

Brought to you by: **Lissette Cancio**

# *Around the House*

April 2010

## **Points of Interest...**

- 25 Tips to Increase the Value of Your Home
- How Changes in Credit Card Rules will Affect You
- Mortgage Insurance – When Can It Be Cancelled?

## **25 Ways to Dramatically Increase the Value of Your Home**

Whether you are thinking of selling your home—or just want to spruce it up, here are some inexpensive ways to increase the value of your home. Some require plain old elbow grease. Some require you spend a little bit of money. However, each suggestion offered will take less than a day to complete (unless you consider yourself “home-improvement challenged”).

1. Cut bushes, trim trees, edge sidewalks and driveways
2. Install matching light fixtures
3. Refinish or paint your front door
4. Refinish your hardwood and tile floors
5. Clean out the clutter—everywhere
6. Shampoo your carpets
7. Power wash the exterior of your home
8. Install matching switch plates and outlet covers
9. Replace door knobs
10. Reseal your concrete or asphalt driveway
11. Oil your door hinges
12. Replace your doorbell
13. Paint your kitchen, living rooms & bathrooms
14. Add crown molding
15. Install a new mailbox
16. Get rid of weeds growing in cracks in sidewalks & driveways
17. Paint your front & back steps/deck
18. Power wash sidewalks & patios
19. Replace kitchen & bath faucets that match
20. Hang a mirror to create the illusion of more space
21. Install new towel bars and toilet paper holders
22. Paint your fence or railings
23. Install new street numbers on your home
24. Plant perennials/flowers
25. Fertilize your lawn

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## How the Changes in Credit Card Rules Will Affect You

Does your credit card statement look different these days? Did you receive a 15-page disclosure from your credit card company? The Credit Card Accountability, Responsibility and Disclosure Act (commonly known as CARD – clever, huh?) required companies to change the way they did business! Here are some (not all) of the rules that went into effect on February 22, 2010.

### What Has Changed

**Cannot Raise Your Interest Rate for 12 months**—unless you are late making your minimum payments.

**Cannot charge you a fee if you exceed your credit limit** – You now have to sign up for this service if you want to EXCEED your limit.

**Required to give 45 days notice before raising your interest rate** – This includes changes to fees, credit limits or cash advances.

**Must apply any amount paid—beyond the minimum payment made by you—to the highest interest rate balance first** – Your credit card may have different interest rates for purchases versus cash advances. Any dollar amount you pay over and above your minimum payment must be applied to reduce the balance on the highest interest rate first.

**Credit Cards Bills must be mailed to you 21 days in advance**—before your payment is due.

**Due dates must be the same day every month** – If it falls on a weekend or holiday, the payment must be credited on the next business day with no late charges.

***Cannot use your “average balance” over a 2-month time period to calculate interest.***

**Late Payment Rules** – If you are more than 60 days late, the credit card company can increase your interest rate. However, they must restore your old interest rate if you make your payments on time for 6 months straight.

**Your credit card statement will look different** – they will be easier to read and include a “minimum payment” warning showing the estimated time it would take to pay off your credit card if you only made the minimum payment each month.



### What Has NOT Changed

**Credit Card companies can lower your credit limit** or close your account for no reason—and without advance notice.

**Annual fees, inactivity fees and over-the-limit fees** can increase without notice.

**Can offer “teaser rates”** and increase them after a specific period of time.

**Credit cards with variable rates** (like tied to Prime rate) can change without notice.

## Mortgage Insurance – When Can It Be Cancelled?

If you have a conventional mortgage, and put less than 20% down when you purchased your home (or less than 20% equity when you refinanced your home) your monthly payment includes “mortgage insurance”.

Depending on your interest rate, for a 30-year term mortgage and if you put 5% down payment, it will take approximately 11 years to reach 78% loan to value; with 10% down, it will take about 9 years, and with 15% down, 6 years.

If you have an FHA mortgage, mortgage insurance is automatically included in your monthly payment.

Both types of loans have certain rules where mortgage insurance must be eliminated after a certain period of time—and under certain conditions.

### Dropping Conventional Mortgage Insurance Rules:

- **Automatically Deleted When:**
  - Mortgage balance is reduced to 78% Loan to Value (LTV) which means your Loan balance compared to your value.
  - LTV based upon ORIGINAL VALUE
  - Based SOLELY on regular amortization (not prepayment of principal)
  - Mortgage payment must be current
- **You Request Mortgage Insurance be Deleted**
  - Mortgage Balance is Reduced to 78% LTV
  - Submit cancellation request in writing
  - Good payment history
  - Current on mortgage payments
  - Appraisal or Certification that property value has not decreased BELOW the original value
  - No 2<sup>nd</sup> liens or subordinated loans on property



### Dropping FHA Mortgage Insurance Premium Rules:

If your loan closed PRIOR to January 1, 2001, you are NOT eligible for termination of MIP (monthly insurance premium) if closed on January 1, 2001 and after, MIP will be automatically terminated under the following conditions.

- More than 15-year term
  - Must pay for 5 years AND
  - 78% LTV based on original LTV
- 15-Year Term or less
  - If original loan amount is 90.01% or more, of the original appraisal value, MIP will be terminated at 78%
  - 5-year minimum payment waived
  - If original loan amount is 90% or less, of the original appraisal value, NO monthly MIP was charged.

SPECIAL NOTE: Loan-to-Value for **purchases** based on the *lower* of the sales price or appraisal value,

Loan-to-Value for **refinances** based on appraisal value

Loan-to-value figured on base loan amount WITHOUT the Upfront Mortgage Insurance for FHA loans.

## **About Lissette Cancio.....**

*Lissette Cancio is an Experienced Mortgage Professional dedicated to putting her clients FIRST. She strives to build long-term relationships by helping clients achieve their goals and upholds a culture based on integrity and fair dealings. She feels that keeping our clients informed about new loan programs, ways to improve credit, and tips on managing their financial well-being are critical in maintaining good relationships. Once you join her team, you will fully experience what it means to have your needs put first.*

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