be able to get a rate that's substantially lower than a fixed-rate mortgage. To figure out the size of a mortgage that you can handle, it's good to have a grasp on monthly expenses. Homeowners should focus on their cash flow and determine what percentage of their income can go toward mortgage payments.

"Know the numbers," Petrelli said. "Focus on where your money is going with other expenses like utilities and heat."

In addition to higher down payments, there are closing costs. Typically, home buyers pay appraisal fees, credit report fees and document preparation fees. They can roll these costs into their mortgages, but that means higher rates.

When mortgage hunting, don't settle for the first option.

"You need to shop around," Larsen said. "Unfortunately, not all brokers and banks are honest. Get everything in writing to make sure you can hold someone accountable."

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