

**Property Search**  For Sale  For Rent **Min. Price (\$)** **Max. Price (\$)** **Bedrooms** **Property Type**

Enter a country, city, neighborhood or US ZIP  Any  Any  Any  **More In Real Estate**

[Help / FAQ](#) | [Advanced Search »](#) Show Only:  Open Houses  New Developments [Great Homes & Destinations](#) [Commercial Real Estate](#)

MORTGAGES

## When a Co-Borrower Has Poor Credit



By VICKIE ELMER  
Published: November 24, 2011

IN most cases it is easier to qualify for a home mortgage by applying with another person — be it a spouse or partner, or even a close friend or sibling. But problems may arise if the other person's credit score is less than stellar.

**Related**

[More Mortgages Columns](#)

**The New York Times Real Estate App**

A recently updated, free iPhone app offering in-depth property search tools and mobile features to help you navigate the real estate market.

[Available on the iPhone App Store »](#)



**Connect With Us on Twitter**

For news and features on real estate, follow @nytrealstate.



The federal agencies that oversee and buy mortgages from lenders, like Fannie Mae and Freddie Mac, require lenders making conventional loans to focus on the lower of the two FICO scores. (Scores generally range from 300 to 850, with the national median at 711, according to FICO.)

But both scores may be factored into other loans. On a jumbo loan, for instance, the lender is likely to “put more weight on the credit score of the person with the higher income,” said Greg Gwizdz, an executive vice president of Wells Fargo Home Mortgage in Somerville, N.J.

For some people, however, it may be necessary to hold off on a home purchase for a few months to allow the co-borrower with credit issues to clean up his or her report

and raise the score.

This can be done by being “hypervigilant on paying your bills on time” for a few months, said Tracy Becker, the president of North Shore Advisory, a credit restoration company in Tarrytown, N.Y., or by perusing the credit report and correcting any inaccuracies.

Ms. Becker says that one way to raise a FICO score by 30 to 40 points in a few months is to be added as an authorized user to a well-established person's credit card, even if you don't

Log in to see what your friends are sharing on nytimes.com. [Privacy Policy](#) | [What's This?](#)

**Log In With Facebook**

**What's Popular Now**

Ken Russell, Controversial Director, Dies at 84 [The Price of Intolerance](#)

- [RECOMMEND](#)
- [TWITTER](#)
- [LINKEDIN](#)
- [SIGN IN TO E-MAIL](#)
- [PRINT](#)
- [REPRINTS](#)
- [SHARE](#)



use the card. Your score can rise, too, if you pay down credit-card balances so they are at least 10 percent of the maximum credit limit.

Even if you cannot afford to pay down the cards that far, it can help even to reduce the balance to, say, 60 percent of the limit, said Joanne Gaskin, the director of product management global scoring at FICO. The closer your balance is to the credit limit, the more the score will increase when the balance is paid down.

If the cards are “maxed out,” Ms. Gaskin said, “that’s going to be very negative.”

Preparation is key, Ms. Becker said, suggesting that both parties review their [credit reports](#) and scores together early on in the home-search process.

Alexander Arader, the owner of Arader & Associates, a mortgage broker in Stamford, Conn., said that a borrower with a credit score of 620 to 640 could pay as much as one percentage point more in interest than a borrower with good credit, say around 760 or higher.

“Do whatever it takes to get your credit score up,” he said.

If there is little time for a significant upgrade in a credit score — perhaps because you found your dream home and can’t wait to make an offer — borrowers should explain to the lender any issues that might have affected the credit report, said Mr. Gwizdz of Wells Fargo.

“Take time to tell your story,” he said, and make sure you carefully document any major life issues that might have contributed to a score’s decline, like an illness, divorce or job loss.

The borrowers also need to make it clear why a second person is on the mortgage, especially if that person is not living in the house, he said. A parent helping a child buy his first apartment in [Manhattan](#) will have less trouble explaining the connection than a friend who isn’t there full-time, he said.

Sometimes it may make more sense to have just one person on the mortgage — provided, of course, that the person can afford the monthly payments alone. Some [banks](#) may allow two people to appear on the property’s deed with only one on the mortgage note.

While the FICO credit score is important, it is only one part of what lenders evaluate in the application process, Mr. Gwizdz noted.

Among other factors that underwriters examine: the size and source of the down payment (many are now requiring 20 percent); both applicants’ incomes and whether they have been rising; their debt-to-income ratios; and the property they are buying.

A version of this article appeared in print on November 27, 2011, on page RE6 of the New York edition with the headline: A Co-Borrower’s Credit Issues.

**Cyber Monday Only: Save 50% for 26 weeks on a Digital Subscription.**

SIGN IN TO E-MAIL

PRINT

REPRINTS

#### SPONSORED HEADLINES

[What’s This?](#)

#### Get Free E-mail Alerts on These Topics

Page Six

**Brad Grey closed on a \$15.5 million apartment in the famed Carlyle hotel last week**

TheStreet

**10 Bulletproof Brands in a Bad Economy**

EBN

**HP Needs a New Board of Directors**

Fox Business

**Tax Liens vs. Tax Levies: What’s the Difference?**

[Mortgages](#)

[Credit Scores](#)

[Real Estate and Housing \(Residential\)](#)

#### TicketWatch: Theater Offers by E-Mail



##### MOST E-MAILED

##### MOST VIEWED



1. [Should We All Go Gluten-Free?](#)



2. [With Blocks, Educators Go Back to Basics](#)



3. OP-ED COLUMNIST  
[Things to Tax](#)



4. [BUT NOBODY PAYS THAT A Family’s Billions, Artfully Sheltered](#)

5. EDITORIAL  
[The Price of Intolerance](#)



6. OP-ED COLUMNIST  
[The Politics of Economics in the Age of Shouting](#)

7. [Can the Bulldog Be Saved?](#)



8. HOLIDAY GIFT GUIDE  
[100 Notable Books of 2011](#)



9. [New Translation of Catholic Mass Makes Its Debut](#)



10. [The Branding of the Occupy Movement](#)

[Go to Complete List »](#)

[Show My Recommendations](#)

#### ADVERTISEMENTS

Weichert.com

Realtors, Real Estate Listings, Homes for Sale, and Mortgages.

**TODAY ONLY!** **SAVE 50% FOR 26 WEEKS** on a Times Digital Subscription

Ads by Google

what's this?

**The 10 Best Credit Cards**

Compare Credit Cards & Apply Online

Let Us Help You Find the Right Card

[www.CardRatings.com](http://www.CardRatings.com)

Ads by Google

what's this?

**FreeCreditScore.com™**

A Good Credit Score is 700 & Above.

See Yours in 2 Easy Steps for \$0.

[FreeCreditScore.com/OfficialSite](http://FreeCreditScore.com/OfficialSite)

**INSIDE NYTIMES.COM**



**BUSINESS »**



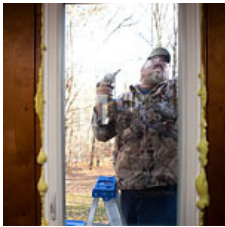
Zynga's Tough Culture Risks a Talent Drain

**OPINION »**



Letters: Paths and Pitfalls of Election Financing

**U.S. »**



Federal Cuts Give Maine a Winter Chill

**WORLD »**



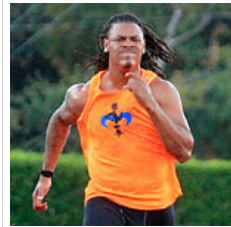
In Russia, Evidence of Misstep by Putin

**OPINION »**



Campaign Stops: The Future of the Obama Coalition  
Without the white working class vote, what do Democrats have left?

**SPORTS »**



After Nightmarish Crash, Safety's Dream Lives On

[Home](#) | [World](#) | [U.S.](#) | [N.Y./Region](#) | [Business](#) | [Technology](#) | [Science](#) | [Health](#) | [Sports](#) | [Opinion](#) | [Arts](#) | [Style](#) | [Travel](#) | [Jobs](#) | [Real Estate](#) | [Autos](#) | [Site Map](#)

© 2011 The New York Times Company | [Privacy](#) | [Your Ad Choices](#) | [Terms of Service](#) | [Terms of Sale](#) | [Corrections](#) | [RSS](#) | [Help](#) | [Contact Us](#) | [Work for Us](#) | [Advertise](#)