

Mortgage Guide and Helpful Tips

Dear Prospective Home Owner,

Let me tell you that home ownership is one of the key ingredients to building wealth. Take any 100 people at the start of their working careers and then follow them for 40 years until they reach retirement age. Here's what you'll find: only 1 in 4 will be really wealthy and financially secure; 5 will continue working (not because they want to, but because they have to); 36 will be dead; and 54 will be broke and dependent on Social Security checks, relatives, friends and maybe even charity for a minimum standard of living. That's 5% successful and 95% unsuccessful.

So, what does that have to do with choosing a mortgage? Plenty! Because the more money you can save and the more equity you can build up in a short period of time, the more wealth you will acquire.

Let me ask you a serious question . . .

Do You Know the Biggest Mistakes People Make When Shopping for a Mortgage?

Believe me, there are lots of secrets that some people don't want you to know. Your realtor or builder simply may not know how complex mortgage financing can be either.

So, just for a moment, let's talk about all of the "misinformation" floating around out there.

We all know that banks, savings and loans and credit unions can give you a mortgage for your new home, but they also balance your checking account, make auto loans, commercial loans and sell you Visa cards, too.

As you can see, they try to be "all things to all people", but don't actually specialize in ANYTHING. We want you to be aware of the fact that there are alternatives to banks and savings and loan associations.

You need to know your options, so you can make informed choices about buying a home and obtaining the right mortgage – "built" to fit your budget.

If you don't know your choices, how can you ever be certain that you are doing the right thing?

And now, with all the confusion about types of mortgages, interest rates, discount points, closing costs and down payment, you can no longer rely on the advice of a banker who does not "specialize" in mortgage loans, nor the advice of well-meaning family and friends.

Does this sound familiar?

Mom & Dad: "When we bought our home, we just told the banker that we needed a mortgage and about 30 days later, we signed a huge stack of papers."

Co-worker: "Oh, when we bought our home, we had to wait for the credit report, wait for the appraisal, wait for the underwriters - all the waiting made us crazy!"

Banker: "Well, you know, the 30 year fixed rate mortgage is the way to go."

Could be anyone: "My realtor told me which company to call, but I really didn't check around to see if I was getting the best deal. After we settled the final paperwork, I found out that I didn't ask all the right questions."

Don't let this happen to you. Listen to this story . . .

Jim and Janice have outgrown their home.

Jim came home to find Janice really excited.

"Jim, I was taking the kids to swimming lessons today and just a block from the pool, a realtor was holding an open house. I think I've found our next home."

"I can't wait until you see it."

So, Jim and Janice made an appointment with the realtor to view the home. It was perfect. Just a block from the pool, and the school bus stopped right in front of the house.

They wanted to buy that house.

But, what were they going to do with the one they lived in now? Jim and Janice called the realtor and listed their home, and hoped that their "dream home" did not sell in the mean time.

Guess what happened next!

The home they lived in sold within 3 weeks and they made an offer on the other home.

"What are you going to do about finding a mortgage?" asked their realtor.

Jim replied, "I'll just call my banker because I just financed my car there. He knows all about my finances."

After making an appointment and waiting 4 days to get in, the anticipation was making them sick.

Janice wondered if it would make a difference that Jim had just changed jobs--but he was making more money now.

But, those credit card bills were at their limit.

They wanted to take some money from the sale of their home to payoff some of their bills, but would they have enough money for the down payment?

Oh no, Janice thought, what about those times we were a little bit late on some of our payments.

The meeting with the loan officer didn't go that well.

The loan officer said, "We usually require that you have at least 20% down payment and I see that you do have a lot of debt"

He took a deep sigh and said, "Well, we'll call you in about 30 days and let you know if you're approved for the loan or not."

Jim and Janice looked at each other.

They couldn't stand waiting 4 days for the appointment, let alone 30 days to see if they were approved.

Jim and Janice had sold their home.

Now what are they going to do if they did not get approved?

The secret is knowing how much home you can buy, even before buying it.

If only they had read this free report before they had sold their home.

What they didn't know was that they could have bought that home and could have been certain they were going to be "approved" ahead of time.

Most People Simply Don't Know Where To Look

These secrets I'll be sharing with you are real and work every day for countless numbers of homebuyers.

The problem is that since they are not well known by most Realtors, most people never hear about them, and the banker only tells you about the mortgage programs that make the bank the most money.

The right knowledge is essential!

With the right knowledge, closed doors can be opened.

Jim and Janice simply did not know where to look.

Let's explore some options so you can get an idea of what I'm talking about.

This is just a partial list.

You don't even have to read it.

Frankly, I just want you to understand that it's all in knowing where to look.

Knowing things like:

1. How to be pre-approved for a mortgage ahead of time
2. Understanding that all banks and mortgage companies are NOT alike
3. How to buy a home with little known financing options
4. Don't assume that interest rates and discount points are the same everywhere
5. That you may not have to pay loan origination fees
6. How you can put no money down and pay no closing costs
7. How to be approved for a mortgage even though you have had past credit problems.
8. How to save thousands of dollars by choosing the right mortgage for you, and not what your banker wants you to choose

The old ways of shopping for a mortgage just don't work any more

Here are some new things to think about:

1. Pre-approved mortgages

Did you know that you could be approved for a mortgage, and not just be pre-qualified for a loan?

Most banks and mortgage companies do not offer you this option. They have you pay the entire application fee up front (and it's not refunded if your loan is denied). Some companies require you to purchase a home before they start the "official" approval process.

Beware of companies that claim that you are pre-approved, but it's merely a gimmick to get you to disclose your "very private" information by touch-tone phone. You have to enter your social security number into the phone. Do you really want to do that?

There is a HUGE difference between being "pre-qualified" and being "pre-approved."

With the pre-approved mortgage, your credit and income are checked out ahead of time and your financial information is sent to the underwriter who will be approving your mortgage. In fact, the time to be pre-approved can be done in as little as 1 hour.

You will then know -

How much you can spend for a home
How much money you will need to close
If you need to consolidate your debts
If your credit is good enough
The best mortgage for you and your family

You can then be confident that when you sell your home that you will not be "homeless."

2. The Mortgage Broker vs. Savings and Loan Companies

The mortgage broker has many different banks, savings and loan companies and mortgage companies that they "broker" their loans to.

When you go to a savings and loan company, you are STUCK with only a few types of mortgage programs. They usually have only 1 or 2 underwriters who approve, or deny your request for money. (Remember, problems can occur with an "in-house" underwriter)

YOU ARE REALLY LIMITED IN YOUR CHOICES! If you are denied, whom are you going to appeal their decision to?

The mortgage broker does business with lots of banks and savings and loan companies throughout the United States.

They can:

Send the loan to many different underwriters
Shop for the best rates and programs
Save you money

3. Beware of banks and mortgage companies that do not offer you their "best deal" first - or will not lock in your interest rate upfront!

The conversation would go something like this . . .

You: What are your rates and points?

Bank: They are "such and such"

You: Well, I'm checking around and I'll get back to you.

Bank: Well, after you check around, give me a call back because maybe we can meet or beat the deal they give you.

OR

Bank: We want you to know that we do not lock in the interest rate or determine the mortgage program until after you have been approved.

Doesn't this make you wonder why they didn't give you their best deal first, or if they cannot lock in the interest rate upfront, is it a fake rate to begin with?

4. Private Mortgage Insurance

Basically, this is available if you are going to put less than 20% down payment for a home—it's a good thing as Martha Stewart might say. It is even part of the FHA and VA mortgage programs.

But, beware of companies who offer to finance your PMI insurance into the loan. You can't ever get it waived from your payment—even when you have enough equity built-up to do so. We recommend that you pay the mortgage insurance monthly and avoid paying the additional interest on your loan when you finance it into the mortgage.

5. Just how much Money is Enough?

You will need money for your down payment, which you might be getting from the sale of your home, a car or 401(k) program-, but will it be enough?

The pre-approved mortgage will advise you of the amount of money that you will need, and where you can get some more if you need to.

Sources like:

- Income tax refund
- Savings bonds
- Cash value of life insurance policies
- Gifts from relatives
- 401(k) plan at work

6. Don't make the mistake of paying thousands of dollars in closing costs, and tens of thousands of dollars in interest.

Of course, interest rates are important. But should you pay a higher rate if you plan to live in the home for only 5 years?

Should you pay discount points? What about closing costs?

Again, being pre-approved for a mortgage will provide you with all of that information- ahead of time.

Compare closing costs. Some may be a little higher, but believe me, there is no "free lunch". The costs are hidden in the interest rate or discount points!

I'll bet that if you are shopping for a mortgage, no one will mention that you can get a 25-year mortgage instead of the usual 30-year type. It's because the bank will lose tens of thousands of dollars by mentioning that program to you. We can show you how to save money both at closing and over the lifetime of your mortgage.

Be sure to ask me to show you a comparison if you are interested in saving money.

7. Financial Counseling

If for some reason you cannot be approved for a mortgage loan today, we can show you how you can get approved a year from now, or maybe sooner.

You can probably save lots of time and money by being pre-approved before you buy your dream home.

*The offer that you make to purchase a home may be accepted over that of a higher bid because they know that you have already been approved for your mortgage.

8. Don't be embarrassed in front of your real estate agent

Real estate agents are great when it comes to helping you "shop" for the home of your dreams- but they know very little about mortgage financing.

Of course, they're not supposed to either.

They might recommend you to a few banks or savings & loan companies- but they can't advise you of the best mortgage for you or how you can save thousands of dollars over the lifetime of the loan.

Since they know very little about your finances and tax situation, they are usually not able to direct you to the right mortgage company- who can really advise you about the right mortgage for you.

So what do I mean about not being embarrassed?

What I mean is. . .several things could happen to you- you only have 5% down payment and the realtor directs you to a company that absolutely needs 10% down payment for the loan. Or, the savings and loan company is extremely strict when it comes to credit- and your late payments on your Sears account are enough to "REJECT" you for your mortgage loan.

So how can you save face?

By being pre-approved ahead of time!

9. Consider using a "Buyer's Real Estate Agent."

Most real estate agents represent the seller- they do not represent you, the homebuyer, unless you have a written commitment from them.

A buyer's agent works for you- not the seller. They will help you determine the best price to pay and can negotiate that the seller pay closing costs for you.

Since we do business with many real estate agents, I will recommend one to you after you have been pre-approved. These are agents that I can assure you will work on your behalf to save you the most money too!

So what's in it for YOU?

1. You are confident that you made the right decisions about your mortgage.
2. Nobody rushed you into the wrong mortgage program because you had to apply for your mortgage within 5 days of signing your purchase agreement. Is 5 days long enough for you to make a decision that could last for 30 years?
3. Not too many real estate agents know the information that I have just given to you.
4. Your desire to own a home, combined with my knowledge, will increase your chances dramatically of getting the best financing option available.
5. Most banks want to "cherry pick" the easy ones. Not me, because I have so many more options than they do.

Well, I hope I got you thinking. You probably have some questions. Maybe lots of them. Please give us a call while this is fresh on your mind and you are excited about the possibilities. Even if you are skeptical, which is only natural, a phone call can't hurt.

-The worst that you will do is spend a few minutes learning.

-The best you can do is have "peace of mind" and save yourself thousands of dollars.

I hope that you feel confident enough to call my office (214-448-4641) and set up an appointment.

Take care and we look forward to hearing from you.

Regards,

Brian Beatty
Mortgage Consultant