

# Denice's Homeowner News™

Courtesy of Denice S. Anderson ☞ Watson Realty Corp. ☞ (904) 607-5091

September 2005

## How to Improve Your Credit Score

When you apply for almost any kind of loan, one of the facts that lenders will use to make a decision is your credit score, also known as a FICO score. The lender obtains this three-digit number (it ranges from 300 to 850) from one of the three major credit bureaus (Trans Union, Equifax or Experian). Calculated by a formula developed by a company called Fair, Isaac & Co. (hence the name FICO), this score represents to a lender your credit worthiness. It not only influences whether your loan is approved, but it also influences your interest rate and other loan terms.

The higher your credit score, the better loan terms you will get. How do you obtain a good score? Simply put, by paying your bills on time, using your credit sparingly, and watching for errors on your credit report. Since nobody is perfect, our credit scores aren't always perfect either. But whether you already have a great score, or a not-so-great one, there are things you can do to make it better.

### Payment History

The most important factor that impacts your credit score is, you guessed it, your payment history. Interesting thing is that, while a late payment is always a minus, a single late payment impacts people with good credit a lot more than people with bad credit. The idea here seems to be that people with a problematic credit history

are almost expected to miss a payment here and there, while people with high credit scores are expected to be perfect.

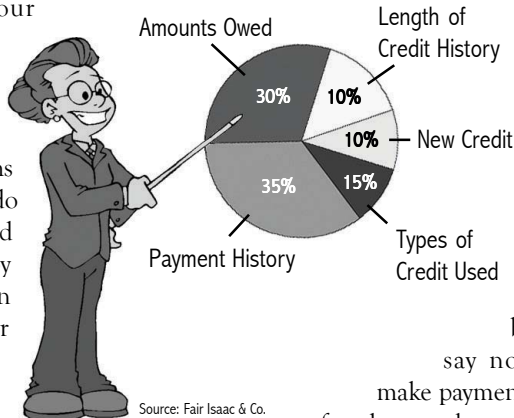
If there are late payments on your record there are a couple of ways to get them removed. First, if it's an error, ask your creditor to correct it. If it's not an error, it's only one or two late payments, and you are otherwise a good customer, write to the creditor and ask for a goodwill adjustment. This does not always work, but if you've been their customer for a long

time they may

agree to simply erase the minus(es) from your credit file. (By "they" I mean the creditor, not the credit bureau.) If they

say no, continue to

make payments on time, and after about twelve months the old late payments will start to carry less weight.



### Limits vs. Balances

How much you owe on your current revolving accounts (credit cards) is almost as important to your credit score as your payment history (see graph). What the FICO formula takes into consideration is the difference between your total available credit and your account balances. The closer you are to your credit limits, the more risky a borrower you appear to the credit formula, and consequently your score will be lower. By

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Hello and welcome to the September issue of my newsletter! As always, I try to provide here information that I hope will be useful to you. But this is only a small part of my service. My true passion is helping people, like you, navigate the complexities of real estate. Do you plan to buy or sell soon? Or do you know someone who is? I am ready to use my knowledge, skills and dedication to help you, or anyone you refer to me, with what could be the biggest investment of your life. Just give me a call or send me an e-mail. Consultation is always free, and there is never any sales pressure.

### Denice S. Anderson

(904) 607-5091 (direct)

(904) 473-1161 (office)

denice@pontevedrahomes.net

www.pontevedrahomes.net



# How to Buy a Popular House

A nice home goes on the market, and you and your Realtor rush to take a look at it. It turns out to be just what you are looking for, so you quickly make an offer. But to your chagrin, the seller informs you that there are several other offers on the table. How can it be—they just put it up for sale yesterday??? Ah, the frustration. Fortunately for sellers, and unfortunately for buyers, this is not a rare scenario. Interest rates are still low, and many folks are taking advantage of this by looking to either buy their first home or move up to a bigger one. In other words, there are a lot of buyers in the market, which can create competition. But don't worry, there are steps that you can take to prepare yourself for this, and when the right home comes along, beat the competition.

## Pre-Approval

"Get a pre-approval, get a pre-approval." I say this so often that I almost feel like a parrot repeating myself. But if you want a seller to seriously consider your offer – get a pre-approval. This makes you almost like a cash buyer, which is something sellers like to see. Without being pre-approved for a loan, the seller will see you as a more risky buyer, and will likely turn you down even if you offer more than someone who is pre-approved.

Getting pre-approved is a relatively painless process (in one of my upcoming newsletters I will discuss it in more detail), and it has a number of benefits. The most important one is that when you are competing with other buyers it places your offer at the top of the stack thus, increasing your chances of getting the house you want.

## Acting Quickly

One factor that causes people to miss out on nice homes is hesitation. Purchasing a house is a big step, so it is normal to be a little nervous when making an offer. Is this the right home? Am I paying too much? What if there's something wrong with it? Perfectly legitimate questions, but ponder them too long, and someone else will snag the home. The best way to be prepared to act quickly is to talk with your Realtor before you even start your house search. Discuss exactly what you are looking for, what you must have, and what you can live without. This will accomplish two things; it will help you get a clear picture of what a perfect home is to you, and it will help your agent understand your needs better. Discuss how the offering price will be determined; your agent will be able to share with you strategies on how not to overpay. Talk about any other concerns that you may have, so together with your agent you can

come up with a game plan and be ready to act when the right home comes along.

## Your Offer

In order for your offer to be accepted it must be appealing to the seller. This may mean that you will have to offer full price. This is not always the case, but when you are faced with competing offers, it often is. You will still be protected from overpaying by getting an appraisal, provided that your agent writes an appraisal condition into the contract. Besides the price, there might be other things that the seller is looking for. For example, she may need to close by a certain date, so by offering to close quickly you increase your chances of success.

Or there may be some repairs that need to be made that are a hassle for the seller, but are not a big deal for you, so offering to take care of those can earn you extra points.

Whatever the case, finding out what the seller's motivating factors are, then tailoring your offer accordingly, will put you ahead of other buyers.

Finally, don't lose your spirit if your offer is declined. Things happen for a reason, and there just might be a better home waiting to be discovered by you. With the help of a tenacious agent you will find your dream home, even if it takes a couple of tries.



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**The Seven Expensive Mistakes Buyers Frequently Make** is a three-page special report that no buyer should be without. If you are thinking of buying a home soon, arm yourself with the knowledge that can help you avoid expensive mistakes too many people have made. Request this report today – there is no cost or obligation.

[denice@pontevedrahomes.net](mailto:denice@pontevedrahomes.net)

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**reducing your balances to below 30% of your total limit you should see an increase in your credit score.**

*People who are actively trying to reduce their debt make one common snafu—in order to not be tempted to use available credit they ask their creditors to reduce their credit limits. While this may be a good strategy to control your spending, it does not help your score one bit. It actually accomplishes the opposite. Let's suppose your total credit limit was \$10,000, and your credit card balances were \$3,000, or 30% of the total limit. You ask your creditor to lower your limit to \$4,000, and now your \$3,000 balance represents 75% of your*

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# Six Ways to Cut Vet Bills

Each year Americans spend a whopping \$18 billion on their pets. Yes, we sure love our furry friends. But it's not necessary to spend a lot of money to show love, so let's review a few ways to cut down on the ever increasing costs of pet care.

**Pick a vet before you need one.** Pet emergencies can cost a fortune unless you've established a good relationship with your local vet, and understand her emergency policies and costs. Ask your friends and neighbors to recommend a good veterinarian, or ask the animal loving employees of your local pet store.

## Spay or neuter.

First, this is ethically the right thing to do.

Secondly, your pets will be better behaved so you will enjoy them more. And thirdly, spayed or neutered animals are at a significantly lower risk of many different types of cancer, so they will live longer and require fewer trips to the vet's office.

**Don't overfeed your pet.** Overweight animals are prone to heart disease, diabetes and other ailments, and have shorter life spans than their leaner cousins. Check the package label for the proper amount of food recommended, or ask your vet. Also, don't overdo the treats. Not only is it thrifty to feed your furry

friends properly, but it also helps them live longer and healthier lives.

**Perform basic pet care yourself.** Learn how to clip your cat's or dog's nails and save money. Giving your pooch a haircut is also not very hard. A pair of clippers will cost you about \$20, and will pay for themselves many times over.

**Ask for discounts.** If you have several animals, take them in for regular checkups together as many vets give "group" discounts. Was your pet once abandoned or a stray? There are vets who offer discounts to people who rescued their animals. If you are a senior citizen, ask for a senior citizen discount. And

for routine medical services try your local humane society, pet store or animal control office as they often sponsor special events where routine veterinary care can be obtained at discount rates.

**Look for free stuff.** Science Diet and Iams offer free samples of their foods, as do other companies. Free advice is also abundant, on the web at [www.MerckVetManual.com](http://www.MerckVetManual.com) (a superb site with lots of information about pet health care), and at your local pet store (where friendly animal-loving employees are always happy to share their knowledge).



**Q: Is there such a thing as a no-cost loan?**

*A: Is there such a thing as a free lunch? Costs associated with obtaining a mortgage can be divided into two groups. In one are costs not charged by the lender but by third parties, such as the cost of appraisal, survey and title work. In the other group are the lender's fees, such as points and assorted document fees. Lenders who advertise "no-cost" loans will not forgive you any of these fees, but will simply make you pay for them in a different way. Non-lender fees can be rolled into your loan—you borrow a little more to cover these costs, then pay for them over time. Lender fees can also be rolled into the loan, or they can be paid through a higher interest rate. There is generally nothing wrong with these strategies, as long as the true costs have been clearly explained to you, and as long as you remember that, unfortunately, there is still no such thing as a free lunch.*

**Denice S. Anderson**

(904) 607-5091

[denice@pontevedrahomes.net](mailto:denice@pontevedrahomes.net)

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*available credit. To the credit formula this looks like you are close to maxing out, which may mean that you are in financial trouble, so your score goes down.*

*A similar scenario occurs when you close an unused credit card. One credit card less means a lower total credit limit, so again, your score may get dinged. This does not mean that people should never cut up credit cards—the fewer credit cards, the better, if you ask me—but don't do it before applying for an important loan (like a mortgage, or a car loan).*

## OLD CREDIT IS GOOD CREDIT

*The third most important factor that determines your credit score is the length of your credit history. This does not mean how long you've had a social security number, but how old your oldest open account is. Here is another drawback of canceling unused credit cards: if you cancel the ones you've had for a long time, and keep only newer ones, you will appear to be a much newer borrower. So if you do decide to get rid of some credit cards, keep the oldest ones.*

*Old credit is good credit, but only if you still use it. If you have an old card with a*

*zero balance that you don't have much use for any more, do make an occasional purchase with it. You don't have to carry a balance on it (you can pay off the charges as soon as you make them), but by using it at least every couple of months it will be reported on your credit report and help your score.*

*The strategies discussed above will help you improve your score, but the best formula for having a good score in the first place is still this: make payments on time, keep your balances low and check your credit report for errors periodically.*



**Denice S. Anderson**  
Watson Realty Corp.  
615 Highway A1A  
Ponte Vedra Beach, FL 32082

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## ARCHITECTURE CORNER

### ITALIANATE

The first Italianate houses in the United States were built in the late 1830's. This architectural style was a part of the Romantic Movement (also known as *Picturesque Movement*) along with the Gothic Revival style. Its features were influenced by the country villas of northern Italy (or more likely by *pictures* of the villas, since few American architects had traveled to Italy at the time). A respected landscape architect and author, Andrew Johnson Downing, championed Italianate style in his publications, and in the second half of the 19<sup>th</sup> century, the style became so popular throughout the country that for a while, it was known simply as the "American Style."

Italianate homes are usually two or three stories high (very rarely do they have only one story). The roof is low-pitched, often capped by a cupola or a tower. The most noticeable characteristic of Italianate architecture is the use of heavy ornamental eave brackets, and at one point, this style was known as the "American Bracketed Style." Other characteristics include tall, arched windows with elaborate crowns, large panes of glass in doors, long porches, and the use of cast-iron railings. Floor plans are usually rectangular or square. High ceilings, large windows and detailed interior ornamentation make these homes cheerful places in which to live.

Although the popularity of this style diminished with the beginning of the 20<sup>th</sup> century, many fine examples may still be found throughout the country. Because Italianate was very adaptable, not only single-family homes were built in this style. It became a popular design for town homes and commercial buildings as well. So much so, that in fact, what we often visualize as a classic Main Street in small town America, is mostly made up of Italianate buildings.

