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Texas Title Insurance Rates Decrease

Texas Commissioner of Insurance, Mike Geeslin, ruled that all title insurance premium rates be lowered by 3.2 percent, across the board. Starting Feb. 1, 2007, all Texas title companies must follow the new, lower rates.

The decreasing premium rates are nothing new to Texas title companies. In 2004, the state ruled that premiums should drop by 6.5 percent. And, over the last eight years the rates have been cut by 17 percent, according to numbers from the Texas Department of Insurance.

Jerry Hagins, a spokesman with the Texas Department of Insurance, said the premiums are decreasing simply because of profits. "They've been paying out less than what they're taking in," Hagins said of the title companies. "The department staff analyzes title companies' profit targets, expenses and losses when gathering data for each biennial rate hearing, he added.

As an example of cost savings, the title insurance for a \$150,000 home under the current rates would be \$1,227 and will be \$1,110 starting February 1, 2007 under the new rates.

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Posted by Christina Whipple in San Antonio Real Estate at 21:12

Five Common Credit Repair Mistakes

When people find issues with their credit and try to act to make repairs, they can often make the situation worse by not understanding what variables go into their credit score.

Although the exact formulas for calculating credit scores are not disclosed to the public, Fair Isaac has disclosed the following components with the approximate weighted contribution of each:

1. 35% - payment history
2. 30% - the amount of debt, expressed as the ratio of current revolving debt (credit card balances) to total available revolving credit (credit limits)
3. 15% - length of credit history
4. 10% - types of credit used (installment, revolving, consumer finance)
5. 10% - recent credit inquiries and/or amount of credit obtained recently

The following are some of the common mistakes that people make when attempting to repair their credit.

1. **Cancelling old cards or lines of credit** - This one seems counterproductive, but keep those older cards and lines of credit open after you have paid the balance down to zero. 15% of your credit score comes from the length of your credit history. Cancelling your oldest credit card can impact this portion of your credit score. Also, if you have balances on other cards, cancelling an old credit card can also worsen your debt ratio, which makes up 30% of your score. If you don't have other sources of credit that are older than seven years, you should not cancel your oldest credit card. Also, 30% of your score comes from the ratio of your credit card debt and your credit limits. Thus, if all of your cards are maxed out, your credit score is suffering even if you're keeping up with the payments. Focus on paying down the cards with extra payments. To sum this one up, keep your older lines of credit open even if they are paid off. This will help you both in your length of credit history and on your debt ratio.

2. **Paying down credit lines while not keeping others current** - The largest percentage impact on credit scoring is payment history. 35% of your score focuses on punctuality of payment, with only payments that are more than thirty days late affecting your score. If you're going to be late on any cards, make up that payment before it's thirty days late. Do not focus on paying some cards off while others are late, instead juggle the cards a bit if you have to, but make sure you are not too late on any one card.

3. **Having too many open lines of credit or reducing your existing credit lines** - This one is another that may seem counterproductive to credit repair, but 10% of your score comes from the types of credit used. If you have a lot of sources of revolving credit (i.e., credit cards), you can be seen as a credit risk because you have the potential of racking up a lot of debt very quickly. Don't open store credit cards just to get a discount, and if you have any recent store cards, cancel them once they're paid off unless they are a large percentage of your credit availability. Also, do not ask for a reduction in credit availability while trying to repair your credit. The only significant effect a limit reduction has on your credit score is a negative effect on your debt ratio.

4. **Credit counseling and bankruptcy** - Quite often, the credit counseling services that advertise the most are the ones that do the worst job. The FTC has some pointers for finding a reputable company at <http://www.ftc.gov/bcp/conline/pubs/credit/fiscal.htm>. Call several and check their reputations online and with the Better Business Bureau before you retain one. Remember, your credit score will affect many of your financial moves for years, so don't skimp out on your research if you're thinking of using a counseling

service. As for bankruptcy, it is a death blow for your credit score. Before taking such drastic action, try one of the counseling services or negotiate with creditors.

5. **Not knowing what is on your credit report** - Most people who behave well with their credit just assume that their credit is fine, but sometimes incorrect things can show up on your report. Visit <http://www.annualcreditreport.com> to get the free report that the United States government guarantees you from the three major agencies. Don't go to freecreditreport.com, it is a paid subscription service and you can get the same information free.

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