

Sean Pope & Zachary Taylor's

MORTGAGE UPDATE



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Which Mortgage Should I Choose? Key Questions to Ask Your Lender

Which mortgage should I choose? A traditional Fixed Rate Mortgage? ...A Graduated-Payment Mortgage? ...An Adjustable Rate Mortgage? ...An FHA Mortgage? ...Or maybe a Two-Step Mortgage?

You are wondering which kind of mortgage is best. The answer: There is no one correct answer. Deciding which type of mortgage will best fulfill your needs can be difficult. There are so many types of loans and different term lengths. Your choice is extremely important and can take some time and effort to research. While often neglected by homebuyers, a little research before choosing your mortgage can often save you thousands of dollars in the long run.

There are several elements of a loan that should be analyzed. While one of these elements may suggest one type of loan, another may call for a different type. You must weigh each ingredient separately and collectively. You will find that your answers to the questions below will ultimately determine the type of mortgage that best fits your needs.

How long do you plan to stay in this home?
Five years? ...Ten years? ...Thirty years? The

length of time you will be in the home will certainly play a part in determining which loan to apply for. If you only plan to be in the home for 5-7 years or less, you should seriously consider an adjustable-rate loan. If you intend on staying 20-30 years, a fixed-rate mortgage may be right for you.



How much risk are you willing to accept?

If you are the type of buyer that needs to know exactly what you will be paying each month for the term of the mortgage, a fixed-rate mortgage will fulfill this need.

The fixed-rate loan, however, will also probably net a higher interest rate. If you are willing to take some risk of fluctuations in the interest rate, you may be able to receive a lower interest rate.

What are your income expectations?

Plan for the future. Do you anticipate a

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Real vs. Personal Property?**

PRICE

Everything has a price. Whatever we want in life, we must give up something to get it. The greater the value, the greater the sacrifice required. There is a high price to pay for success. But we must realize that the rewards of true success are well worth the effort. The highway to success is a toll road.

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gradual or dramatic increase in your income in the next few years? If you expect a sizable increase, a graduated-payment mortgage may be best for you.

How much cash do you have available for up-front costs?

If you have the resources, you may want to make a larger down payment to lower your monthly payment. By keeping a higher monthly payment however, you might be able to shorten the term of the loan to a 15-year loan in order to pay it off quicker.

Keep in mind that you'll have closing costs and fees to pay in addition to your down payment. If you don't have much cash saved for your up-front costs, don't despair. You may need to accept a higher monthly payment or even lower your monthly obligation by choosing an adjustable-rate mortgage.

In addition to choosing the best type of loan for your particular situation, you should also consider these points as well. Once again, several factors will influence your decision.

Annual Percentage Rate (APR)

Ask about the APR. The APR reflects the cost of credit on a yearly rate and should also include any points and fees in addition to the interest rate.

Interest Rate

Find out the rate and how long your lender will guarantee it. Get any commitments in writing. As with any legal transaction, if it isn't in writing it doesn't exist.

Points and fees

These factors will vary greatly. Look out for hidden fees. Make sure your lender discloses all the fees; ask what they charge and what is

included and what is not. Don't be afraid to ask questions.

Loan Approval

Both approval and funding time should also be considered. You don't want to lose a prospective home because your lender takes several weeks to fund your loan. Your lender should be able to fund most loans within 15 days. If you are in a "pinch" situation, communicate that with your lender.

Working With Your Lender

You should always feel comfortable working with your lender. If you do feel good about your lender and trust him, it will be much easier to trust and take his advice on what kind of mortgage he suggests will best suit your needs.



How to Select a Relocation Professional

To begin your search for the right person to represent you in a home sale, ask a colleague or friend for a recommendation, preferably someone who has used the real estate agent's services. You want an agent who is familiar with home sales in your price range and in your neighborhood. It is essential that you feel comfortable with the agent during an interview since comfort level and good communication are very important. During your interview, don't hesitate to ask the agent about the number of homes the agent has listed and actually sold. The length of time the agent has been in business is not necessarily the best yardstick.

Make sure to ask about their commission fees as well. These fees will average 6 percent to 7 percent but may be negotiable. Remember, the agent you choose is going to be one of your main sources of information. A good agent will advise you and guide you in many ways. Look for a representative who is pursuing sales, returning telephone calls, aggressively working in your best interest and whose only job is real estate.

Interview Checklist

- How often will you promise to call or write me with activity on the home?
- I would like to have a list of your satisfied clients (of comparable properties) as references.
- Describe your history of real estate sales. Most agents sell just 30 percent to 60 percent of their listings before the listings expire. Choose an agent who sells 85 percent.
- What percentage of the asking price, on average, have you received for the homes you've sold during the last year?
- What is the average number of days your listed homes stayed on the market?
- Why should I pick you over other agents?

Every effort has been made to verify the accuracy of the information herein, but it is not guaranteed and should not be relied on without specific advice from a professional.

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Q & A

Real vs. Personal Property: What goes with the house?

Our house is up for sale. I love my window coverings and want to take them with me when the house sells. While looking at our house, a recent potential buyer mentioned how much she loved the window coverings. Must I leave my beautiful window coverings behind?

When selling or buying a home, you need to think ahead about what you are actually selling along with the property and the house.

The general rule is, "if it is attached to the structure or the ground, it is real property and stays with the house."

This confuses some people, especially when selling their first house. For example, as a renter you may have been used to removing your curtains and taking them with you when you move. Since they are probably "attached" to the wall in some manner, the buyer may assume all window coverings are staying with the house.

This can cause a disagreement. Disagreements in real estate spread like viruses, moving from minor issues to more major issues. Emotions rule and logic melts away like a scoop of ice cream on hot asphalt. It can quickly become an ugly sticky mess.

Disagreements have the potential to become "problems" – except that in real estate, problems don't exist. We have "challenges" instead.

If your Realtor refers to something as a "challenge" – you may have a problem. So if you want to take your curtains with you, put it in the contract. Don't "assume" anything...because buyers and sellers can argue about the silliest things.

Believe it or not, there is a story about how a deal fell apart because the buyer wanted the sellers to leave the welcome mat. It must have been a *really nice* welcome mat. Normally, sellers are free to take their welcome mat with them when they move.

Another incident involved the gas logs in the fireplace. The sellers wanted to take them and the buyers wanted them left with the house. Normally, gas logs stay with the fireplace. You are free to take real wooden logs with you when you move. Chandeliers are another common argument point.

The point is that you need to think about these things in advance. If you have to unscrew a screw, claw out a nail, detach anything from the interior or exterior structure, or uproot anything from the ground – and you want to take it with you when you move – put it in the contract. That way there are no possible misunderstandings later.

It doesn't hurt to go through the house "room by room" with your agent so that all possible challenges are handled in advance.



"There is no victory at bargain basement prices."

– Dwight D. Eisenhower

ODDs & Ends

Life Advice from a Crabby Old Man

Do not walk behind me, for I may not lead. Do not walk ahead of me, for I may not follow. Do not walk beside me either. Please, just pretty much leave me alone.

The journey of a thousand miles usually begins with a broken fan belt and a leaky tire.

It's always darkest before dawn. So if you're going to steal your neighbor's newspaper, that's the time to do it.

Don't be irreplaceable. Remember, if you can't be replaced, you can't be promoted.

Always remember that you're unique. Just like everyone else.

Never test the depth of the water with both feet.

If you think nobody cares that you're alive, try missing a couple of car payments.

If at first you don't succeed, skydiving is not for you.

If you always tell the truth, you don't have to remember anything.

Good judgment comes from bad experience, and a lot of that comes from bad judgment.

The quickest way to double your money is to fold it in half and put it back in your pocket.

A closed mouth gathers no foot.

Duct tape is like "the Force". It has a light side and a dark side, and it holds the universe together.

Generally speaking, you aren't learning much when your lips are moving.

Experience is something you usually don't get until just after you need it.

Never miss a good chance to shut up.

There is a fine line between "hobby" and "mental illness."

No matter what happens, somebody will find a way to take it far too seriously.





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