Speaker 1 (00:00):

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

Speaker 2 (00:14):

Welcome to the Accunet mortgage and real to show getting you inside information on buying, selling, and financing your home with expert advice, but accurate mortgage and Realty. And now here's Brian and David Wickert, and a welcome to the acronym, mortgage and Realty show here on this frigid

Speaker 1 (00:34):

Sunday morning, uh, which I think might have a chilling effect on, uh, open houses in the light. But Hey, you know what? If there are places you want to go see the week, we'll stay home huddled underneath her Afghans in front of their warm fires. You can get out there and, uh, maybe become a home owner today by getting that accepted offer. Good morning, David.

Speaker 3 (00:56):

Good morning, dad. Good to be with you. I was going to say it's all relative. I looked up international falls. Minnesota is minus 30 today. So it's minus two at my house feels balmy. So it's all relative anyway, over to you.

Speaker 1 (01:10):

I'm going to go to the circus and look at the fat man, and then I'll feel better about my mid drift. All right. So if you've got a question or a comment you can call or text us on the Accunet mortgage talk in Textline, which is (855) 616-1620. You can also grab a podcast of today's show. If you want to share it with somebody, there's something we talked about that you think is worthwhile to share. Yeah, you can do that wherever you normally get your podcasts. So last week I want to follow up on a first time home buyer story. Um, and we had a conference call, uh, Tim Holden, the acronym loan consultant on this particular case, along with myself. Cause I talked to these first time buyers who came to us because of a employer seminar that I did. And uh, and then their buyer's agent, their real estate agents.

Speaker 1 (01:56):

So we all got on a call and I go to meeting folks. That's what we love to do. You just go to our website, you click on a link. Next thing you know, you're looking at either Tim's computer screen or mine, extremely helpful for understanding the various financing options and these folks, if you weren't tuned in last week, look in, in this super hot 200 to $250,000 price range in the hottest market, one of the hottest and Southeastern Wisconsin, Wildwood TOSA. So I last week I recounted, um, how they didn't tell me until the end of our first conversation that they actually had more than the $15,000 they had earmarked for down payment. In fact, we've subsequently verified. They have like 70 grand in the bank and that immediately hatched what we always try to do. Um, and, um, we're, I'm calling it now the dual preapproval strategy. How do you like that, David?

Speaker 3 (02:50):

That's good. What does the dual preapproval strategy include? Mr. T?

Speaker 1 ([02:54]):

Well, David, thank you for asking. So that's where we provide a couple of different rock, solid guaranteed pre-approvals. So we provided these folks wanted to not shoot their wad and they only wanted to put 5% down. Okay. So great. So we said here's a rock solid preapproval letter up to a purchase price of $275,000 that guarantees you could do this loan. Okay. But that's not the one you want to give to the seller because that's going to scare the seller or make it look weaker. And so at the same time, because we have verified that you have enough to put 20% down here is a rock solid guaranteed pre-approval letter for the seller. And that's the way we're going to write your offer.

Speaker 3 ([03:42]):

So you're telling me that there's more than one way that my pre-approval can be drafted. It's not just like one, you know, here it is that there's, I can slice and dice this more than one way in the dual preapproval strategy.

Speaker 1 ([03:55]):

That's right. And there's nothing in the offer to purchase that says, Hey, if I'm making a 20% down payment, you are not bound to finance with 20% down, you are bound to follow through with the contract. And if push came to shove, if the only way you could get approved was to put 20% down, well, then you got to do that. But in this case, we've already told our customer, our client, the buyer, you can put as little as 5% down. In fact, they could put as little as 3% down as first time home buyers. And the whole point is though that scares sellers, sellers equates strength. This is all about in this market. And later on in the show, we're going to talk about January home sales in Southeastern Wisconsin and also listings, which will reinforce, uh, what we have been talking about for all of 2020, that it is a sellers market.

Speaker 1 ([04:53]):

And so your job as a buyer is to impress, uh, the, the seller like those birds, you know, that struck, you know, have you ever seen that on TV? Is the birds dance, the meeting dance, you know, that's what you're trying to do as a buyer and say, look at me, I'm better. And that entails, uh, putting an offer together with the largest down payment you can muster. Now we would never, uh, falsify that because we're guaranteeing the preapproval for crying out loud. And so we'll only give you a 20% down pre-approval if you actually have the money, right, we're going to verify that you have the money. And we did that in this case, but they were still not quite comfortable. They still weren't kind of just like this just doesn't seem right. Um,

Speaker 3 ([05:37]):

Cause you were, you were trying to, uh, bridge the gap, you know, the dual preapproval strategy, here's one letter of what they want to do 5% down. And then here's the preapproval letter of here's what's possible. And I think you then had go dig deep into how was there a difference? I think their main concern was what's the risk, you know, Brian, you show me what I want. You shown me. What's possible. What's the risk between the two, right?

Speaker 1 ([06:10]):

That's the downside here. So I had not adequately communicated before this conference call the downside. When we come back, I'm going to tell you what the downside is and how we were able to corral that you're listening to the Accunet mortgage and Realty show on Wisconsin's radio station am six 20 WT, MJ,

Speaker 4 (06:30):

Home buying advice from a Geyser at best. This is the Accunet mortgage and real to show with Brian Wickert on WTMJ

Speaker 1 (06:42):

Congo. There are 25 or six to four. Um, so, uh, we're talking about how we did this really good conference call. And if we could do this with all of our home shoppers David, it would be great with their real estate agent who is a genuine, uh, Wallatosa expert, trying to help these first time home buyers. Because what ended up happening is at the end of the call, we all were holding hands and saying, this is the strategy that we're going to use. And so I'll tell you the end and then we'll come back and fill in the rest were we've given, uh, we're taking a dual preapproval strategy, a letter. And so the agent now and the buyer have a pre-approval letter for 20% down on a $275,000 purchase price, 20% down. And then they also have one for 5% down. So the 5% down is for the buyer's peace of mind. So they know we can really do cause that's our preference. They don't want to spend all their savings on this home purchase. Uh, but they were having a little bit of trouble getting their mind around the 20%, this dual strategy. And what did you see off the air, David during your break?

Speaker 3 (07:46):

I was going to say, you know, uh, Brian, if it were me, I'd be like, excellent. I would love to show strength to a seller. However, I would like to make extra triple sure that under next to zero circumstances, do I have to show up with the 20% down? Just because I can, it's like, I still got to buy like a couch and like another mattress and I need money to do that.

Speaker 1 (08:10):

That's right. Exactly. And, uh, all right. So, so the answer there is if they wrote the offer without the separate, but related appraisal contingencies. So this is a unique thing to Wisconsin, by the way, uh, Illinois doesn't have this Florida, you can add it as an addendum. I don't believe Minnesota does not have it cooked into the standard form, but in Wisconsin there's a separate contingency that says my offer is contingent on the home, appraising out for the accepted offer price. If they were to leave that blank, then they would be at risk of having, bringing all the money. Yeah. It opens up a wide. Yeah, but they're not comfortable doing that. And in their particular situation, they shouldn't, but we did then giving $10,000 of wiggle room on the appraisal. And so then I had up on the screen. So let's say you write an offer on a house that's listed for two 15. You decided to go over at two 25 by 10 grand. And you say, but you know what, because we want our offer to stick out over the rest. We'll still buy your house as long as it appraised for two 25, as long as it appraises for two 15. Okay. So that's called $10,000 wiggle room. Go ahead.

Speaker 3 (09:27):

I was going to say, uh, don't ever forget that this is, uh, when you're writing an offer, it's a contract, you know, lawyers learn this in their first semester of school and, and it's not an all or nothing. You don't have to have no appraisal contingency in which you're naked and you don't have to have necessarily the full contingency, which in your example would be, if that's what you selected and changed nothing. If the house appraised for a dollar less than two 25, you then have some options to go back to the negotiating table. You can pick a, you can pick a middle ground as you described, give that wiggle room.

Speaker 1 (10:05):

Right. And so what that then the aha moment was okay. So what if the worst case here, uh, is that your payment would go up by $20 and 46 cents compared to their desired 5% down strategy? That's not so bad. And then they would ha they wouldn't have to bring $10,000 extra to closing because we can actually lend them 97% of the appraised value. Okay. So we can actually increase the loan model, but to cover part of that gap, the bottom line is five grand is what they would have to bring to the closing. If the appraisal came in 10 grand short, in this particular example, what happens? The math works in such a way that if they, if they went all the way up to the two 75, uh, the payment difference would be 36 bucks. But then the cash to closing would only be $3,000 more because the 10, 10 grand is less as a percentage of the purchase price.

Speaker 1 (11:02):

I got to say one other thing before that, cause there's two other things I want to get to on, on this particular story. One is the real estate agent who is really good. I really like her. And I think we're going to work together on more transactions. She used a term called a no regrets offer. And then the other thing we agreed upon was that we can use that two 75, a rock-solid preapproval with 27, with 20% down. Even if they're writing offers on $225,000 houses, let's talk about those two things. When we come back, you're listening to the Accunet mortgage and Realty show on am six 20. WTMJ

Speaker 2 (11:43):

Getting you into the home of your dreams. Here's more of the Accunet mortgage and Realty show with Brian Wickert on WTMJ.

Speaker 1 (11:54):

Uh, that is, uh, bird land, uh, featuring juggle Pistorious on the base there, work God, rest his soul. All right. Anyway. So playing the music of my college years there. Thank you, Isaac. So we were talking about two things I know regrets offer, and this was a term that I picked up from the buyer's agent on this trend. First time home buyer, we were talking about a no regrets offer is one where if you don't get your offer accepted, you don't regret it because you put your best foot forward. Right now. It's like, this is the most I'm comfortable paying for this house. And if I don't get it well, then I didn't get it. And con, and on the other side of the coin, if you do get it, you're not freaking out like, Oh my God, I think we just overpaid for this house. So I love that term. You got to in today's market is tight as it is. It's gotta be a no regrets offer. Do you like that?

Speaker 3 (12:48):

I do. That's well. Cause then it's, uh, I was talking to another first time home buyer this week and, and what I relayed to them. I was like, look, three months after you've moved into the house. It's not that you're going to forget what you paid for the house, but don't lose sight of what you're actually trying to do, which is buy a great house where you want to live within earshot of what you wanted to pay for it and then enjoy living in the house. Right.

Speaker 1 (13:14):

That's right. And you know, the other thing you brought up last last week show is with prices where they are. And we're going to, after these, we'll talk about what home sales and listings occurred in January, uh, in, in the five County, Milwaukee Metro area. Anyway, we've got that data, you know, at rates are probably going to go any lower and prices are prevalent. We're going to keep going up more so by the house that you might be able to live in for 20 years. And maybe you got to strap on a little higher payment than you really want, but you know, for a lot of these first time buyers, their jobs are going to get better. Their income is going to increase in the pain of a slightly higher mortgage payment is going to get less and less over the years. Um, all right.

Speaker 1 (13:57):

So then the other thing though, that I think goodness, we were on the same page on this for a long time real estate agents would say, well, no, if I'm going to write an offer for $250,000, I want the preapproval letter to say $250,000. Well, no. Why, why would in this market where you're trying to be the prettiest bird, you know, and start your stuff and say, I'm really strong. And thank goodness this buyer's agent was on the same page with us. We gave you a rock solid preapproval saying you could do 20% down on a two 75 purchase price. Go ahead and use that. If you're writing an offer on a home at two 30, that listing agent and that seller going to go, wow, you know, they're not going to counter you back up to two 75 for crying out loud. He was trying to source show strength, right? And while you're to

Speaker 3 (14:52):

Give as many signals, you can give as many signals as you can that, you know, I have strength, whether it's price, whether it's wiggle room in the appraisal, whether it's noting, like I could buy more house in your example, but I really want to buy your house. So as many strength signals as possible, that's, that's, you're trying to make that no regrets offer. Yeah. Sorry.

Speaker 1 (15:15):

You don't have to follow all the details here, listeners to the Accunet mortgage and Realty show, but for this nice first time home buying couple, this strategy is right. The offer with 20% down present, the rock-solid guaranteed pre-approval with 20% down. Secondly, give that seller $10,000 wiggle room on the appraisal contingency because we've demonstrated to them that it's not that scary. Right? And we can do that for you too. If the house appraises out, we're going to finance them at 95% of the accepted offer price, which is perfectly legal. If the house appraises 10 grand law, we're going to finance them at 97% of the lower appraised value, not with not bad consequences. So that's their customized strategy. We would love to do that for you. Oh, one other little thing that I don't, I haven't thought about this in the last five and a half years are rock solid, guaranteed.

Speaker 1 (16:03):

Pre-approvals since we rolled it out in the summer of 2015, as always said, we'll give a thousand dollars to the buyer. If we cannot make good on the rock solid guarantee of pre-approval and we'll also, we'll give a thousand dollars to the seller. If we can't make good on the terms of Iraq's out, you know what we did for these people, David is we put all two grand on the seller side of the ledger. So now we're saying, Hey, Mr. Seller, you don't know how much you can rely on this preapproval letter relative to these people. If we somehow made a mistake, we will write you Mr. Seller, a check for $2,000. Just another way to show that strength. There you go. All right. So, uh, what do we got coming up in the rest of the show here? I have got the numbers for January, uh, for the five County and metropolitan area and David with the paucity of listings. I want you to go on record right now. Do you think that there were more homes or fewer homes that changed hands this January versus last January when there wasn't any big COVID crisis,

Speaker 2 (17:05):

It's a binary choice.

Speaker 3 (17:07):

I'm going to say there were more than I'm going to say. There were more, barely more,

Speaker 1 (17:11):

Right. David's going with them more. And then I've got a couple of refi stories as well, including one where the first time refinance her naturally went to the bank. That's refinancing thinking, they're going to get me the best deal and who was she wrong? All right. We'll get to all of that. And now let's right. And right now it's time for the, uh, bottom of the hour news with rust

Speaker 2 (17:37):

Important home buying questions and answers you can count on this is the Accunet mortgage and Realty show with Brian Wicker on WTMJ right. We're talking about, uh,

Speaker 1 (17:50):

The January sales numbers. This is according to the, uh, GMER greater Milwaukee association of realtors of which I am a card carrying member. And we're the guys at GMER that, uh, run the MLS, the multiple listing service. And so we're looking at single family and condominiums combined for Milwaukee, Ozaki Racine, Waukesha, and Washington counties. David guessed that there were more sales this past January, then January of 2020. And David, you are correct. Go to the head of the class. Uh, there were 64 more sales. So 1,187 buyers and sellers exchange the keys. That is a 5.7% increase. But check this out. David median sales price, a whopping 10.2% higher. This chatter versus last January. Yeah. Year over year. All right. So now for the bad news, uh, there were 264 fewer single family detached listings in January that's eight, 19% drop. Uh, over in the condominium column, there were 15, fewer listings was turned out to be a 5% drop. And when you combine it together, you've got the man that's up 6% and supply that's down. When you blend the two condos and single family together down 16. So is down 16% demands up 6%. That's a 22% spread between normal supply and demand. David, that

Speaker 3 (19:28):

Prices, uh, you gotta be willing to pay more. It's as simple as that.

Speaker 1 (19:33):

Do you know what the market determined that in the answer is about 10% more than a year ago? Uh, by the way, I quickly just look back compared to January of 2018, the median home price for condos and single family combined is up 31% in three years. Okay. Yeah. Yeah. Thank goodness rates are low, but it, you know, the, the rates aren't low enough to make up for a 31% price increase. Yeah.

Speaker 3 (20:02):

Have we, have we mentioned, uh, home buyers should buy as much house as they can reasonably afford right now because between, cause because at some point you, as a first time home buyer have signed up for a boxing match with Mike Tyson, because you're about to get a right hook possibly on higher rates and a left hook on higher home buyers right now, no one has thrown a punch at you. So swing for it on your side of things.

Speaker 1 (20:32):

I, in talking with the Wallatosa first-time home buyers agent, you know, and, and then also talking to somebody in Florida, uh, who bought a second home. One of the market is also on fire. You know, what you have happening Wallatosa is people are paying 50 grand more than asking in some price ranges, you know, because they got mom and dad backing them up. Right. Yeah. Yeah. And the question that I've been asked and, or that has been asked out loud now twice to me this week is do you think we're kind of getting over our skis with these values, you know, our prices so high now that they're unsustainable and only an argument.

Speaker 3 (21:12):

Good. I was going to say they're only unsustainable when the income that can swing, affording that home. Doesn't keep pace. That's when it becomes on affordable, that's when you hit the top of the value, you know, ceiling.

Speaker 1 (21:29):

Right. Okay. So it's this combination of what's the house cost? What is money cost, right? Yes. Um, I wonder if we're going to see any increases in property taxes, by the way, because municipalities and the state of Wisconsin and County, maybe they're a little short on money, you know, with the pandemic. So that'll be interesting to see how that pans out and then that intersection, as you pointed out with people's income, you know, how is that all working together?

Speaker 3 (21:56):

Wait, wait, before we, before we move on in our last minute, I think the other innovative, cause um, you talked about a multi time past customer who sold their home in Lake country because people got innovative and started writing letters and putting those in mailboxes you to try to find homes that aren't, that are, that aren't officially listed for sale. Yeah,

Speaker 1 (22:20):

Yeah, yeah. Have you thought about it and you know what, some, some really ambitious real estate agents will do that too. Right? If they didn't have a buyer that's looking in this particular neighborhood, uh, they will canvas that neighborhood and say, Hey, do you know anybody? They'll send out a letter and say, do you know anybody who wants to sell? Cause I got people that want to buy in your lovely neighborhood. All right. When we come back, let's talk about the first time refinance or I've got to repeat refinance her and a first time refinance or a story to share, uh, you're listening to the Accunet mortgage and Realty show on the biggest stick in the state am six 20. WTMJ

Speaker 5 (22:59):

Getting you through the buying process. Welcome back to the Accunet mortgage and Realty show with Brian Wickert on WTMJ.

Speaker 1 (23:10):

All right. So, uh, my first time refinancing her story, uh, you know, when you've been in business for 21 years, David, you know, a lot of people. And so, um, it got a call from somebody whose voicemail message was hi, this is so-and-so. And one of my coworkers, um, uh, said, I should give you a call, um, you know, regarding a refinance because I think I'm in the market to refi. So my drill is sure. I'll call a person back and all right, let me ask you a few questions and come up with a recommendation here. And, um, I, I don't remember. Yeah, she was looking at my screen, I'd go to meeting. And so one of the options was 2.75, the trophy rate. And then, uh, another option was 2.875 with some modest closing costs. So the, the trophy rate of 2.75 came with some points, I think, Oh, you don't here.

Speaker 1 (24:03):

I have it up in $2,119, but it was going to knock her payment down by 241 bucks a door number two was 2.875. That was with $759 of loan costs. So very modest, uh, APR of 2.9 saving or $233 or door number three, 2.99 with, are you ready? Absolutely. Zero closing costs, no loan costs. I should say technically the term is loan cost and that was April two 24. And so, um, it was then that I was, I was thinking she had slightly more than all the right stuff. She had 40% equity in her and it turns out to be a downtown condo, 40% equity. All right. So then, um, she reveals that she went to her bank. Who's currently servicing her loan. I won't say their name, but it rhymes with mace. Ah, okay. Yeah. And she said, you know, they quoted me 2.9, nine as well, but their closing costs were, are you ready?

Speaker 1 (25:16):

Drum roll. I got to get an effects box or get, uh, gets Isaac here at $6,400 for the same rate and same loan product. And she said, you know, I thought that sounded kind of high. When she called you nailed it. $6,400. How many people, I mean, these large banks are fleecing, uh, homeowners, and many of them are like, well, okay, it's my bank. I bet that. I bet they're going to make it easier on me and give me a better deal because I'm a loyal customer. No, but then she kind of also, she's a attorney by trade. And so she's curious mind and she's like, well, how can you guys do this, David, can you explain that?

Speaker 3 (26:06):

Well, I was going to say, you're, you might not like this metaphor, but I I'm going to run it by you. Your bank is like a car mechanic, always assume you're getting screwed.

Speaker 1 (26:18):

Uh, I don't like that either. Some very reputable car mechanics out there.

Speaker 3 (26:23):

And there are reputable banks and reputable mortgage bankers, but you know, to your $600, if it's smells 400 only about the 400. Okay. Well, and so the, uh, the straightforward answer is we do not have beautiful bank branches that we need to pay for nor a slew, a roster of, you know, middle vice presidents of, you know, the left side of the office that need to be accounted for. And so we're able to play at the big boy table when it comes to pricing and we can beat them with at their own game, especially when it comes to cost, especially when it comes to the group.

Speaker 1 (27:06):

And I have also noticed when I've, I'm trying to remember, I was on a call with somebody, I, I decided to conference, call them up. This is like a month ago and get on the phone with this. In this case, this was the guys with a wagon, the bank out of San Francisco with a wagon. And they were pitching hard to do the, uh, option with lots of loan costs. You know, it's like, okay, can you give them a lower cost option? No. Why would they want that? They should be doing the one where they got to pay us $4,000 because you know, over 25 years, they're going to make back the money that she was also curious as to how, you know, when I was presenting her these three options. Well, how is it that you can pay all my closing costs? And the answer there is you're paying the interest on this mortgage 2.75 2.875 or 2.99.

Speaker 1 (27:54):

Someone else is receiving that interest as an investment, right? That investor in the bundle of mortgages of which yours is going to be a part would rather get 2.99, then 2.7, five, or even 2.8, seven, five. So they will pay Accunet mortgage more to create this interest generating asset called your mortgage. And we take that extra money and we don't shove it in our pocket. Rather we can use it to pay your closing costs. That's how that little magic trick happens. All right. When we come back, I've got two other, um, refi stories to share with you. You're listening to the acronym mortgage in Realty show on am six 20 WTMJ

Speaker 2 (28:31):

W two 77 CV at WTMJ Milwaukee from the annex wealth management studio. This is news radio w TMJ expert advice on buying a home. Here's more of an Accunet mortgage and Realty show with Brian Wicker on WTMJ little sledge hammer there by Peter Gabriel, loving that. Isaac's got my number. I'll tell ya, Punjab, Issachar, producer of the show. All right. So, um, uh, refinance

Speaker 1 (29:00):

Clients, you know, middle-aged people. So they've done this more than once, and I got to talk to them because they were asking for the second time, could you please lower our rate? We had locked them in, in mid December and you know, their mindset was, it will, everybody knows rates are lower now. Well, and by the way, the husband, in this particular case, while I just checked bank rate, and the average rate for our loan size and loan type is a quarter percent less than, you know what we're about to close that well, what they didn't realize. And we had a nice conversation about this is that Accunet was absorbing almost the full 1% of their loan amount and investor fees, literally $55. And, um, and then providing them with a zero, no point refi, no points for being charged. So the industry calls these things, loan level, price, adjustments I call or LLPs.

Speaker 1 (29:56):

I call them risk based pricing penalties. And so on their particular case, they had and wanted to keep open a home equity line of credit. And when you add up the first mortgage with the maximum borrowable amount on the home equity line, it added up to like 83% of their home value. And so investors come along and say, you know, the less equity you have in your house, the more risky it is, right. For sure. And so they levy just under a 1% risk-based pricing penalty and we were absorbing it all. So in other words, they didn't have all the right stuff and you know, it's quite natural, right? People see things on the internet, they go, well, that must apply to me because I'm the best. Well, in this particular case, the presence of that home equity line of credit, and then they're also maybe not so happy that I was taking a while, but when we have to keep a home equity line of credit open, we have to get that lenders permission.

Speaker 1 (30:53):

We have to send them a subordination request, which includes giving them the appraisal, the title work, the credit report, because they're kind of interested in not worsening their position. Right? And so that takes time and, uh, put this perception that point a rates are going to go down. That was the other thing. Everybody knows that with this $1.9 trillion, um, COVID relief, that's gonna drive rates down. So I dug up and sent them after the fact a chart showing how the 10 year treasury yield, which is a benchmark that roughly tracks mortgages in some form or fashion it's op when, when we locked into rate, the 10 year treasury yield was like, 0.9, four. Now it's 1.6, six. It's almost up a quarter percent. So like really 1.16, 1.16. Yeah. I'm sorry. 1.1 second, that the actual trend in interest rates that are like mortgages is upward.

Speaker 1 ([31:50]):

No mortgage rates themselves are even so thank goodness they decided to go through with it, you know, because it's like, yeah, if you, if you kind of walk away, cause you think that rates are going to be lower in a month, they're gambling. And they had a sure thing, you know, right in their hand, other things that can cause these loan level price, adjustments. Cause don't you love level when people say, Hey David, what's the rate on 30 year fixed. It's like, well, I have to ask you seven questions to answer that. And so a credit score is definitely one, right? The lower, the credit score, the worse, the deal. And remember, we can translate that either into fees that you have to pay, like in this case, if I wanted to lower the refinancing couple's rate by a quarter, they would have had to pay the $5,500.

Speaker 1 ([32:37]):

Well, I don't want to do that. Okay. Then, then you're to have the higher rate so that we can pay it for you. Um, another thing though, is property type and people don't realize this. If you have twenty-five, if you have less than 25% equity, uh, on a condominium and you're doing a 30 year fixed rate that has a hefty loan level price adjustment, it's three quarters of a point, David, you can escape that if you do a 15 year, then there's no price adjustment because the world figures out, Oh, you're going to pay that down so fast. And the reason why it condominiums get discriminated against pricing wise and they get discriminated legally is because the thought is, Hey, if things go bad and people have to start selling condos in your counter project, what's going to distinguish your condo from the next one. They're all kind of exactly the same. And so it's a race to the bottom on price. That's why there's that another one is, are you taking cash out or not? Um, another L a duplex gets hammered in terms of pricing. That's considered more risky. Uh, second homes are the same pricing as primary residences, but you might have to have more down payment if you're buying one. Anything else I'm missing on the big categories?

Speaker 3 ([33:49]):

Well, I was going to say on, on your example, uh, whether you're leaving your second mortgage B or trying to wrap it all into one, that is the penalty that you were speaking about because the simply the presence of, and a lot of times, even if you have a zero balance on your second mortgage, it is the possibility of a second mortgage being drawn or drawn upon that, that, um, it doesn't spoil good pricing. It's just, you're not all the right stuff. As you, as you said to describe your example,

Speaker 1 ([34:25]):

Your customer before. Yeah. And it's a hassle factor. So if our favorite thing to do in order to get people the best possible pricing, if they have a zero balance on their home equity line is to close it and then you can reopen a new one. I've done that countless times. Yeah. Yeah. Personal. Yes. Yep. All right. So what did we learn today? We learned today that a first time home buying is ticklish and you really have to have a good, uh, team, including your buyer's agent and mortgage lender. And it's awesome. If you can get on a little conference call and everybody gets on the same page, right. And we're all kind of holding hands and singing kumbaya before you go out there on the playing field of buying a home and rates are still great. Folks rates are fantastic. So why not click on the blue button to find out how much you can save on a refinance or get rock-solid pre-approval of your very own to become the best home buyer you can be. That's all the time we have for now. We'll see you again. Next week. Same bat time, same bat channel. You've been listening to the Accunet 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 active mortgage and accurate Realty advisors and not WTMJ radio or good karma brands, Milwaukee LLC.