

Sean Pope & Zachary Taylor's

# MORTGAGE UPDATE



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## Reduce the Stress of Buying a Home

**D**eath, divorce and moving are the three most stressful experiences in life. There are two very different kinds of needs that people have while moving. First there are the transactional needs, like finding the home that is just right for you, finding a seller who is realistic, negotiating the price, filling out the paperwork, handling the escrow, and arranging for the move. But there are also emotional needs that are involved when moving, and this is where the biggest stress comes in. Any competent real estate agent will handle the *transactional* needs for you, but if your emotional needs are unfulfilled, you'll be frustrated and may not act in your own best interests. The ideal real estate agent, therefore, is one who is competent with paperwork and numbers, but can also guide, direct, and counsel you through the emotional ups and downs of buying, selling and/or moving.



*Here are the six best ways to beat the stress of buying a home.*

### 1. Begin with the end in mind.

Have an ultimate scenario of where you're trying to be. What will life be like when you get there? How will it be better than where you are now? Dwell on that picture and write it out, fill up at least a page about how it feels in the new place. This is imperative. Having the goal in front of you at all times energizes you to achieve it, in spite of setbacks and frustrations. Emotions will run high and you may need an anchor. In childbirth, the Lamaze method teaches you to

focus on one spot when enduring labor pains. In the same way, you too must focus on that future goal when anxiety threatens to get the better of you.

### 2. Be flexible.

In your monetary calculations, overestimate by a thousand dollars. In this market, anything can happen between contract acceptance and closing.

It could be the inspections reveal areas of concern that the seller is unwilling to fix or the repair costs are higher than the amount limited in the contract.

Or the interest rate changes and that affects the necessary down payment and closing costs you will need to come up with. Your real estate team should strive to tie up loose ends as quickly as possible, but remember there is no perfect world.

Most buyers feel a bit overwhelmed when taking on a new mortgage and the responsibilities of a new home. Sometimes buyers can get angry when it seems like the cost just keeps going up. Anger is caused when reality doesn't match up with the expectations you had in your mind. So if you anticipate this happening in advance, you won't

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**On The  
Inside:**

**Odds & Ends  
Understanding  
My Home's Equity Has Decreased**

## UNDERSTANDING

*We have understanding to the degree that we see how things change. Seeing the flow of events and how history develops, gives us understanding. Seeing what has gone before gives insight into what may be.*

*Continued from page 1*

get angry. In fact, it'll probably go better than you expected.

### 3. Trust in the process.

There's just so much to do, it's easy to panic. You wonder if it will ever work out. ...You think you're *taking* a big chance, but the truth is you're *giving* yourself a big chance. Even though you can't see every step of the way, as you move towards your goals, the way opens up. Maybe you haven't moved in a long time and you perceive it as a major upheaval in your life. But Realtors® deal with this kind of thing all the time. It's their job. For this reason, your Realtor® should be looking out for you. Trust that he or she possesses the knowledge to get you there.

### 4. Get knowledge.

One thing you'll probably feel during this transition time is the feeling of being out of control. It may feel at times like everyone else has taken over your life. The seller, your lender, the appraiser, the inspectors—they all have the power to say yes or no to your moving plans.

Your real estate agent should try to let you know ahead of time what your expenses will be, and what the unknowns are. They should tie down any loose ends as soon as possible. They should work with you and try to get your loan approved within a reasonable time frame. They should educate you as best they can and let you in "behind the scenes" so you seldom feel stupid or out of control.

### 5. What is your option?

When things don't go as smoothly as you had hoped, don't let your emotions take over. Always ask yourself, "What is my option?" because *there are always options*. For example, let's pretend for a moment that the lender takes longer than agreed upon to get your loan. He keeps asking you for more and more documentation until it feels like he also needs to know how many gold fillings you have in your mouth! You may feel upset because you wanted to feel certain about the move and now you still have to live with the uncertainty of it all. You want to say, "Forget it, I'm fed up with this!" But what is your option? Find a new lender and start the process over again? That may take weeks, plus you will have to provide

all the paperwork all over again. If the lender is trying his best, it may be better to give him a few more days. Delays in the mortgage process are common. Each case is unique, but when setbacks occur, ask yourself, "What are my options?" If anything, it usually helps to defuse the situation and restore rational thinking.

### 6. Seek entertainment.

When there's nothing you can do about the situation, take your mind off of it altogether. Maybe you expected loan approval on Friday, but now it won't come until Monday. You hate being in limbo and feeling powerless. So do something else entirely—maybe something where you aren't powerless. For example, take a hike, play tennis, get out of town for the day. Go watch a movie, just go do something that temporarily will take your mind off the process. Whatever diversion works best for you, now would be a good time to engage in it. Just forget the situation and refuse to listen to those irritating thoughts when they come into your head. Think about something else instead, and just take things one day at a time.



## Help Your Kids Adjust to an Upcoming Move

*"How will Santa know where we are?" ... "Who will I play with?"  
"Will I like my new school?" ... "Will my new friends like me?"*

Whether you're moving across town or across the country, your school-aged children are bound to have lots of questions and concerns. Here are a few ways to make their move a smoother and more positive experience.

Tell your children about the move as soon as possible. Don't let them learn about it by overhearing conversations. Keep a positive attitude and be enthusiastic about how your move will benefit each family member.

Encourage the children to share their feelings about the move. Answer their questions as completely as possible to alleviate their fears of the unknown.

Let your children assist you in making a checklist of pre-moving tasks; then let them select a few they'd like to complete themselves. Children can pack some of their own non-breakable belongings and label each box with their name and new address. Filling out post office change-of-address cards also gives them practice in writing their new address. (But always double-check their work!)

Make a Moving Survival Kit. They'll enjoy helping you list and collect all those essential items you'll need as soon as you arrive at your new home. Either take this box with you or see that it's the first thing to be unloaded at your new home.

Contact and enlist an experienced relocation specialist to advise you on the upcoming move. Moving out of state? Your local Real Estate professional probably would be more than happy to help you locate a relocation specialist in your new area.



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.

Q  
& A

## I Need to Sell But My Home's Equity Has Decreased. What Can I Do?

*I have been transferred and need to sell my home immediately. But the market has gone down and I now owe more than the home is worth. Is there any relief available to allow me to avoid paying the difference to the lender at the time of sale?*

No. Had your house appreciated in value, the lender would not have shared in the benefit, so there is no reason why the lender should take a hit if the value declines. Yet the fact is that in many cases where the borrower's equity is wiped out, the lender does take a hit simply because the borrower is unable to pay. In such cases, lenders will often accept a "Deed in Lieu of Foreclosure" (DIL), which they view as preferable to foreclosure because it avoids litigation expenses. A deed in lieu of foreclosure is a kind of friendly foreclosure in which the lender agrees not to pursue you for the balance of what is owed. It will hurt your credit rating, but not as badly as a foreclosure.

Lenders generally accept a deed in lieu of foreclosure when they believe the only alternative is foreclosure. If they know the borrower has the cash, they will want to be paid in full. Sometimes partial payments can be negotiated.

Another option is the "short sale," which allows the borrower to sell the property with the lender's approval. With a deed in lieu of foreclosure, the borrower surrenders title to the lender, who sells it, whereas with a short sale, the borrower sells the property with the proceeds going to the lender.

While a short sale allows the lender to avoid the expense and hassle of maintaining and then marketing the property, the lender permits it only if there is evidence that the only alternative is foreclosure or a DIL. From the lender's standpoint, the borrower who owes \$100,000 is not relieved of the obligation to repay that amount just because the value of the house securing the loan has fallen to \$80,000. Hence, lenders entertain short sale proposals only from borrowers in financial distress. The burden is on the borrower to document the distress whatever it may be.

If the lender accepts the borrower's petition, the house is sold at a price the lender finds acceptable. The lender then writes off the difference between the sale price net of expenses, and the balance on the loan.

Both a short sale and a DIL damage the borrower's credit rating less than a foreclosure because they reflect an attempt by the borrower to come to terms with the lender. The short sale is less damaging than a DIL because it indicates a recognition by the lender that the event was caused by factors outside of the borrower's control.



*"The farther backward  
you can look,  
the farther forward  
you are likely to see."*

— Winston Churchill

# ODDs & Ends

## Why?

Why is it that no matter what color bubble bath you use the bubbles are always clear?

Has there ever been a day when mattresses are not on sale?

Why do people constantly return to the refrigerator with hopes that something new to eat will have materialized?

Why do people keep running over a string a dozen times with their vacuum cleaner, then reach down, pick it up, examine it, then put it down to give the vacuum one more chance?

Why is it that no plastic bag will open from the end you first try?

How do those dead bugs get into those enclosed light fixtures?

When we are in the supermarket and someone rams into our ankle with a shopping cart then apologizes for doing so, why do we say, "It's all right?" Well, it isn't all right so why don't we say, "That hurt, you idiot!"

Why is it that whenever you attempt to catch something that's falling off the table you always manage to knock something else over?

In winter why do we try to keep the house as warm as it was in summer when we complained about the heat?

How come you never hear father-in-law jokes?

Why do we drive faster when the gas gauge is almost on empty?

When Michelangelo painted the ceiling of the Sistine Chapel, why did he paint Adam with a belly button?

The statistics on sanity state that one out of every four persons is suffering from some sort of mental illness. Now think about your three best friends; if they're okay, then—that's right—it must be you!





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