Speaker 1 (00:00):

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

Speaker 2 (00:14):

Welcome to the accurate mortgage and real to show getting you inside information on buying, selling, and financing your home with expert advice from Acushnet, mortgage and Realty. And now here's Brian and David wakers. Well, and a happy 4th of July to everybody we're here. Live

Speaker 1 (00:34):

Our independence day, a edition of the acronym, mortgage and Realty show. I'm Brian wicked over there as David wicked, our chief client experience officer at active mortgage. And if you've got a question or comment, you can reach us on the Acushnet mortgage talk and text line, which is 8 5 5 6 1 6 1 6 20. Also a special shout out to the Gilberts and Reiki clans who may be tuning in, uh, back at the house there on north lake. Uh, having a nice little family reunion here over the July 4th weekend. All right, so David, I dug up the June, I'm calling it the flash a multiple listing service report because here it is only the 4th of July. Maybe some realtors haven't yet put in their numbers for the end of the month, but, um, they're looking really good. Uh, so this is multiple distinct service data owned by the greater Milwaukee association of realtors and of which I'm a card carrying member and comparing June of this year, not to last year, which was an abnormal year, but to June of 20, uh, 19, uh, first of all, to let you know, year to date, 13,634 homes and condos have been listed with a member of the national association of realtors for sale.

Speaker 1 (01:48):

This is in the five county metropolitan Milwaukee area. That's 1,227 fewer listings compared to 2019 8% on a percentage basis. All right, now let's turn over. So, so in other words, supply has shrunk right by 8% compared to 2019. All right. So your guests, David June, just thinking of June now, do you think the number of closed sales, condos and single family detached in the five county area, you think it was up or down compared to 2019?

Speaker 3 (02:19):

I think it was up, but only by a Scotia, like 1% more in 21 compared to 2019 June. What's what's the real answer.

Speaker 1 (02:28):

And the answer is there were 91 more buyers and sellers who exchanged keys in June, that's in the five county area with the help of a realtor, just under 2,500 total sales for that's. That's good. So what does that on a percentage basis? 4%, almost 4% more than in 2019. So more than a Scotia year to date on the sales, 10,600 sales of closed, that's a 4% increase despite the 8% shrinkage in the supply and listing. So, David, what is that the recipe for when you have a shrinking supply and higher demand

Speaker 3 (03:08):

Home values are likely to continue to rise and no breath in that appetite looks, there is no breath coming down the road anytime soon.

Speaker 1 (03:21):

There's no break. Yeah. We don't see the fever breaking on a dollar for dollar basis. Now, remember this is over two years, the median sales price in our five county Milwaukee area leaped up 50,000 American dollars from 230,000 up to two 80. That's a 22%, two years. So that's not 20% a year. That's 22% over two years. Yes. You have a comment. W uh,

Speaker 3 (03:45):

And, and, and that is, that includes a home that sold for $40,000, an averaging against a home that sold for $3 million on lake Michigan. That's that's everybody

Speaker 1 (03:57):

Entire market there. Yep. Um, other fun facts, 19%. So about one out of five of the conduit, single family sales in June in the five county, Metro Milwaukee area were for cash. And you don't want the cash buyers still pay one in five, one in five. Yeah. One at five. Wow. And they still pay 2% over asking on average two-thirds of the buyers financed with a regular old 30 year fixed rate, or maybe a couple of them with a 15 year or something like that, but a regular Fannie Mae Freddie Mac type loan. And on average, they paid 3.6% over asking. So, you know, that's like 10 grand on the two 80 median sales price. And 7% of the home buyers are one out of 14 years in FHA loan. And on average, they paid 5% over asking. Hmm. So folks, you know, it's a hot market. All right. Let's talk about, um, how fast homes are selling.

Speaker 4 (04:56):

Yeah. And the

Speaker 1 (04:58):

Average number of days for June was 20. So this is from the time it goes on, uh, the MLS and the typical drill now is you put it on the MLS, like on Wednesday or Thursday. And then you just say, we're going to have showings on a Friday, Saturday, and Sunday, and then get us your offers by the end of the day on Sunday. So you kind of got four days built in there, no matter what, right? Yep. From the time you list, till the time you start accepting, uh, offers. And, uh, the average continuous days on market for the Milwaukee area was 20 days, 20 days. So pretty quick. Uh, and when we come back from this first break, we'll tell you, which were the fastest selling municipalities. Was it Greendale? Was it Slinger? Perhaps Eagle will give you the answer. When we come back, you're listening to the academic mortgage and Realty show on am six 20 WTMJ

Speaker 2 (05:55):

Home buying from [inaudible]. No, at best. This is the accurate mortgage and Realty show with Brian Wicker on WTMJ. All right. So we're talking about, you know, how strong is

Speaker 1 (06:08):

The market? We're looking at June for our five county Milwaukee metropolitan area. And so here are the top 10 fastest selling, um, markets sub-markets judged by the municipality tied for 10th place, mechanical and Cudahy at 14 days. Then in the group for 13 days, westbound Sussex, Germantown Caledonia in eighth place tied our new Berlin and St. Francis Shorewood Muskego and Franklin are, and seventh place at 11 days. This is from the time you list the property till your time you have an accepted offer. Mr. Yeah.

Speaker 3 (06:41):

Okay. No, no, no. That's what I was going to clarify. 11 days, Hey, we're live on the MLS two. When is it when they market contingent? Is that the magic? Uh,

Speaker 1 (06:50):

That really sure. I have a feeling it's not the most uniform checking of that box, but let's just pretend it is. Yeah. When they say, okay, I've got an offer that's been accepted. Um, while we're TOSA six place at 10 days, then tied for fifth place or west Dallas, green Dale and Greenfield all. And that's at nine days, eight days, um, marketing time, south Milwaukee, Jackson, Elm Grove, brown deer, all tied in fourth place. Third place, Fox point, David, your neck of the woods at just one week, seven days Eagle. And by the way, these are for municipalities that had at least 10 sales. That's my criteria. We had like one sale. That's just an outlier Eagle. Um, there is six days. And the number one leader for June in terms of velocity of the sale was Slinger at four days

Speaker 3 (07:41):

On average Slinger. That means they put a first, they went live on the MLS on Wednesday. And then let me count with my fingers Thursday, Friday, Saturday by Sunday.

Speaker 1 (07:51):

Yeah. And that was the average of 14 sales. Okay. So that's just an indication of, you know, what kind of people intuitively know. So now let's start to talk about our move up by our clients, who we had a conference call with this week. Um, similar to a story we told last week, but a little different. And so these are move up buyers. And, and this is a family where they have a three bedroom, one bath in Milwaukee county is their current home. They have three children and a fourth one on the way. And so the goal is pretty understandable, right? They want it, they want to either buy like in Brookfield or Elm Grove and they want a fourth bedroom and another bathroom or a bathroom and a half, like two and a half bathrooms, by the way you did do you know that your mother and I separately, we didn't grow up together, but we did, you know, that we grew up in the same exact home design,

Speaker 3 (08:50):

Like from the same builder back when they built the house

Speaker 1 (08:53):

Really killed home three bedroom, one and a half bath. Okay. Which is kind of unimaginable to most people. So just imagine a one bath, right? At least we have one and a half bath. So, you know, two people, you could, somebody could be showering and somebody else could go to the bathroom without flushing that toilet. Anyway. Um, anyway, so that's their motivation and David, isn't this the part where you chime in and say something about how it's not that interest rates are low it's about a life event.

Speaker 3 (09:23):

Uh, well, I mean, yes. I mean, thank you for tossing me the softball, but it's like you said, three bedrooms. It's like, okay, hold on. Let me count. The people that are about to be in this house, two grown adults and four children. Like, even if you can put the oldest kid in the basement, you know, and that's not enough room. And, and it, it wouldn't matter if it was 1980, whatever, when you buy your house at God knows what interest rate that was or it's today. They're not, they're not deciding they want to get out to Waukesha county because, oh, Brian, I hear, you know, rates are at 2.9, 9% APR. That that is no longer part of the conversation. It's all a OMG, I need more square footage is the entire part of the conversation.

Speaker 1 (10:06):

Right. That's right. Yep. And so the key is you can imagine, they don't want to, they need to buy the new house before they sell the old house. Okay. Because who would want to move with, uh, another band beetle on the way right now? Just a few months. No. And, um, so we, we started, we've been working on this for quite a while. So the first thing we had to do is set up a bridge loan, which just remember, that's a fancy name, everybody for a home equity line of credit. And, and we've got that in play. It's time for another break. We'll tell you the rest of the magic and where we're going with this because I came up and I just thought of this. I came up with an innovative way to help them stretch, uh, their, their budget. I'll tell you about that. When we come back, you're listening to the acronym, mortgage and Realty show on Wisconsin's radio station am six 20. WTMJ

Speaker 2 (11:03):

Getting you into the home of your dreams. Here's more of an accurate ed mortgage and real to show with Brian record on WTMJ. That song is probably 60 years old, but it is still a rocker like 25 or six to four. All right. Well, we're talking about helping us move up

Speaker 1 (11:22):

A couple to expand their bedroom and bathroom account to accommodate a growing family. And so thing, number one that we have to do is help them extract as much equity out of their existing home as possible. So we help them. So it's all about who, you know, right in life. And so we have like four different banks that have different flavors of these thing called a bridge loan, which is a home equity line of credit with the special purpose of everybody knows you're going to pay it off. Okay. Everybody knows you're going to pay that thing off. As soon as that home sells that you're putting the loan against. And so we, we put in a bridge loan number role equal to 80% of the value of his existing home there. And so that's going to help them extract 55,000 American dollars to use for the down payment on his new house.

Speaker 1 (12:10):

Okay. But that's not enough. And so we happen to know another bank who your existing home isn't listed for sale. And if you don't have an accepted offer on a new home, they will turn a blind eye and they will still give a no-cost home equity line of credit up to 90% of the value. So we worked with our client to say, okay, now you're in addition to, and when you just close, it gives you $55,000 of equity to use for the purchase. You're going to close on another home equity line of credit in second lien position. And you're going to get another $32,000. So we're at like 87 grand of cash. Absolutely critical in, in this case because that 32,000 literally just increase their buying power by 32 grand. Okay. Without it, cause you either run out, we say this, we can't say this enough, you either run out of income or down payment too.

Speaker 1 (13:07):

People always want to know what's the maximum home home price I can buy. And the answer is two things. It depends on how much monthly payment you can afford. And we have these people maxed out, right? Because we have to count their old carrying costs on their old home. In this case, it's interest taxes and insurance. And we have to count the payment on the new home plus their two car loans and everything else. So we're taking this right up to the red line of financial blood pressure, which means I can't lend them any more money. So the only way to therefore expand the buying power further is to plot more down payment into the picture. Okay. Yeah. So, uh, so we're, uh, they're about to close on that second home equity line of credit. So they can't really go out and write any offers yet, but maybe like by next weekend they should be able to do that.

Speaker 1 (13:59):

All right. Okay. So I do a little extra homework cause this, the husband had said to me like a month or six weeks ago, I don't want to overpay. I'm really not willing to give the seller any wiggle room on the appraisal. And so I ran the numbers for the MLS so far in 2021 in their price range, which is like three 50 to 4 25, just looking at Elm Grove and Brookfield. There were foreclosed sales and Elm Grove in 61 closed sales in their price range in Brookfield so far this year. And so if you break it down by month in June, there were 13 closed sales, only one sold for less than the list. Price seven out of 13 in that price range sold for between 21,000 and $60,000 over asking in may there were 10 closed sales, eight out of 10 may sold for between 10 grand and $70,000 over asking.

Speaker 1 (14:55):

So I just wanted to, you know, through the force of facts, try to communicate. If you're going to try to buy in this price range in this market and not give the, uh, wiggle room on the appraisal, you're not gonna get an accepted offer. So, so we, we succeeded, uh, in communicating that removing the mystery reality that well, or, or facing the reality, maybe right, that, Hey, in this price range, if you want to make this transition, you ain't going to get it. You know, you're going to have to offer over asking. And then when you do offer over asking and the real estate agent confirmed this, they're excellent. Buyer's agents said, you know, in order to get your offer accepted, you can't use the standard languages is I'll pay you $25,000 more than your asking price, as long as it appraises for 25 grand over no,

Speaker 3 (15:50):

Cause you're setting the new high bar, probably

Speaker 1 (15:53):

That's right. And so I think we, we got over the hurdle for this home buyer of, okay, I'm going to have to overpay, you know, what I'm gonna have to pay next year's prices for this year's house. One of his thoughts, one of the sentences that he said during our call on Tuesday was maybe, you know what, but if we don't get, find the right thing, maybe, maybe it'll be better next spring. Okay. Maybe it'll be better next spring to which both the real estate agent. And I testified, uh, this is not going to all of a sudden get better. It can probably only get worse because interest rates will be higher next spring. And so will home prices. All right. There's a little bit more to tell on this story, but right now it's time to take a break for the news and hand it over to Tony better.

Speaker 2 (16:42):

Don't break the bank to get into a house back to the Acushnet mortgage and Realty show with Brian Wichert on WTMJ. All right. So we're talking about how we're helping them

Speaker 1 (16:53):

Move up, you know, family that needs to buy a bigger home. And

Speaker 2 (16:58):

So as we're having this conversation, we got them over their hurdle that, Hey, you are going to have to

Speaker 1 (17:02):

Give some appraisal wiggle room. Okay. So they seem to be getting comfortable with that idea, but then it comes out, I'm showing him some, you know, scenarios. Cause we're trying to say, well, you know what? We can help you expand your maximum purchase price instead of thinking it's four or 4 25, here's a scenario where it's four 50 and then you've got to make a certain assumption about property taxes, right? Cause that's a big chunk of your monthly payment, of course. So I'm showing them this total principal and interest taxes and insurance payment of just under $2,300, 2270. And so he's like, ah, you know, I really want to keep my payment at, or under 2000 all in principal, interest taxes and insurance. And I get it because it's a single income household now, as you can imagine with three kids and a fourth one on the way.

Speaker 1 (17:55):

And so that's a different proposition than when you're both working. Right? And so I came up with this idea, uh, which is when you get the proceeds from this sale of your existing home, which isn't going to be a lot because we're helping them extract most of the equity from his house. But he's going to have like 12 five by my estimate of net after expenses that he'll get. I said, put that into a check, a savings account, right. Don't gamble with them. And he put it in a savings account and take out $271 every month to sorta self supplement. Your mortgage share

Speaker 3 (18:39):

His limit was 2000, but Hey, to get the house you want, it's going to be 2271. And you're saying, okay, 2 71. That's the gap. Here's, here's the account that you can use to cover the gap. That's awesome.

Speaker 1 (18:53):

Uh, thank you. I had never really suggested that before. Oh, did I call it the, uh, I had his fancy name for it, like your mortgage to supplement yeah. Mortgage payments, supplementary fund.

Speaker 3 (19:06):

I the, the breakeven, cause that's what we do here at Acushnet. He could supplement himself

Speaker 5 (19:12):

For during your four years. Why doing that?

Speaker 1 (19:16):

That's right. And so what you're counting on there is that, okay, he's in a salary job. Uh, and, and so, you know, okay, if your income goes up 3%, uh, you don't want a hundred thousand dollars, there's three grand. I'm pretty sure, you know, you'll be where you want to be in another year or two. And then the other thing that you just wisely spotted that I missed is they have a $300 a month car loan with only a

$11,000 balance. So we could divert money to pay off that car loan because it's really their entire budget that he's worried about. It's not so much the house payment, it's the house plus the car loans.

Speaker 3 (19:55):

Well, can I, and I was going to say what I did cause I'm kind of swapping. I, I saw that you had a larger down payment for this next house. Um, kinda if you pay off the car loan and then you can borrow more mortgage money, which is probably cheaper and longer, Hey, you can put 5% down instead of 10% down and that's more cash in his pocket. Maybe even two to follow in the theme of what you talked about. Hey, more Cassius king baby. So supplement yourself. Um, if you want, uh, with maybe keeping more money in your pocket with a smaller down payment,

Speaker 1 (20:34):

Do you think people could do this on their smartphone while they're walking through an open house? David,

Speaker 5 (20:39):

There's no way, wait, there's, there's too many moving parts.

Speaker 3 (20:42):

And, and, and, and again, you know, we're kind of getting into the, you know, the nitty of how to bring this all together, but really you were answering an emotional question like, Hey, I really am kind of nervous to swing a higher budget than I really want to. And you are, you know, you are using the force effect to, to answer an emotional question, but it all starts with like, ah, single income kind of stretching. That's what you're really answering.

Speaker 1 (21:10):

That's right. That's right. This is about real life, right? Buying homes is about a emotion families and affordability. All right. So let's leave that story there. We'll keep you posted. Hopefully we'll have a success story out of that coming up soon. Um, in the next segment we had a, uh, a monthly event called the jobs report that came out on Friday. And so we're going to remind you why that matters to mortgage rates, uh, when we come back and then we have another first time home buyer story to wrap up the show, you're listening to the academic mortgage and Realty show on Wisconsin's radio station am six 20, WTMJ

Speaker 2 (21:51):

Important home buying questions and answers you can count on. This is the accurate mortgage and Realty show with Brian wicked on WTMJ all right. Songs of your

Speaker 3 (22:04):

Life. I got to tell you that the key change from the chorus back to the second verse on that song is insane, but

Speaker 4 (22:10):

All right, just for those. Yeah.

Speaker 1 (22:13):

All right. So why should we care about the monthly jobs report from the bureau of labor statistics? Well, the answer is that the United States federal reserve bank is currently keeping mortgage rates artificially low to help the economy recover from the pandemic. And they're doing that by purchasing

Speaker 2 (22:32):

A mere 99 billion

Speaker 1 (22:34):

With a B dollars a month of mortgages. So when you own a mortgage, you get principal and interest back, they're taking the principal payments are 59 million billion, rather billion a month. They're re-investing that. And then they're adding a fresh $40 billion of newly created money out of thin air. And so by increasing the demand for this thing called mortgage debt, right on the part of the market where they're giving the interest payments, they're keeping rates down. The fed has two goals, full employment and keeping inflation in check. So if the full employment part relates to the jobs report and the stronger the jobs report, the sooner the fed will start slowing down their mortgage purchases, which will in turn cause mortgage rates to increase by how much about a percent peak most economists think. Alright, so how strong was the June's job report? David give us a drum roll as it

Speaker 3 (23:33):

For the month of June. Uh, for the month of June, the us economy added 850,000 new jobs. And the unemployment rate ticked up just a Scotia to five, 9%, 850,000 new jobs in June 5.9% unemployment, which comes out to a, as you dig into the PDF, that's about 9.5 million people, uh, unemployed, but the, you know, the headline number two, your point dad, a healthy economy, and all of the tailwinds that numbers like this suggest continues to feed the fed, you know, the numbers that they want to be like, okay, things are looking good. Things are looking better, which in turn might mean that they're going to take their foot off the gas pedal for how much they're buying for mortgage back security. So it's great for the economy. Love it. When people get jobs, love a when taxpayers are out there, both making money and spending money. Um, but we are living in, uh, we haven't gotten what inning we're in. You know, I, a couple of months ago, I thought, yeah, I thought a couple of months ago we were in the top of the 10th. Well, actually we were in just like the top of the fifth, maybe. Uh,

Speaker 1 (24:49):

So the message is this, these, this nice low rates are not going to last forever. Now, luckily on Friday when this good strong jobs report came out, the mortgage market didn't blink. Right. It was fine. We didn't have any mid day rate adjustments or anything like that. Nope. So where did we end the week, David for, yeah. Right. So

Speaker 3 (25:07):

For a pursuit. So for a purchase on a $250,000 loan, if you're going to put 25% down, uh, you could swing 2.8, seven, 5% on that purchase. And the APR is 2.9. That's better than that. Freddie Mac survey on Thursdays. And that would be about 1595 in cost, which includes the appraisal title insurance, the person who helps you sign your name 44 times at the closing table and a shovel of points. Uh, if you were just looking to refinance 2.9, 9% and the APR is 3.01, which is $995 in costs, 2, 9, 9 sounds so much better, doesn't it than, uh, three and a three. Anything. Yeah. Or, um, we sent out a note to a lot of our past customers this week that the, um, 15 year fixed. So the bureau of labor statistics, uh, was it last month? Cause I know we talked about this. Hey, the consumer price index goods are increasing 5%, 5%. Okay. Well the 15 year fixed is at 2.5% with an APR of 2.52, when you can borrow money, that's at least by that measurement, half of the rising cost of goods, that is a win. So there's your pain plan out there for everybody? It just depends upon how you're trying to fit that into your life. Where were you going to say?

Speaker 1 ([26:37]):

I was going to say, uh, cause you're kind of paying it back with dollars, you know, in the future, when you borrow two and a half, you know, by the time you're making your, your, your payments in the fifth year, those dollars that you're using to pay it back are worth less than they were here in 2021. That's kind of maybe too, too fuzzy a concept. But the bottom line is we are helping people tap their equity for worthwhile purposes. Um, you know, I don't think you should ever do a cash out refinance to go on vacation, uh, or frankly, even to buy a car. I mean, I think that's not the right thing to do, but uh, if you're gonna remodel your house, that's probably the most common thing. Or sometimes, you know, people have used home equity lines of credit to remodel their houses and now they realize, oh yeah, that's a variable rate.

Speaker 1 ([27:20]):

And when the fed does, you know, when the market gets back to full employment and they, or if they feel like they have an inflation problem, the antidote is the fed starts to increase the short-term rates, which impacts the prime rate to which all home equity lines of credit are tied. And so people realize that, oh yeah, I borrowed that on my home equity line of credit. That's not a fixed rate. So we're helping a fair number of people combine their first mortgages with their home equity lines of credit to get into the loving arms of either a 15 or 30 year. And remember we can customize your loan term to any number of years between 10 and 30. So if you don't want to go back, you know, you're already two years into a 15 year fixed rate. We can give you the 13 year fixed rate mortgage. No problem. Alright. When we come back, we got one more story. Uh, about a first time home buyer who's been looking now for, uh, since January, you're listening to the academic mortgage and Realty show on am six 20 WTMJ

Speaker 2 ([28:18]):

WTMJ W2, 77 CV and w K T H D to Milwaukee from the annex wealth management studio. This is news radio. WTMJ find a place to call home without the headache. This is the accurate at mortgage and Realty show with Brian Wicker on WTMJ.

Speaker 3 ([28:37]):

You know what it is, we're basically all our comeback music is the yacht rock radio station. That's all

Speaker 2 ([28:45]):

That suits me just fine. I know it suits you. Okay. Right. So under pressure,

Speaker 1 ([28:51]):

Uh, and that's what, you know, home buyers are feeling. So this is a story about a first-time home buyer. We started working with back in January. And, you know, as a buyer in today's market, you have to have stamina because here it is, you know, five months later, no tank six, six months later, cause it's July and he's still at it. And so in this particular case, single, um, home shopper, um, incomes like 37,000. Uh, and so we have got him pre-approved rock solidly for a maximum home payment of $1,300 a month. And to do that, and I think the point here is that you got to work with a mortgage lender who knows its craft and all the nooks and crannies. So in this particular case, conservative buyer, excellent credit financially conservative doesn't have a big car loan, which we frequently see as a spoiler, right?

Speaker 1 (29:51):

Cause that, that chews up your income and chews into your purchasing power. And so his income is finite it's in, he's not in a job where he's ever going to get a bonus or probably not work overtime. It's just straight salary. Um, and so you have some student loans. So as a master of our crafts, we have to know, oh, if we use Freddie, Mac's a rule book, we only have to count $115 towards those student loans, which are all in forbearance because of the cares act. And by the way, student loans are going to stay in forbearance, which means you don't have to make any monthly payments on your student loans until the end of September. And so then theoretically in October, he's going to have to start making student

Speaker 3 (30:31):

Loan payments again, the cleaner, this is a little inside baseball, but the forbearance piece. So for in your borrower's particular case, he's probably going to go back on income based repayment. And I'll bet you a nickel that even the half percent of the balance is higher than what he'll actually have to pay on IBR, correct

Speaker 1 (30:49):

Income-based repayment program. Well, but so when there is no payment on the credit report, which is the current state of affairs, Freddie Mac says, Hey, use a synthetic estimated payment equal to half percent of the loan balance that happens to come out to 115 bucks Fannie Mae on the other end says, oh, you've got to call it 1% of the loan balance. That'd be 230 bucks. So we just found an extra $115 a month for this guy to put towards his, uh, house payment instead of towards student loans. And then you got to know, oh, you know what, let's use Freddie Mac special loan program, 30 year fixed rate loan program for low and moderate income buyers called home possible. Why? Because we get discounted private mortgage insurance costs, more payment freeze over to go to the mortgage. Yeah. And so yesterday he, you know, he sent an email and he's working with a real estate agent that we introduced him to a buyer's agent.

Speaker 1 (31:44):

And he's like, Hey, we got one. We wrote an offer. We needed the pre-approval updated. Because again, whenever we're, pre-approving a borrower, we're pre-approving them for a certain monthly payment and making sure that they have enough downstroke to make it happen. Oh, by the way, that's another thing we helped them do is he said, you know what? We really need to supplement your savings with some gifts from your parents. So he's got $10,000. We kind of made that case like, Hey, if you really want your son to be able to buy this house, you need to help. And, and which my parents did or, and, and, and, uh, Becky's mom and dad did when we bought our first house too. Right. So this is an age old, oh yeah. An age old tradition of, you know, parents helping their children buy homes for all their good for.

Speaker 1 (32:31):

Yeah. Well, and that's really important. So, so we've got this home buyer really at the edge of approvability. So I had to have two cups, strong coffee this morning. I did this while I was preparing for the show to make sure I didn't cough up. Uh, all, all mortgage lenders measure. How much of your gross income, that's your income before any taxes or health insurance is taken out? Are you using to make your mortgage payment plus your other, in this case, just student loan payments. Normally, you know, you want to keep that around 36 or 38% of your gross monthly income, David, I've got this one approved at 48.5%, which is ridiculously high. Go ahead. Does our borrower

Speaker 3 (33:12):

Have a significant other who's not on the mortgage. Okay.

Speaker 1 (33:16):

That's, that's why I'm not nervous. Right? Okay. Cause in real life, they're going to have two interests, probably that's right. In real life, they're going to have two incomes, which makes me not nervous. And this is right. This is the son of an existing customer. So I mean, if it was really just a person, you know, all by themselves, like, okay, how are you going to buy groceries again? You know, if you're spending almost half of your income on your monthly debts and maybe some people can, but that's a high bar. So in this case, the saving grace is the fact that there will be another income. It's just an invisible income to us. So, so there, so hopefully, so I updated the pre-approval letter for $190,000 today on a property that has $4,500 of, uh, property taxes, a key component. And we'll see, hopefully this is the lucky one, because I think he's written about four or five, maybe six offers. And in that price range, it's hard, hard to wit. So hopefully this is the lucky one. That's all the time we have for this 4th of July edition of the academic mortgage in Realty show, you've been listening to us 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 academe mortgage and accurate Realty advisors and not WTMJ radio or good karma brands, Milwaukee LLC,