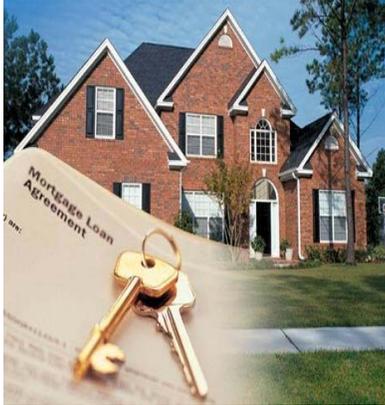


First Northern  
Financial Group

1-800-737-1366  
[www.fnfgroup.com](http://www.fnfgroup.com)



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## A message from the President

I hope you find this news letter informative and helpful. Please call me with any questions or to set up an office meeting.

Steven N Taylor  
President  
1-800-737-4400 ext.202

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## Lenders loosen grip, but your credit history matters more than before crunch

When the financial crisis hit, many banks became tight-fisted, and plenty of borrowers walked away empty-handed. But financial institutions have emerged from the recession stronger and ready to lend. "Credit is available. No question about it," says James Chessen, chief economist for the American Bankers Association. "Banks are being careful because the economy is still weak, but I don't know a bank out there that's not anxious to make a loan."

Keep in mind that from mortgages to car loans, your credit history and score matter more than they did before the crunch. Rates are at rock-bottom levels for borrowers with top-tier credit - generally credit scores above 720. Before you shop rates, get your [credit reports](#) and check for errors. See where you stand before you apply for a loan.

**Mortgages: Stricter rules**  
Mortgage lenders want to make loans now, and they may even bid against one another for your business. But lending standards remain tight, and you must be prepared to produce a mound of paperwork to document your income and assets.

Rates are as low as they were in the 1950s, so going through the motions could pay off. In mid-September, the average interest rate for a 30-year, fixed-rate conforming loan - a mortgage of \$417,000 or less - was 4.5 percent, according to HSH Associates, a mortgage-tracking firm. The initial rate for a 5/1 adjustable-rate mortgage (a fixed rate for five years, followed by annual adjustments) was 3.6 percent.

[Fannie Mae](#), [Freddie Mac](#) and the

Federal Housing Administration continue to dominate the mortgage market, setting the standards for the loans that lenders make and sell to investors. So lenders strive to dot every "i" and cross every "t" when they qualify you.

If you're buying or refinancing the mortgage on your primary home, you'll need a minimum down payment of 5 to 10 percent for a conforming loan or 10 to 15 percent for a conforming jumbo loan (125 percent of a metro area's median home price, up to \$729,750). With 20 percent or more down, you avoid private mortgage insurance, which typically costs 0.5 to 1.5 percent of your loan amount a year.

Fannie Mae and Freddie Mac allow a minimum credit score of 620 if you have at least 25 percent equity in the property or a score of 660 with equity of less than 25 percent; you'll get the best rate if your score exceeds 720. The FHA will soon require a minimum credit score of 580 to qualify with a down payment of 3.5 percent, but FHA lenders often impose a higher minimum score of 670.

In addition to your credit, lenders will also scrutinize your ability to pay, starting with your debt-to-income ratio. Monthly housing expenses (principal, interest, taxes, hazard insurance, private mortgage insurance and association fees) shouldn't account for more than 28 percent of gross monthly income. Total debt shouldn't exceed 36 percent of gross income, but in some cases lenders stretch the maximum to 45 percent.

## Staging and Preparing a Home for Sale

*"1<sup>st</sup> impressions are an important factor when you are selling a home.*

*First Northern Financial Group, Inc. will take the stress out of buying a home for all your clients and meet or exceed all your expectations you are looking for in working with a mortgage professional*

Back in the boom times of the Real Estate market from the mid 1990's until the mid 2000's getting a home truly ready for the market was far less important than it is today. Every home seller today is in stiff competition with the next guy down the street with far less buyers in the market place.



This makes it far more critical for your home to be polished when the for sale sign gets placed on the lawn. In a buyers market those that are looking at your home are far less forgiving. It is easy for buyers to be choosy because there are so many more homes for them to look at. Homes that are not in good shape can take a severe price beating in this environment. Most buyers are looking for turnkey properties or least amount of work to be done. Far fewer buyers are interested in spending the time and energy of fixing up sellers headaches.

One of the things you hear talked about a lot in Real Estate circles is "curb appeal". 1st impressions are an important factor when you are selling a home. Since the 1st thing a buyer looks at when they visit your property is the yard and the exterior of the house, you want to make sure that at the very least it is presentable.

Before visiting some tips for sprucing up the interior or exterior of your home please keep in mind that a buyer almost ALWAYS estimates higher than the actual cost to make necessary repairs and or improvements. It will cost you far less money to do these things than letting the buyer deduct an appropriate credit in their mind.

Please visit us as [www.fnfgroup.com](http://www.fnfgroup.com) for complete list of Exterior and Interior tips!

[EXTERIOR HOME SALE TIPS](#)

[INTERIOR HOME SALE TIPS](#)

### Real Estate Agent Testimonial:

"Now that this transaction is behind us, I wanted to thank you for your time, patience, knowledge and understanding. Each of these and many other assets you posse helped my customer with her purchase."

Your professional knowledge was a major factor in completing this transaction. I look forward to working with you again.

Diane

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## Homeownership at 66.9% in 3Q, lowest rate since '99

Homeownership remains at the lowest level in more than a decade as increased foreclosures and weak demand despite historically low interest rates continue to weigh on the housing industry.

The Census Bureau said the homeownership rate for the third quarter was 66.9%, which is flat with the prior quarter and 0.7% lower than a year earlier.

The rate of U.S. households that own their home peaked at about 69.2% in the fourth quarter of 2004, on the upside of bubble. Prior to the second quarter of this year, the rate had not dipped below 67% since 1999.

Home ownership in the Northeast at 63.9% and the West at 61.3% continue to pull the overall rate down. As rates in the Midwest, 71.1%, and South, 69.1%, remain higher than other parts of the country despite being down from a year ago.

More than 85% of housing units in the country were occupied in the third quarter while 14.4% were vacant. Fitch Ratings said Monday that the current shadow inventory of foreclosed homes will take more than three years to cull through.

In late September, the Census Bureau reported sales of new single-family homes fell almost 30% in August, as demand wanes.

First Northern Financial Group, Inc. is a fully licensed mortgage broker looking to build life time relationships. We have over 40 years of experience in the mortgage business. Call today to set up a meeting to see how we can assist you and qualifying more clients.

**1-800-737-1366**

- First or Second Mortgages
- Purchases FHA/VA
- Jumbo loans
- Construction Loans

### Customer Testimonial:

"If you have a bulletin board with this type of thing, pin this one up. Feel free to use my testimonial when applicable! On a whole, I am once again blown away by your professionalism. Your confidence in your business acumen is apparent. I am impressed with your attention to detail and most importantly, your wholehearted consideration for my personal goals."

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