

Real Estate Special Report

Be proactive in lining up financing to buy a home

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News Editor

Everybody knows that nowadays it's really hard to get a loan, and you have to have 20 percent down to buy a house, right? Nope.

There's a lot of mythology and misinformation out there about the lending climate for homebuyers. Cort Horner of Directors Mortgage in Sisters is down in the trenches of the mortgage lending world, and he knows the lay of the land.

Certainly the pendulum has swung away from the extremes of pre-recession lending, when anyone with a pulse was qualifying for a loan, but things aren't as tight and as difficult as people assume.

"Right now we're kind of in that balanced place in the middle," Horner told *The Nugget*. "There's a lot more opportunity out there than people realize."

The fundamentals of lending are still in play: Credit; capacity (the ability to repay a loan); and collateral (the market quality of the home).

"If you check off those boxes, the loan's going to work," Horner said.

And there are a variety of options available to suit a variety of needs and circumstances. The key for a prospective homebuyer — including those who washed out of the housing market during the recession and want to get back in — is education. Know what you need to do to get your ducks in a row, and know the difference between reality and myth.

"One of the myths is the down-payment," Horner said.

There is a widespread assumption that you need to put 20 percent down to get a loan going, but Horner says there are other options as low as 5 percent down and in some cases (like a VA loan for veterans), no money down.

The Sisters area is eligible for USDA (Department of Agriculture) rural-development loans for qualifying buyers. That's true even inside the Sisters urban growth boundary. Depending on income and size of a family, it is entirely possible to qualify for a USDA loan that can get you into a home in Sisters or in a rural subdivision.

"It's a loan that a lot of people can qualify for," Horner

says. "If you're looking at the \$350,000 home in Tollgate, that's a great qualifier."

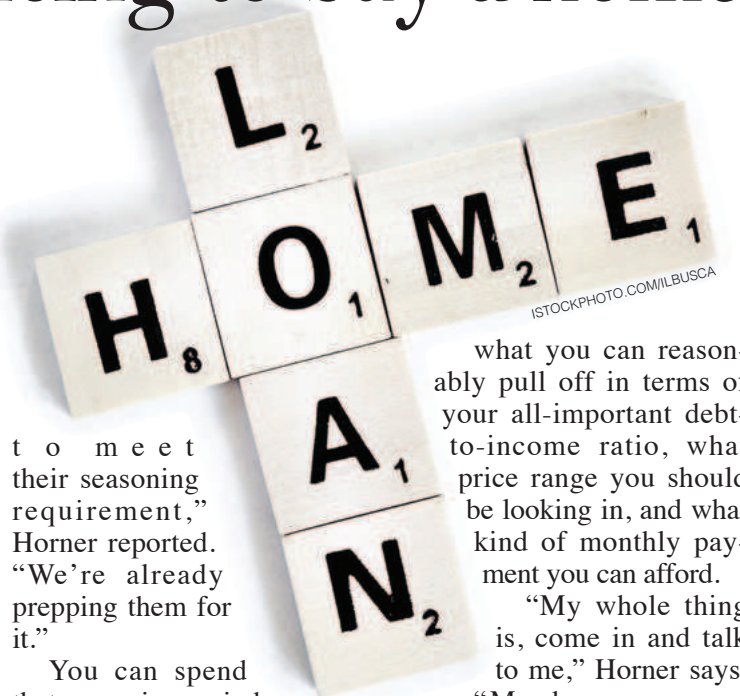
Now more than ever, getting your financing aligned before you get into the market is critical.

"Go and learn what your true financial situation is through a lender's eyes," Horner says. "To buy a house, go out and get pre-approved. Not pre-qualified — pre-approved."

In Sisters Country and across the nation, many people lost their homes in the financial crisis and recession that fell like a hammer in 2008. Many of those people are now in a position to get back into the housing market. The lending situation for those folks is far from hopeless.

Loan products have different "seasoning periods" for people who have adverse credit situations like a short sale or foreclosure — a time period they must wait before they can again be eligible for a loan. For conventional loans that can be four to seven years, but for many products its in the three-year range.

"I've got, I think, six people who are in that waiting period



to meet their seasoning requirement," Horner reported. "We're already prepping them for it."

You can spend that seasoning period wisely, cleaning up your credit. Get a real credit report and a true score and find out where you stand. There are resources to help you take care of problems, and Horner recommends using them to get ahead of the game.

"I have personal experience with using credit repair," he said.

Once you understand your credit situation, you can formulate a plan to get into the best position to act, knowing what your true credit score is,

what you can reasonably pull off in terms of your all-important debt-to-income ratio, what price range you should be looking in, and what kind of monthly payment you can afford.

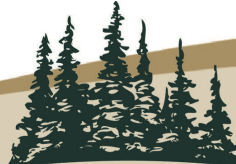
"My whole thing is, come in and talk to me," Horner says. "Maybe you can, maybe you can't."

If you can, you can jump into the market. If you can't, you'll know what it will take to get there.

The second-home market used to be a pretty lively one in Sisters Country. Realtors report that that market is pretty quiet, though it is showing signs of life.

"I think the public has become much more fiscally responsible," Horner says.

See **FINANCING** on page 23




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