



What Makes Bill Gates Sweat

Bill Gates is the richest man in the world. *Forbes* reports his personal fortune is a bank busting \$40 billion (larger than the economy of Latvia). So what makes a man this powerful nervous? The inescapable fact that the PC is already an antique. And that 70% of Americans are using the technology that will replace it – without paying a dime for Microsoft software upgrades. Get the names of 2 companies that will profit most in a free report from The Motley Fool called, "The Two Words Bill Gates Doesn't Want You to Hear..."

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For mortgages, 620 is the new magic number

If your credit score is lower than 620, getting a home loan will be difficult

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Gregory Karp Spending smart

October 11, 2009

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With low mortgage rates and a federal incentive for first-time homebuyers, you might be enticed to buy a place or refinance the one you're in.

But new regulations on brokers, appraisers and mortgage lenders have changed the rules for getting or refinancing a mortgage. Some rules went into effect this month, and others will kick in soon.

"Over the past year, getting a mortgage as a buyer or when refinancing has become more arduous and more expensive," said Dale Robyn Siegel, author of "The New Rules for Mortgages."

Here are a few tips, some accounting for fallout from the credit crisis.

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Don't use a mortgage broker unless you need hand holding. In the past, brokers typically shopped your loan to multiple lenders, which was a big help. But new regulations have hamstrung their ability to efficiently shop for the best deal. Among them is a rule that lenders can't accept home appraisals commissioned by brokers. So, you'll have to pay for new appraisals with each lender, which costs time and money.

In the end, you're probably better off shopping for a mortgage by yourself, said Siegel, who owns a mortgage brokerage in White Plains, N.Y.

However, if you're very busy or need hand holding, it could be worth using a broker, she said. Just realize you'll pay a slightly higher interest rate because that's how the broker gets paid.

Shape up your credit. You barely needed to fog a mirror to get a mortgage or refi a few years ago. Today, it's different.

"Qualifying for a mortgage is the most difficult it has been in decades," said Dale Vermillion, author of "Navigating the Mortgage Maze."

Starting Nov. 1 or Dec. 12, depending on the type of loan, anybody with a credit score of less than 620 will have a very difficult time getting a mortgage. That's because government-backed mortgage financier **Fannie Mae** is tightening lending standards to the 620 benchmark, even for loans backed by a federal agency such as the Federal Housing Administration or Veterans Affairs.

To get the best rates -- and save money on monthly payments -- you'll need a score of about 720 and have a verifiable, steady income, Vermillion said.

So, take steps to raise your credit score. The scoring formula is complicated, and specifics are secret. But the best ways to raise your score are: pay bills on time and pay off debt. Less known are to never close an old credit card account and try to use a very small percentage of your available credit, regardless of whether you pay off your card balance every month. And check reports at Annualcreditreport.com.

Get a fixed-rate mortgage. The vast majority of buyers and refinancers are better off with a rate that won't change, Siegel and Vermillion agree.

"Why are you taking out an adjustable-rate mortgage that's going to change in five years when you can take out a 30-year fixed and never think about it again?" Siegel said.

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With a primary residence, it's usually best to think long term, and that means a fixed-rate mortgage.

Gregory Karp is a personal finance writer for The Morning Call, **Allentown**, Pa., and author of "Living Rich by Spending Smart." E-mail him at yourmoney@tribune.com.

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