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Tips on Qualifying for Bad Credit Mortgages

If you have a less-than-perfect credit score (say 620 or less) and you want to buy a home, you may find that some lenders will avoid your business. Your credit score says a lot about your spending habits and your responsibility as a borrower. If the score is low, you will be a bigger risk to a lender because of your payment repayment history.

Fortunately there are plenty of lenders that are willing to take on this type of risk and they offer bad credit mortgages. They will definitely charge you more in interest than they would a borrower with good credit, but you can still get into a home.

If you have bad credit and are trying to qualify for one of these bad credit mortgages, you should do your homework and put yourself in the best possible position to get approved. Here are some helpful tips: First and foremost you should pull a copy of your credit report from one of the three major credit reporting agencies. These are Experian, Trans Union, and Equifax. Once a year you can pull your credit report from any of these agencies for free. This will not hurt your score in any way. Once you have the report in front of you, examine it for any errors. There have been instances of inaccurate reporting by these agencies so you'll want to find and correct any problems. If you find any errors, you can contact the credit agency with your dispute. If they do not agree with your assessment of the problem, the error may stay on your record, but you can add a caption that creditors will see that states your opinion on the credit blemish. You should also do your best to provide a sizeable down payment. With more money down, your loan will be less of a risk to the lender and you will be more likely to qualify. This down payment can come from your own careful savings of course, but if you do not have the time to save up, you can try soliciting a cash gift from family or relatives to contribute to the down payment. If this doesn't work, there are some non-profit organizations that can aid you in coming up with the necessary funds. Another helpful tip for getting qualified is to find a home seller that is so eager to sell that they will help you financially in the process. Many times desperate sellers will contribute closing costs to make the sale. Working with such a seller could help your cause greatly because if you don't have to pay for closing costs, you can put that money towards a bigger down payment. Finally don't limit your options. Shop around with many different lenders to find which ones are willing to work with you. If none of them are interested in your business with your current financial situation, you will have to try the suggestions above, or simply wait and do everything possible to improve your score in the mean time.

Qualifying for a bad credit home loan can be a tricky process. Once you understand what lenders are looking for, however, the steps to approval will be much clearer and easier. Take the time to do all you can to improve your credit score and acquire the assets that will make your loan more attractive to lenders and you have a much greater chance of becoming a homeowner.