Speaker 1 (00:00):

The Accunet Mortgage and Realty show is sponsored by Accunet Mortgage, an equal housing lender and [inaudible] and Accunet Realty advisors, which is a separate company from, but still affiliated with Acushnet mortgage.

Speaker 2 (00:14):

Welcome to the Accunet Mortgage and Realty show giving you inside information on buying, selling, and financing your home with expert advice from Accunet Mortgage and Realty. And now here's Brian Wickert and Tim Holdman. All right, welcome to the Accunet Mortgage and Realty show.

Speaker 1 (00:34):

Well, I am Brian Wichert, the president and owner of Accunet Mortgage and Accunet Realty advisors, along with my son in law, father of our grandchildren, Tim Oldman, Martin Brian. Good morning, Tim. Welcome man. He's one of our top loan consultants at Accunet Mortgage. So he is talking with home buyers and home refinancers every day. He is Chuck full chock, full of stories from the front lines of mortgage lending that we think it'd be useful to our listeners. If you have a question or comment, you can call or text us on the Econet mortgage talk and text line, which is (855) 616-1620. You can also grab a podcast of today's show or pass, pass shows or tell people about it wherever you normally get your podcasts. All right. So right before the show, I ran some numbers and I said, computer, uh, how many listings are there right now in Milwaukee County of single family, detached homes that are priced between a hundred thousand and two 50.

Speaker 1 (01:27):

Let's just say that that's the meat of the first time home buyer market, for sure. And this is in the multiple distinct service, uh, of which I'm a card-carrying member, which is owned by the greater Milwaukee association of realtors. All right, great. So there are 599 listings. Oh, that sounds pretty good. All right. Sounds good. Sounds plentiful. But only 190 of them do not currently have an accepted offer. Oh. So if you're out there thinking about shopping after you do the snow shoveling or shopping online, you've got 190 homes to choose from that are listed by a member of the national association of realtors. So Tim, if you write an offer and get it accepted today, when are you probably going to close?

Speaker 3 (02:09):

I'm thinking probably March at this point where right. Tail end of

Speaker 1 (02:13):

Probably not going to get her done in February that's 28 days. So you're going to close in March. So I went back and I looked, how many homes sold last March in that price range in Milwaukee County? And that was before COVID had any impact on the market. And the answer is 365. So if you do the math, that means we have less than a two months supply. Yep. That is tight as the lit as a pickup on the, on a pickle jar. Yeah. So what are some things that you're doing to help first-time buyers get in a position to write a winning offer Tim?

Speaker 3 (02:44):

Yeah. Well, the first thing is something I'm sure. I'm sure all these things I'm going to say are things that you and Tate have covered multiple times in the show, but that's okay. Good refresher. First thing is to get a rock solid pre-approval from Accunet Mortgage because it gives them a leg up and helps them stand out a little bit more compared to all those other pre-approvals that don't have a money back guarantee, you know, from their mortgage lender,

Speaker 1 (03:05):

You don't even verify their income or their down payment, because this is confidence.

Speaker 3 (03:10):

Exactly our way of saying we are very confident in our ability to give our customers a mortgage. We're not just saying we want to give people money. That's not the goal it's to say, Hey, we feel confident because we've verified your income and your assets with that. Right?

Speaker 1 (03:23):

And this is about inspiring confidence in the seller that the buyer can make good on their offer. And then what else? What's another top tip and we're going to, yeah.

Speaker 3 (03:30):

Uh, another good tip is trying to prove on the pre-approval that our buyers can deliver a larger down payment percentage, even if they may not actually plan to put that much down when they get an accepted offer. That's right. If I verify that you have enough assets to put 20% down, 25% down, that doesn't mean you're going to be forced to put that much down. Just means you have the ability to do that. And that for whatever reason, that sellers are more confidence in your offer, if you show you have the ability to put a higher down,

Speaker 1 (04:00):

All right. So if anybody was tuned in last week, I think it was towards the end. The second half of the show, we were sharing a story about a first time home buyer who has excellent credit, like 775 or something like that. And so upon initial inquiry was, yep. I want to do an FHA loan. You know, it's just, um, people using terms that they've read online, right? And so we quickly coached him that, well, you know what? You can do 3% down on a Fannie Mae loan or regular conventional 30 year fixed rate, half

Speaker 3 (04:31):

Percent lower than the minimum down payment for an FHA.

Speaker 1 (04:33):

That's right. And then the other perception rightly or wrong. And I guess it is rightly is that on an FHA loan, the appraisals are more picky because you cannot have any missing hand rails. She could not have

Speaker 3 (04:47):

Any, what chipped paint is a big one shipping

Speaker 1 (04:49):

Paint. Uh, and you can't have any trip hazards or broken glass. Oh sure. Okay. So those four things and those things have to be fixed before closing. So when a listing agent or a seller, particularly the listing agencies that you want to finance with FHA, and not only is it a low down payment of three and a half percent, but it also is this appraisal is going to be more picky. So you have a harder time getting your offer accepted. Then the other true thing, though, about this particular home shopper who had a particular home in mind was that we couldn't get them approved at 3% down, uh, because he was using up too much of his gross monthly income to serve as his due house payment, plus his theoretical student loans. Oh sure. So he didn't carry a lot of other debt, but the Fannie Mae and Freddie Mac computer systems came back and said, no, that, that intersection of down payment and how much you're using to service your debts,

Speaker 3 (05:46):

I call it the debt to income ratio.

Speaker 1 (05:49):

I call it the financial blood pressure. Oh sure. It was too high. Okay. And so luckily we were able to help them score some gift and we've got them rock solid pre-approved for 5% down. But there's more on that story for an update because I saw some email traffic saying, Hey, I know now I'm looking at condos and duplexes too, which I promptly texted back, hold the phone stop. I'll tell you why. When we come back, you're listening to the academic mortgage and Realty show on am six 20 WTMJ

Speaker 2 (06:23):

Whole mind advice from the guys who know it best. This is the Accunet Mortgage and Realty show with Brian Wickert on WTMJ. All right. Apparently

Speaker 1 (06:34):

We, uh, Tim, we are the sultans of, uh, mortgages mortgages. There you go. It doesn't have the same ring to it. No, it doesn't. We'll have to come up with something else. All right. Anyways. So we're talking about this first time buyer, he's armed with a rock solid guaranteed preapproval to purchase a single family detached home. And you know, at 5% down at 5% down. And I also gave him one, a 10% down because we helped him with a little campaign based on exactly what you said that your down payment is better, make you appeal a little bit more to the seller. And then after you get the accepted offer, if you want to put 5% down. Great. No problem. That's right. So we have commitments from two relatives to give, I think, 10 grand each or 10 with one and five with the other.

Speaker 1 (07:14):

And this young fellow has done a great job of saving up he's he's got over $10,000 of his own money. Awesome. Yeah. Um, so, so all of a sudden, and we connected them with a buyer's agent cause remember, that's the other thing that first-time home buyers don't realize is that if you go and look at a home with the listing agent, you're working with somebody who's sworn fiduciary obligation is to treat you fairly as a buyer, but, but act in the best financial interest of the seller of the property, which is the highest price investor, the conflict of interest. We always like to say, you know, yanist probably doesn't use the Milwaukee bucks agent to negotiate his contract. No. And so by working with a buyer's agent who then has your best interest in mind and is their job is then to get you the lowest price and best terms.

Speaker 1 (08:05):

Right. But still put a deal together. Um, that's, that's what you're best off doing. So we've connected them with a buyer's agent. They are in a flurry to go out and start looking at properties. And there's a lot of texts that I saw where it's like, Oh, that one's already sold. Oh, that one's already sold. So another little moral to this story is don't be looking on the Zillow. No, because apparently their feed is not as up to date. And so every real estate agent has a direct portal system with the MLS. So you can get up to the minute. Right. So don't waste your minutes, looking at properties that already have accepted offers. So, all right. So then I was saying that, Hey, this all of a sudden, Oh yeah. And we're looking at duplexes and condos too. And I'm like, stop hold the phone, wait a minute. That's a different kettle of fish. And the reason is that Fannie and Freddie Mac consider those types of properties to be a little riskier. So until such time, as I put, you know, this person's profile through the automated underwriting system, you know, don't assume that because you're approved for a single family detached.

Speaker 3 ([09:09](#)):

Yeah. That you're, you can also just go out and write on a duplex or a condo or any other type of property.

Speaker 1 ([09:16](#)):

Right. So, and now here's the other surprise that it just happens to coincidentally happened, occurred this last week. Freddie Mac, you still allow up until this last Monday, the 25th of January home buyers to put 5% down on a duplex.

Speaker 3 ([09:32](#)):

Well, with the caveat, if their income was underneath a certain Oh yeah.

Speaker 1 ([09:36](#)):

Threshold. Correct. Which is what about $67,000 generally for most Maki County, Milwaukee County in Southeastern Wisconsin. Yeah. All right. So if you met that moderate income threshold and Hey, you can put 5% down on a duplex. Well, not anymore folks. Now it's 15% down, which is where Fannie Mae has been for a while. Yeah. And so, you know, that really knocks this person out, you know, cause they don't want have got

Speaker 3 ([10:00](#)):

To have more skin in the game for hours

Speaker 1 ([10:03](#)):

In a property and you're going to have to have reserves. So you have to have your down payment of 15% as money for closing and reserves extra money that you're not going to use. It's just fall back money, cushion money equal to six months of principal, interest taxes and insurance. So if you're looking at a $1,200 payment, which is where we were with this buyer, yeah. That's an extra $7,200 of fallback money,

Speaker 3 ([10:28](#)):

Right. That you got to have, even though you're not going to use it to complete the transaction.

Speaker 1 ([10:32](#)):

That's right. And then the other true thing is that on condominiums, if you put less than 10% down, there is a rigorous review of the condo project, which takes time and sometimes money. And which we as a company have decided we don't want to do that in this environment. So our internal, even though the program is available, you can put 5% down or maybe even 3% down on a condo maybe. Yeah. But the extra, um, time and effort and anxiety and hassle of doing that full condo review, we've decided it upsets more let's cause people

Speaker 3 (11:13):

Hold on, you don't, we don't even find out if it's gonna cause an issue until halfway through the process. Right. And I mean, imagine, uh, you know, being two weeks before closing and all of a sudden finding out you can't buy the condo, that's extremely disappointing for everyone.

Speaker 1 (11:26):

That is a big problem. All right. When we come back from this next break, let's talk about a, uh, a refinance of somebody who I spoke with, um, this last week gave him a wheat alone about two and a half years ago, 4.8, seven, 5%. So you can probably imagine they're interested, but she had sent this pirate some interesting concepts in her head that I'm hoping we can help her overcome. We'll give you those details. When we come back, you're listening to the accident, mortgage and Realty show on Wisconsin's radio station. WTMJ

Speaker 4 (11:57):

Getting you into the home of your dreams. Here's more of the Accunet Mortgage and Realty show with Brian record on WTMJ. All right.

Speaker 1 (12:08):

So, uh, about two and a half years ago, Accunet helped a couple purchased their first home using a weed, a 30 year fixed rate program where, um, at that time we could make a 3% down first mortgage and not have any monthly PMI. Nice. Yeah. It was especially important in this case because at the time they bought their home, their credit scores were not that high, six 50 something and six 20 something. Okay. And, and so when that's true, when you put very little down on a regular Fannie Mae loan, you get slammed pretty hard. I went to PMI, like to the point where I think it's almost illegal to be right. Because it's so expensive. Yeah. So it was really the only alternative at the time. And so that came out to 4.8, seven five on the first mortgage. And then what we to makes available is a second mortgage to help with the closing costs.

Speaker 1 (13:05):

I forget what they call that something second. Oh, it's not the 3% the second for the, yeah. For the downfall of the name for it. They have a code name. Yeah. Yeah. We just call it a piggyback usually, but okay, well that's our name? So it was essentially a hundred percent financing. Well, as you've heard us talk on the show, uh, lately, uh, home values are skyrocketing. And so just last year, the median sales price for the city of Milwaukee, uh, went up 13%. Wow. So, you know, let's say that the year before that, uh, it was six, you know, her value's way up. And so she is rightly inquiring, Hey, my values way up, uh, you know, my rate is high. What can you do? But her first question was, can you do it with no closing costs whatsoever? And I said, we'll have to see sure is the answer because, um, you know, it depends if your credit score has improved or stayed the same, right.

Speaker 1 (14:06):

Because we might have to overcome some risk penalties. I call them, yeah. The industry name is loan level price adjustments, but I'm going to have to overcome some risk penalties. And plus their loan amount is, you know, average or modest, like in the one forties. Okay. So not, not a ton of juice. And the way that we pay for closing costs folks is, is it's a percentage of the loan balance. And so if the loan balance is small, it's not generating that extra revenue when we dial up the interest rate meter. And so the challenge for this person is to help her get over the idea that it's gotta be a no-cost refi. Well, and when, when people say no cost to me on the phone, when was talking about refinancing,

Speaker 3 (14:52):

A lot of times it can mean two different things. People equate, no cash needed at closing with no costs. And I, you know, this is the education that we do. You can have costs, even if it's a modest amount of costs and you can roll that into your new loan for a no cash needed at closing refinance, a good way to say, but that's a note. That's not a true no-cost refinance, no cost is where we give the lender credit and that, and truly pay

Speaker 1 (15:17):

For the loan absorb. So the, the, the low costs for refinance, if we needed an appraisal and we don't know if we do or not, it was only $1,234, but that sounded really high to her because she probably doesn't have $1,234. Sure.

Speaker 3 (15:31):

That's probably okay. If her home value truly has increased,

Speaker 1 (15:34):

Correct. The equity does. So I did the math and, and I got back to her and I said, well, if, if your credit's now above six 80, we can lower your payment by $150, uh, by lowering the rate down to three and a quarter, and I can pay $500 of your closing costs. It would only be seven 30, four of net cost. That's the gift. We needed an appraisal, which we may not. And then if you don't, it's only a hundred bucks. Oh, I'm not so sure. Wow. But we didn't have time to talk about, but you don't have to bring any cash to closing. So I'm going to have one of our loan consultants follow up with her, but that seems to me like a slam dunk folks, if you can lower your payment by 150 bucks and it, and it's only costing you let's say seven 50, uh, that is a four or five that's, you'll make all your money back in five months. Yeah. And then every month after that, you're in the chips to 150 bucks.

Speaker 3 (16:30):

And the key, I think for a lot of people in real life, like you said, if you can roll that 700 bucks of cost into your new loan, that is much more impactful than having to write a check for 700 bucks.

Speaker 1 (16:39):

That's right. Well, when we come back after the news, we'll give you an update on where rates are and more stories from the front lines of mortgage lending and real estate

Speaker 2 (16:49):

Don't break. The back, did get into a house back to the Accunet Mortgage and Realty show with Brian Wicker on WTMJ. All right.

Speaker 1 (17:00):

I live in large here with the get back music today, little Dave Matthews like that. All right. So this week I actually had ACA participate in the Freddie Mac weekly primary mortgage market survey sent in our numbers. I did it on Tuesday. Oh, okay. Okay. And then these numbers come out on Thursday. So you know how stale the numbers are and rates did trickle upward a little bit too at the end of the week. Just a little bit at the end, not too bad. All right. Well, for the survey where most of the data was collected last Tuesday, Freddie Mac reported the average 30 year fixed rate rate. This is for a $200,000 loan to buy a home, not refi refinance or key distinction there. Yup. Refinance rates are about one eighth of 1% higher than money to buy a home. A 2.73 that's only if you're willing pay seven tenths of the loan balance, seven tenths of a percent of the loan balance in fees, either points or other lender fees like

Speaker 3 (17:59):

Origination fees, application fees.

Speaker 1 (18:01):

So on a $200,000 one, that'd be 1400 bucks. Uh, and it ended the week, uh, at a 2.75%. And with only 0.4 or five in fees, not 0.7. And we would call those discount points. So the APR is 2.8 out of 15 year fixed, which by the way, nobody uses or very few people use a 15 year fixed to buy a home.

Speaker 3 (18:24):

Yeah. To buy pretty rare. I can only think of a handful of ever done exactly.

Speaker 1 (18:29):

But nonetheless, uh, Freddie Mac, uh, reported an average rate for that scenario of 2.2 with 0.6 points. Good. Old. I can, I could do that for 2.25 with no points. So that's rates are really low, whether you're looking to refi or a buy. And Tim, what would you say is the most common when people are refinancing? Are they bringing cash to closing or are they not? And what's your advice?

Speaker 3 (18:54):

Uh, I'd say the most common is no cash to closing. Uh, but what we do at Accunet Mortgage, we're very good at laying out all the details of the transaction, which includes this scenario of, Oh, do you escrow with your current mortgage? Oh, you, you want to escrow for your new mortgage to, in that scenario. And it was more common a few months ago before taxes were dispersed in December. Right? Um, a lot of people didn't, I shouldn't say a lot, but some people, when we go over that explanation, they don't like the idea of rolling a couple of grand of new money into their new loan to fund the new escrow account, because that's what they would want to bring money. Yes. So that's the scenario where they would want to bring money to closing, but, uh, after further analysis, even some of those people changed their mind to a no cash needed at closing game plan. Because if you look at it on a 30 year loan rolling in three grand of cost into your, or, or not even cost three grand of escrow money, key distinction into your new loan balance increases your monthly payment by $12, $12 a month. So

Speaker 1 (19:56):

It's ridiculous. I had to talk a jumble refinance customer. I had to make the sale twice, right. Because we sent them, we had talked about this, you know, three, four weeks ago when we started and now outcomes, the closing disclosure right before, uh, closing. And we were going to roll in $4,000.

Speaker 3 (20:16):

Don't like the sound of that interest

Speaker 1 (20:18):

And costs because he was going to be not making a payment for two months. Oh sure. So there was two months of interest and the call. I don't want to see my loan balance going up by four grand. What are you crazy? And I call him up and let's say, his name is Phil, not his real name. And I said, Phil, let me, once again, go over the math. Uh, it's going to take you 20 years of lower monthly payment to recoup that foreground

Speaker 3 (20:44):

That you would be bringing to closing. Yeah. Is that your work

Speaker 1 (20:48):

Willing to wait that long to rip replenish the cash in your checking account? I mean, 20 years. Yeah. He said, Brian, I'll probably,

Speaker 3 (20:57):

There you go. Keep the money in your bank account because borrowed money is so cheap right now.

Speaker 1 (21:03):

The lesson is the borrowed money is so cheap. Yeah. You can feel, maybe it feels a little dirty that I'm, you know, ah, not doing something right.

Speaker 3 (21:10):

And all the, the, all the Google or fi Yahoo finance articles I've been reading said, you really shouldn't roll that escrow money into your new loan balance.

Speaker 1 (21:18):

I see. Cause then what you can, when you get that money back from your old lenders. So let's see, you know, at the end of the year, let's just say we're doing it now. Okay. So you get $1,500 back from your old servicer, right? Well, if you really wanted to, you could use it to pay down your mortgage balance and,

Speaker 3 (21:35):

Or you can keep it and use it for literally anything else you want.

Speaker 1 (21:38):

Yeah. What if you put that in a SEP IRA or whatever, any kind of retirement, uh, or you put it in your kid's five 29, right. You know, you might grow that money by six or seven or 8%.

Speaker 3 (21:52):

Yeah. Which is better than the, you know, 2.7, 5% rate you're paying on your new mortgage.

Speaker 1 (21:57):

That's correct. All right. We're coming up on another break here. When we come back, I want to talk about a past client who emailed on Monday and said, Hey, great news. I have an accepted offer on this condo. Let's get going. And it turned out two things were interesting about that one. It's a new construction condo in Waukesha County. And the second thing is, uh, he's a self-employed attorney. So we'll talk about, um, the details of that. When we come back, I think their instructor for anybody who owns a business, uh, and who's looking to buy new construction condo, you're listening to the academic mortgage and Realty show on Wisconsin's radio station. WTMJ

Speaker 2 (22:41):

Important, home buying questions and answers you can count on. They say is the accurate mortgage and Realty show with Brian Wicker on WTMJ. All right.

Speaker 1 (22:53):

So, uh, I got an email, I think it was Monday, maybe a Sunday night, Hey, you got an accepted offer. This is from a past customer, uh, to buy this lovely new construction condo in Waukesha County. What I kind of discovered, I recognize the street address. And I said, I bet you that's new construction. And so the problem with new construction condos and the world's most popular financing choice, the 30 year fixed is Fannie Mae's experience over the years. And Freddie Mac is that the default they're a

Speaker 3 (23:23):

Little shy with London. And

Speaker 1 (23:26):

The reason is that, you know, if you're halfway through, right, and let's say this project is halfway completed. And if all of a sudden the market turns and, and, and the condo project now isn't selling as fast as the developer needs to, what are they going to likely do Tim,

Speaker 3 (23:42):

Uh, shut it down. No, no. First thing that they'll do cut the price.

Speaker 1 (23:46):

Oh,

Speaker 3 (23:46):

I'm the, on the new units, you mean? Yes. Right. Gotcha. Yeah. Or they'll start throwing in more goodies, just incentives to keep on selling the units. Correct.

Speaker 1 (23:54):

And if you're the guy who bought, you know, halfway through and you paid, I think let's just make up a number of your four 50. Yeah.

Speaker 3 (24:01):

All of a sudden, the next door neighbors sign at three 50. Yeah.

Speaker 1 ([24:04](#)):

That's right. And then you need to go to sell, you're competing against a entity, the developer who is quote, making the market. Right. And so you're going to be forced to sell at that lower price. So until the condo is 90% sold and, and, or closed, Sophie had a hundred units in this development, you'd have to have 90 of those units under contract, or actually closed. Fannie Mae is like, Oh, we're not interested. We're not going to land on those. Unless some mortgage lender goes and completes, what's called a condor review process, which is elaborate. And then it's basically proving to Fannie Mae or trying to convince them it's safe enough. Don't worry about this condo project. All right. So, uh, so the first thing was, uh, we don't have any 30 year fixed rate money for you. It's either going to be a 15 year fixed with 30% down or some sort of an adjustable rate mortgage, which isn't really as scary. We can do five, seven or 10 year arms, meaning the rates fixed for either five, seven or 10 years

Speaker 3 ([25:06](#)):

Because those options are our portfolio options not backed by Fannie yesterday.

Speaker 1 ([25:10](#)):

Right? So these banks, we have two banks that offer portfolio loans where they're not selling them and therefore they can go, okay. Yeah. Well, it looks good. Yeah. It's good enough for his press. So I think he's gone with one of the adjustable rate mortgages, but then he's also a, I believe a sole practitioner attorney. So my email to him was this. I should also mention that the required income documentation for business owners is insane. I actually use that word. We will need year to date signed and dated profit and loss statements for 20, 20, 20, 19, and 2018 personal and business tax returns, because you're not closing until April 1st. We will also then need January and February 20, 21 profit and loss statements. Okay. And we are going to need bank statements for, uh, December in November for the business. And then when available January, February. Okay. And I said, if it sounds like this is a documentation gauntlet, it is, and you may end up hating us because one document can lead to a request for additional documents. It's not for the faint of heart. Um, uh it's it's yeah,

Speaker 3 ([26:25](#)):

Yeah. I've I've the conversation I've had with self-employed borrowers is it's one level above the comfort of a prostate exam,

Speaker 1 ([26:33](#)):

Basically. All right. When she probably that even had no, because you're so young. So, and then of course I say, so if you, if you're willing to do this gauntlet, we're happy administer the pain and he's like, sure, I can give it to you. So now we'll have to probably just remind them that we told you. Yeah. Right. Because people, if we don't do this good job of explaining to them how unpleasant the documentation is going to be, they think they're providing the same information over and over again. It's like, Oh, I didn't give you that. No

Speaker 3 ([27:01](#)):

Setting expectations is key. All right. So

Speaker 1 ([27:04](#)):

When we come back, you had a good point on our last break about why it's also, there's another good idea. Why,

Speaker 3 (27:10):

Oh yeah. Another reason you don't want to bring cash to closing for refi. If you don't have to.

Speaker 1 (27:14):

All right. We'll cover that. And I've got another story for you. When we come back, you're listening to the acronym, mortgage and Realty show on am. Six 20, WTMJ

Speaker 2 (27:23):

You two 77 CV at WTMJ Milwaukee from the annex wealth management studio. This is news radio WTMJ expert advice on buying a home here is more of an accurate mortgage and Realty show with Brian Wicker on WTMJ.

Speaker 1 (27:40):

All right. We've not only buying a home, but refinancing it too. And so, Tim, what is the other benefit of not bringing any cash to closing on your refund?

Speaker 3 (27:50):

So this is, this may be the best benefit of all. It can really remove a lot of heartburn in the approval process for refinancing. Why is that? Uh, the reason is when you need to bring money to close it, even if it's five bucks, you need to provide proof that the money you're bringing to closing is your own.

Speaker 1 (28:07):

And what is the manner of proof that we require

Speaker 3 (28:10):

Most commonly two months bank statements, the most recent banks pages, all pages, even if the six pages says this page is intentionally blank. Underwriting needs to see that one too. And it can cause issues because like you said, about an example about the self-employed borrower, the segment before one document can lead underwriting to ask him for other documents. And sometimes it's not worth the hassle. If there's a large deposit within those two months bank statements or some other, what do we have to do if they, if we see, okay,

Speaker 1 (28:41):

He's making $5,000 a month and we see a $4,000 deposit, that's not related to his pay. If his income, what are we going to get? Yeah.

Speaker 3 (28:49):

We have to source where that came from to make sure that you didn't get it from your favorite neighborhood loan shark, or somebody else,

Speaker 1 (28:56):

You didn't take out a loan. That's what the mortgage industry is continuously suspicious about. So if we don't have you bring in money to closing, then we don't have to show the bank statements and there's no snooping.

Speaker 3 (29:08):

Yeah, exactly. Right. It, no, my into closing, no need for bank statements and no need for what could be a risky back and forth, a pain in the butt for, you know, proven more documentation.

Speaker 1 (29:19):

Speaking of making things easy, you are working on the purchase, a transaction for some repeat client of ours, clients of ours up in the twin cities. So folks, we not only lend in Wisconsin, but we lend in Illinois and Minnesota and Florida, Florida. Yeah. Come on down to Florida. Uh, so what's the story here? What did they want to change at the last minute? So

Speaker 3 (29:42):

In this scenario, uh, the, the mother of the buyers of was gracious enough to provide a gift for the down payment. A gift letter was already signed and the, the mom had even reached out to us a few weeks back and said, Hey, this gift actually might be a little bit more than they need. Uh, is it, you know, what would you recommend? Should we change the gift amount? Or what do you think? And we said, uh, no, if, if this is comfortable for you, you know, then the easiest thing is just be the boat. Yeah. Leave it the way it is. Underwriting has already signed off on this game plan. Uh, you know, if Mike needs to change hands after closing, that's no longer any of our business as the mortgage guys, you know? So let's just keep it the way it is. So then there was no further conversation about that until after we had delivered loan commitment, we were clear to close, literally fire,

Speaker 1 (30:28):

We're ready to close on this loan. It's going to close, like on February 9th or 10th,

Speaker 3 (30:31):

We're just twiddling our thumbs waiting for closing data, come at this point. And, uh, I got an email, uh, after we had sent out the initial closing disclosure and said, Hey, uh, yeah, we, we do want to change, uh, how much money we're bringing in and reduce the gift amount accordingly. Is that gonna cause a problem? I emailed back. Yes, yes. In a word it could in a word, I mean yes. In a word,

Speaker 1 (30:53):

Another trip through underwriting. And we would have had to prove that the buyers have accumulated the additional funds. Right. And then what if there was some big deposits? My guess is there would have been know, then we got to go trolling through all that. So our mission is to avoid upsetting the Apple cart, absolutely rocking the boat, whatever little analogy you want to use. Right. Le let's sleeping dogs lie when it comes to

Speaker 3 (31:22):

It could have worked out fine, but why risk it? The juice is not worth the squeeze.

Speaker 1 (31:27):

And just by the way, when we go back through underwriting, that's a free spin. Yeah. For them to look at something that they may have missed or

Speaker 3 (31:36):

Yeah. For even unrelated to change in the

Speaker 1 (31:38):

Down payment. They might've, well, wait a minute. Now we've got a question about this over here that we missed.

Speaker 3 (31:44):

We'll give underwriting another kick at the canned they've given their, you know, a green check Mark, you know, stamp of approval to the loan. Let's let's take it and just be happy. We got it.

Speaker 1 (31:53):

Another, uh, this happens to be a Florida, uh, second home purchase. Uh, the folks already own one condo here in Florida and they're upgrading. Okay. Sure. And so they made an offer on this property. I think under that the home seller was asking two 40, let's say maybe they were up at two 49. They had lowered it to two 40. Our buyers came in and said, we don't we'll we'll give you 200. Nope. Um, then they, they brought it up to like two 30. Oh on a two 40 listing price seller said, Nope. Wow. They compromised at two 35. All right. Sure. Now, even though it was a cash offer in Florida, you can add an appraisal addendum to the offer that says, Oh, I'm not getting, but I'd like to make sure to praise it off. You still want to make sure I'm not overpaying for this comes in a two 20.

Speaker 1 (32:44):

Oh, so we're 15 grand apart. Okay. And, um, so they're trying to negotiate this with the seller, but the sellers playing hardball, I think the seller is actually a real estate agent. And you know, of course first they Gritch about the appraisal, but I don't think the appraisal is going to change. So there are 15 grand apart and the seller's not budget. Interesting. So my buyers, you know, I'm talking to them about this this week and, and, uh, the harsh reality is that the alternatives to this condo are none. So if you want the end unit right on the condo that has the nicer outdoor porch and blah, blah, blah, sometimes you got to pay up more just to have to pony up and in the big picture, you know, that's just the way it is now. Uh, another, um, Oh, it's time to sign off.

Speaker 1 (33:37):

All right. We'll have to wait for the rest of this story until next week. There we go. Thanks for tuning in rates are low folks. It's, uh, we'd love to help you get you or your loved one pre-approved to buy. Cause we think we're in the best position to do that. If any mortgage lender, uh, in the areas we serve, let us help you. You can find out more by clicking on the blue button, going to visit [inaudible] dot com and you can certainly apply. look@ratesandapplyforarefinancetoallofthatcanbedoneatacushnet.com. You've been listening to the academic mortgage and Realty show on am six 20 WTMJ. The proceeding was a paid program. Advice and opinions expressed during the accurate mortgage and Realty show are solely that of the hosts or guests of academic mortgage and accurate Realty advisors and not WTMJ radio or good karma brands, Milwaukee LLC.