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BELLTEL

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Breaking the bank

Getting a loan got tougher, but it's far from hopeless

Rates are low. Real estate prices have fallen. You have a nice nest egg squirreled away and found your dream condo next to the Victoria’s Secret showroom. The stars seem aligned, right?

Not to be a killjoy, but good luck getting a mortgage.

It’s bumpy all around, but if you’re self-employed, buying new construction or trying to secure a jumbo loan (anything above $729,750), getting a mortgage is downright nightmarish.

That’s what Ryan Duncan, an actor in the show “Shrek,” discovered when he bought a $155,000 one-bedroom in a newly converted co-op in Harlem. Duncan and his broker, Ayo Haynes of Halstead, found the apartment back in May, but he didn’t close until last month because of mortgage headaches. Duncan’s parents had helped out by gifting him money for the down payment, but “the bank wanted a paper trail for everything — they wanted to see a certified check,” he says. “I actually said to my mortgage broker, ‘What if I found $10,000 on the street and wanted to use that? What would happen?’

When Zach Honig began looking for a mortgage for his one-bedroom, he had an ace up his sleeve: His parents were splitting the cost with him. Then began the hard part of fixing his father's credit.

"He said, 'That would worry the bank. You would have to prove that you found the money and you looked for the person who lost it.' "

Of course, while the level of scrutiny has definitely increased, that doesn't mean banks have pulled out of the lending business. "The news that people can't get a mortgage is greatly exaggerated," says Dave Steinberg of Summit Funding. "If your credit is above 680, by and large you're going to get a loan."

NYP Home talked to several buyers who cleared borrowing hurdles and asked for their collective wisdom.

Pump up your credit Zach Honig, a writer and editor for PC Magazine, had what most of us would consider an ace up his sleeve when he went to get a mortgage for his $890,000 two-bedroom in the downtown building the District: Parents who were willing to go 50/50 with him.

But, if you're splitting a mortgage, your credit isn't the only one going under the microscope.

"Both his parents are doctors," says Jenet Levy, Honig's Halstead broker. "They are not deadbeats."

Nevertheless, Honig's father's credit was in the 640s. Honig was told it needed to be above 660, so he painstakingly looked at every delinquency on his dad's credit report. Credit cards that had long been canceled and whose balances consisted of $12 late fees were paid off.

After he got his father's credit above 660, Honig got another call from the bank. The score was good enough if it was for his first home, but for a second home (which in Honig's dad's case, it was), the credit needed to be above 680. He began the whole process again.

By the time Honig met with his building's direct lender, Rolan Shnayder of Home Owners Mortgage, he had gotten his father's score to 714. "We probably could've broken 720, and then we could've gotten a rate of 4.875," says Honig. "But my father's credit was pulled so many times, it dragged down the score."

Make sure your building is approved If you think it's just you applying for a mortgage, you're wrong. Your building is being graded, too.

And it doesn't simply apply to new construction.

Scott Kawczynski found that out when he bought an 1,100-square-foot one-bedroom in the Newswalk, a condo conversion in Prospect Heights, in May. "I thought it would be rather easy," he says. "I have insanely excellent credit — in the 800s."

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Kawczynski and his wife, Dawn, already owned a one-bedroom in Park Slope that they were planning to sell for the down payment — and they got four offers in four days.

But two days before their scheduled closing, they got the call from their lawyer: The building they were buying into hadn't been approved by the bank.

"It's just the process they go through now," says the Kawczynskis' broker, Rodolfo Lucchese of the Corcoran Group. "The bank had never looked at the financials of the building — they skipped that part. I think they realized, 'Oh my gosh, we didn't do the finances on this.' "

The fact that Kawczynski had a commitment letter? The bank didn't care. Lucchese and Kawczynski scrambled to reschedule the closing and started looking for backup lenders.

A delicate back and forth between the bank and the building's management company went on for more than a month as the bank sifted through Newswalk's financials, insurance and everything else it could think of before finally signing off. "You hold your breath until the closing is over," says Kawczynski.

Jumbo meet micro "I was a little disappointed with my bank," says Dr. Steve Chu.

Chu had been a loyal Wachovia customer for years. But when he went to get a mortgage on a three-bedroom apartment in the new Robert A.M. Stern-designed Upper West Side condo the Harrison, where average units sell for $1,461 per square foot, he was turned away. "You wonder, why are we doing all this business with them if they won't give us a hand?" Chu says.

Loyalty was not the issue. The real problem was that Chu wanted a jumbo mortgage — possibly the most elusive mortgage to secure.

"The large banks just do not have the capacity to do these larger deals," says Gregory Socha, managing director of Manhattan Mortgage, who worked with Chu.

That might sound counterintuitive, but, notes Socha, banks such as Chase and Wachovia "for the most part keep [these loans] all on the books." Given the fact that many of these loans have blown up over the last year, "their appetite for these deals have decreased significantly — they've really clamped down for what they require for a building."

Smaller banks don't have that problem. "They look at all the different risk factors," says Socha. "How much does the person make, what does the building look like, how many of the building units have sold. They look at the picture as a whole."

And it worked for Chu — he was able to secure a mortgage from a small Long Island bank.

Compare and contrast "I talked to three potential lenders and got good-faith estimates," says Dan Henry, who just closed on a $559,000 three-bedroom in Brooklyn with his wife, Megan, and their two kids. "After I gave them the initial income info and let them get credit reports, it was then that they really started asking for paperwork — years' worth of bank statements."

What made it slightly easier for the Henrys was that they were buying into Belltel Lofts, a building that was over 50 percent sold.

"Buildings under 50 percent sold are having a very difficult time finding buyers who are able to secure financing due to the stricter Fannie/Freddie guidelines," says Ilan Bracha of Prudential Douglas Elliman, who is marketing Belltel.

When Belltel reached that mark, it applied for FHA approval, which means buyers can get away with putting down a very small down payment. "We put down 5 percent," says Henry. "The FHA minimum is 3.5, so we could use part of that down payment for closing costs."

The Henrys settled on two lenders that made similar offers. In the end, it came down to perks. One

"That's what tipped the offer," says Henry. "We're going to take a second honeymoon in Europe."