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can be a struggle. I am working with many borrowers right now who fit into this mold and the solution has been to get a parent or other family member to co-sign with the primary borrower to include the co-borrower's income to help with qualifying for the mortgage. The co-borrower doesn't need to occupy the property for their income to be combined with the primary borrower who will owner-occupy the property.

One of the questions that come up frequently when there is a non-occupant co-borrower is whether the new mortgage for the primary borrower will impact the co-borrower's ability to qualify for future, additional credit such as a mortgage to purchase or refinance a property. The answer is no, the primary borrower's mortgage payments will not impact the non-occupant co-borrower's ability to qualify for additional credit as long as the primary borrower is making their mortgage payments from their own accounts and has a paper trail that proves this. When the non-occupant co-borrower is trying to qualify for another mortgage for themselves, all they need is the last 12 month's cancelled checks evidencing the mortgage payments were paid by the primary borrower and not by the non-occupant co-borrower to remove those payments from the qualifying criteria for the non-occupant co-borrower. Of course, any late payments that the primary borrower may make on their mortgage with the co-borrower will affect the co-borrower's credit. Using a non-occupant co-borrower can be tricky because of all of the additional documentation required for the loan packet as well as incorporating other personalities into the transaction, especially when they are parents!

I have a lot of experience working within this construct and am happy to educate all parties throughout the process to make sure we are all on the same page, so the transaction can close smoothly.

Rate-wise, the rates may be similar with or without the non-occupant co-borrower, but lenders will still use the lowest credit score of all applicants to determine the interest rates for the transaction. So having a parent or family member on the deal that has better credit than the primary borrower will not reduce the interest rate since the lender in this case will go to the primary borrower's credit as the criteria for calculating the interest rate.

This works the other way as well. If the non-occupant co-borrower's credit scores are lower than the primary borrower's credit scores, then the lender will go with the non-occupant co-borrower's credit score for purposes of calculating the interest rate. Sometimes, the rate will suffer slightly with a non-occupant co-borrower on the deal, but without that co-borrower there may be no deal at all.

I am happy to consult for free if you are interested in exploring these options or any other mortgage scenarios.

*As always, your loan guy,
Viral (Vic) Joshi*

P.S. If you want to get more timely market updates, I have a weekly newsletter that goes out via e-mail. E-mail me, **viral@vicjoshi.com**, so that I can put you on the mailing list.

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Vic's

Mortgage Report

"Home of Free Mortgage Consultation"

Viral (Vic) Joshi

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Hello Friends,

Mortgage rates have come down in the last month, but rates are still at least .25% higher

now than they were a year ago at this time. The bond market has been on a solid run since March 14th of this year, and mortgage rates have been ever so slowly coming down because of this. With inflation over the Federal Reserve's 2% target, look for the Fed to keep the upward pressure on the Fed Funds interest rate, which will eventually affect mortgage rates. The voting Federal Reserve members have been calling for between one and four additional rate hikes this year. I think we will see two more rate hikes this year, but I am not sure when. The next Open Market Committee Meeting will take place May 2-3 and the updated rate policy will be released on May 3rd.

With the severe lack of housing inventory in the markets right now, the competition to purchase a property has become very fierce again. Many first-time home buyers have been struggling to qualify for a new mortgage on their own, especially borrowers who are young, self-employed entrepreneurs. Due to the way lenders underwrite loans for self-employed borrowers using the net income rather than the gross income, qualifying without outside help

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