

# Top Mistakes Most People Make When Buying A Home

By Joe Metzler – Senior Loan Officer – The Joe Metzler Group

[www.JoeMetzler.com](http://www.JoeMetzler.com)

For most people, a home is the biggest investment they will ever make. However, few people do the research necessary to make a good buying decision. The home-purchase process is extremely confusing for most people. With a little bit of homework, and some advice from family and friends who have been through the process before, you can make this a little easier on yourself. There is no substitute for taking the time to educate yourself before you buy or refinance a house, which typically costs you 25% to 40% of your gross income!

The main focus of this information is to make sure you educate yourself.

**ASK QUESTIONS – GET ANSWERS**

## When Buying a Home

**By far, the #1 mistake most people make is choosing a lender just because they are recommended by your Realtor, or using the Realtor's Affiliated Companies.**

Your Realtor is not a mortgage finance expert! They are trained and licensed to help you buy and sell homes. While financing is touched on during their training, it is not the main focus. The training they receive does NOT make them an expert in mortgage financing.

Real estate agent usually do not know what is the best loan for you, although it seems like just about every customers comes into our mortgage office telling us what is good for them; because that is “what the Realtor said.”

The Realtor only gets a commission when your house closes. As a result, the Realtor may refer you to a lender that is sure to close the loan, but not necessarily the lender that has favorable rates or fees. Also, many Realtors refer you to their friends in the loan business—who again may not be able to get the best loan for you. Even if the Realtor is very professional and looking out for your best interest, you should still do homework on your own.

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**WARNING:** Be very aware of a newer real estate marketing trend called "affiliated companies". Example: XYZ Realty Company, XYZ Mortgage, and XYZ Title Company. Usually all in the same building, and all owned by the same people. Although it is very convenient to use the affiliated lender and Title Company across the hall, **you typically PAY for that convenience with higher rates and fees than you could find elsewhere.** Sometimes the Realtor makes it sound as if you *have to use* their affiliated companies. **YOU DON'T.**

#### **Federal Law Requires Choice of Title Insurers & Lenders**

The Real Estate Settlement Procedures Act (RESPA), 12 U.S.C. 2600, requires that all Buyers and Borrowers be given the choice of title insurance providers and lenders. Many people working in the sale, purchase, or construction of real estate have a financial interest in the title and mortgage company and are receiving compensation for settlement and lending services.

It may sound contradictory, but a large portion of our business comes from Realtors referring clients to us (and we appreciate it!) But if you are already approved with a lender, and your Realtor or Builder is now 'pushing' or 'forcing' you to use their lender or title company, it almost always means they are being compensated for your business. **Bottom line: You pay more!**

#### *We are simply suggesting you shop lenders*

I recently closed a loan for a client who had blindly followed his agent's advice to use the affiliated lender and title company in-house. This company very aggressively pushes their agents to get them *to get you* to use both their title company and mortgage company.

I beat their mortgage company by \$1500 in closing costs and 1/2% in interest rate. The title company I suggested was cheaper by \$400.

This local real estate company has in their purchase agreement verbiage which makes it appear as if your loan won't close if you use someone else. Going as far to make it sound as if everyone else in the business is incompetent (except them of course).

While that recent example was extreme, why would want to even pay \$20 extra month after month, year after year, if you don't have too?

We recommend shopping for a loan with at least 2 mortgage companies before you make a decision.

**There are countless stories of consumers who wind up paying higher rates or getting a loan program that was not right for them because they blindly followed their Realtor's advice.**

## **Choosing a lender just because she/he has the lowest "quoted" rate, or not getting a written good-faith estimate.**

While rate is important, you have to look at the overall cost of your loan. This includes looking at the APR, the loan fees, as well as the discount and origination points. Some lenders include origination points in their quoted points, while other lenders add an origination point in addition to their quoted points. So when one lender quotes 2 points they mean 2 points, whereas another lender means 2 points plus 1% origination.

The Closing cost portion of your mortgage, however, cannot be your only criteria. There is no substitute for asking family and friends for referrals and for interviewing prospective mortgage companies. You must also feel comfortable that the loan officer you are dealing with is committed to your best interests and will deliver what he/she promises.

Often, the company that has the absolute lowest quoted rate (far from everyone else) may not be telling you something. It is hard to compare apples to apples, when someone is slipping you an orange. Your mortgage company is required to provide you with a written loan estimate (LE) as part of the application paperwork. All lenders have basically the same fees and costs for doing your loan. If one lender is significantly lower, chances are they are not telling you something up front, and usually means you are paying a higher rate in exchange for lower costs.

Call us anytime. We will be happy to review any competitors numbers with you.

## **Looking for a house without getting pre-approved.**

Do not confuse pre-approval with pre-qualification. During the pre-qualification process, a loan officer asks you a few questions and then says something like; "sounds like you *should* qualify for X amount".

The pre-approval process is much more complete.

During pre-approval, the mortgage company does the same work as for final approval, except we don't have an actual address (so we can't do an appraisal or title search.) Once you are pre-approved, you become like a CASH BUYER and have more negotiating clout with the seller. In some cases (especially in multiple offer situations), being pre-approved can make the difference between getting the home and not getting a home. In other instances, homebuyers can save thousands of dollars as a result of being in a better negotiating situation.

Most good Realtors will not seriously show you homes until you are pre-approved because they do not want to waste your time, their time, and the seller's time.

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### **Not getting a rate lock in writing.**

When a mortgage company tells you they have locked your rate, get a written statement which details the interest rate, the length of the rate lock, and details about the program. It is a common practice to "tell you" your loan is locked, with the loan officer hoping rates will go down. If rates go down, he wins, making more money. If rates go up, they make some excuse about why your loan isn't lock. Bottom line. You pay... Get it in writing!

### **Using a dual agent (an agent who represents the buyer and the seller on the same transaction).**

Buyers and sellers have opposing interests. In most normal situations, dual agents cannot be fair to both the buyer and seller, and they represent sellers more strongly than buyers. If you are a buyer, it is much better to have your own agent who will be on your side. The only time you should even consider a dual agent is when you get a price break from using a dual agent. If that is the case, then tread carefully and do your homework!

### **Making verbal agreements!**

If an agent tries to make you sign a written document that is contrary to his/her verbal commitments, don't do it! For example: if the agent says that the washer will come with the house, but the contract says that it will not—the written contract will override the verbal contract. In fact, written contracts almost always override verbal contracts. Buying a house is a very complex process, but it's a lot easier when everything is in writing.

### **Buying a house without a professional inspection. Taking the seller's word that they have made repairs.**

Unless you are buying a new house with warranties on most equipment, it is highly recommended that you get a property inspection, and a roof inspection. This way, you will know what you are buying. Inspection reports are great negotiating tools when it comes to asking the seller to make repairs. If a professional home inspector states that certain repairs need to be done, the seller is more likely to agree to do them.

If the seller agrees to do the repairs, have your inspector verify that they are done prior to close of escrow. Do not assume that everything has been done the way it was promised.

### **Not shopping for home insurance until you are ready to close.**

Start shopping for your new homes insurance as soon as you have an accepted offer. Many buyers wait until the last minute to get insurance, but then they have no time left to shop around.

### **Signing documents without reading them.**

Do not sign documents in a hurry. Whenever possible, try to get documents that you will be signing ahead of time so you can review them. It is advisable to ask for a copy of all loan papers that you are signing a few days ahead of the closing. This way you can review them and get your questions answered. Do not expect to read all the documents during the closing. There is rarely

ever enough time to do that. Bottom line. Ask if you are unsure. A good Loan Officer will always be happy to explain everything to you. Although it is impossible to attend all closings, our loan officers usually do... We will be available to answer any questions that come up!

### **Making your moving plans too tight.**

**Example:** you expect to move out of your prior residence on a Friday and into your new residence over the weekend. So you give notice to your landlord to end your lease on a Friday and arrange for movers to come to your house on Friday. Then, your loan closing gets delayed until the next Tuesday. **You now may be homeless!** New tenants could be moving into your apartment, and the movers are going to charge you for wasting their time. You could be forced to live in a motel for a couple of days!

**A Better Plan:** allow for a 5-7 day overlap between closing and moving. In the long run, it is not nearly as expensive and it will sure give you peace of mind.

# **THE BOTTOM LINE**

**You don't have to use us, but don't get fooled into selecting your lender with false and misleading information, or because your Real Estate Agent said use their company.**

**SHOP! BUT don't make closing costs and interest rates the main tool for making a decision.** It is easy to be misled. By following these rules, you should always be able to make the correct apples-to-apples comparison:

	<p><b>#1 MOST IMPORTANT ITEM TO REMEMBER:</b></p> <p><b><u>ALL</u> lenders</b> have about the exact same costs for doing your loan - <b>NO ONE</b> can do your loan significantly cheaper than anyone else can, <b>PERIOD</b>. Anyone more than just a couple of hundred dollars cheaper than everyone else on an estimate is usually being deceptive. Anyone who quotes a rate more than 1/4 point lower than everyone else is also leaving something out of the equation - and I can just about guarantee in the end, you will actually pay <b>MORE!</b></p>
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1. Get off the internet. Avoid big banks. Always use a local lender, and make sure your particular Loan officer is actually licensed, and experienced.

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2. Make sure you are dealing with a local lender who understands local closings. Internet Mortgage Companies are notorious for screwing up loans, under-estimating, and giving misleading initial quotes. Although you may have found us on the Internet - We are NOT an Internet Mortgage Company! We are a Twin Cities local lender with an Internet presence.
3. A couple hundred dollar difference in bottom line fees on an estimate is meaningless because of the variations in how lenders calculate costs. All estimates within a couple hundred dollars either way should be considered equal.
4. Don't fall for "we don't charge for" statements. Nothing is free, and YOU always pay. See the No Lender Fee example above.
5. Closing Costs / Lender Fee's. - Don't be fooled by "lender fee" statements. PAY CLOSE ATTENTION. Many lenders will give you a ridiculous number that has no bearing on your real *total* costs by saying "OUR closing costs" or "OUR lender fee's" are X amount. Ask instead for the "bottom line", the "total amount required to complete the transaction", or even "what is the exact penny I will need to bring to closing?" By asking in this manner, you eliminate 90% of the misleading games some lenders play in attempting to make their costs sound so much better than everyone else does.
6. NEVER pay anything right up-front. You may be asked to pay a credit report fee up-front. This is OK, but why would you, when so many lenders don't require it. We don't! You may be asked to pay the appraisal fee in the beginning. This is also OK, as long as it is AFTER they have your full application, and AFTER you have signed the Loan estimate (LE). **NEVER** pay anything up-front other than appraisal and credit report. If a lender demands it, go somewhere else.
7. **Verbal numbers without a full application are completely meaningless!** Once you've completed a full application, have a property address, etc. The lender is required to give you accurate numbers. Due to loopholes, they can still be incorrect. Especially in the taxes and insurance part of the estimate.
8. **COMPLETELY IGNORE any interest rate or closing cost estimate online.** They are never right, and are usually based on some type of bait-n-switch quote.
9. **FEE WORKSHEETS.** By law, lenders must be accurate when they provide you with the official Loan Estimate (LE). Before they have a complete file, and before they are required to provide the official Loan Estimate, it is common to provide you with some other form showing you some numbers. This form can be off by a mile, so be sure to compare it to the official estimate once received.
10. **NEVER** use an unknown lender who solicited you through the mail, or called you on the phone. These are by far the worst rip off, misleading, overcharging, predatory lenders that exist!

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The Joe Metzler Team

C A M B R I A  
MORTGAGE™

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## Satisfaction Guarantee

Your satisfaction is of the utmost importance to us at The Joe Metzler Mortgage team, so we offer this unprecedented money-back guarantee. If at any time you are unsatisfied with any of the following services from us, you need only notify us in writing and we will promptly refund any up-front application fee, and if applicable, send your complete file to another lender. You see, we feel that you should be COMPLETELY satisfied, or you should not pay a dime. We stand behind our service, rates, and costs so you can sleep well knowing you have made the most intelligent mortgage decision. We will:

- Review your present situation completely to determine which of the hundreds of mortgage programs we offer are best for you.
- Determine a fair rate for you're given loan program and credit situation AND give you the option to lock in that interest rate or "float" it. If you choose to lock that interest rate, we will GUARANTEE that interest rate at closing unless your credit situation changes during the application. This includes, but is not limited to; undisclosed poor credit, change of program (due to the undisclosed problems such as a loss of job or misleading documents), denial of the loan by underwriting, delay in your loan closing due to factors beyond our control that goes past the Lock-In period, less then desired appraisal value, etc. However, we cannot guarantee the interest rate if you choose to "float" (not lock) it. As always, the choice of when to lock the interest rate is yours and we cannot guarantee what the market will do nor can we promise today's rate tomorrow. We will always strive to do the best job for you!
- Prepare a Loan Estimate (LE) of the closing costs and GUARANTEE that your actual lender costs - will be within 10% or we will cover the difference. We strive to provide you with an estimate that will be as close as possible to the exact penny required at closing. This applies to actual costs only and does not include escrows and prepaid items. Since we do not choose the Title Company on purchase transactions, we cannot guarantee what their costs will be. We will guarantee closing costs on refinance transactions where we choose the Title Company! The industry standard is between 10% and 25% variance, so you can see that we truly do stand behind what we quote you.
- Give you a complete list of any documentation that you may be missing to process your loan as quickly as possible.
- Explain the entire mortgage process to you so you completely understand what to expect all the way through closing.
- Update you weekly on the process of your loan so you are always up to date on what is going on. This gives you the opportunity to have all your questions answered once a week by your own personal mortgage consultant.
- Review your closing statement with you prior to closing so you can feel comfortable and relaxed at the closing.

No one else in the industry stands behind his or her products like this and we are proud to add you to the growing list of happy, satisfied customers of The Joe Metzler Team.

\_\_\_\_\_  
Borrower Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Borrower Signature

\_\_\_\_\_  
Date

We ask only one thing of you. Referrals are the lifeline of our business and, therefore we request that you refer at least 2 people to us during your time in process with us. They will receive the same exceptional service and, of course, the same guarantees.

**Thanks again for your business from all of us at The Joe Metzler Team @ Cambria Mortgage**

# How To Choose A Mortgage Lender

Dear Customer,

SHOPPING AROUND? Here is the inside scoop to do it right.

Make sure you are working with an experienced, professional loan officer. The largest financial transaction of your life is far too important to place in the hands of someone who is not capable of advising you properly or troubleshooting issues that may arise along the way.



But how can you tell who is a true professional? It goes way beyond someone quoting you low rates.

Here are four simple questions a professional lender absolutely must know the answers to. If they do not know the answers, run – don’t walk – to a lender who does.

- 1) **What are mortgage interest rates based on?** The only correct answer is “Mortgage Backed Securities” or “Mortgage Bonds,” not the 10-year Treasury Notes. While the 10-year Treasury Note sometimes “trends” in the same direction as Mortgage Bonds, it is not unusual to see them move in opposite directions. Do not work with a lender who has their eyes on the wrong indicators, or who can’t answer this question properly.
- 2) **What is the next economic report or event that could cause interest-rate movement?** Economic events such as the release of the monthly Jobs Report and Consumer Price Index can cause interest rates to change dramatically. A professional lender will have this information at their fingertips. For up-to-date weekly economic reports and events that may cause rates to fluctuate, visit [www.JoeMetzler.com](http://www.JoeMetzler.com), and hit market update.
- 3) **When Greenspan and the Feds “change rates,” what does that mean, and what impact does it have on mortgage interest rates?** The answer may surprise you. The Fed can only control two rates, the “Fed Funds Rate” and the “Discount rate.” Both are very short-term rates that impact credit cards, credit lines, auto loans, and the like. Mortgage rates most often will actually move in the opposite direction as the Fed changes. In the example of a Fed rate hike, the “Fed Funds Rate” helps to combat inflation, which is a Bond’s worst enemy, as inflation erodes the future fixed value of the Bonds. So a Fed rate hike is actually good for Bonds, and mortgage rates typically respond positively.
- 4) **What’s happening in the market today, and what will we see in the future?** If a lender cannot answer how Mortgage Bonds and interest rates are moving “live”-in real time-or explain what is coming up in the near future that could impact rates, you are talking with someone who is inexperienced, who is still reading last week’s newspaper, and probably not a professional with whom to entrust your home mortgage financing. Would you work with a stockbroker who was only able to reference yesterday’s paper to tell you how a stock traded, but has no idea what the movement looks like at the present time, or which market conditions could cause changes in the future? No way!

**Be smart, Ask questions. Get answers. More than likely this is one of the largest and most important financial transactions you will ever make. You might do this only four or five times in your entire life... but I do it every single day. It’s your home and your future. It’s my profession and my passion. I’m ready to work for your best interest.**

Happy Shopping.

Joseph Metzler Senior Loan Officer  
NMLS 274132

*Cambria Mortgage, 33 Wentworth Ave E, St Paul, MN 55118*

Financing and acquiring real estate should be thought of as an integral part of your overall personal financial plan.

We have developed analytical systems to evaluate your mortgage needs and to assist you in determining the best mortgage for your individual needs based on qualifications, mortgage retention time, initial cost, cash flow, taxes and the overall total cost of the mortgage.

We are dedicated to providing you with the information you need to make an informed decision. This advisory service is much more than a competitive rate and point quote.

## Personalized Real Estate Advisory Service

**Selecting the wrong mortgage program can cost you thousands of dollars and no single loan program is appropriate for every person.**

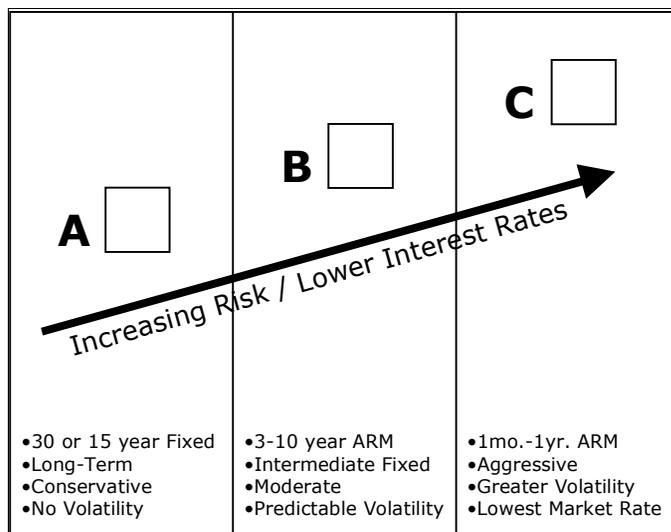
**To assist us in selecting the most appropriate and cost effective mortgage instrument for your individual needs, please complete the questions below:**

1. What is your age? ----- What is your spouse's age?	
2. In how many years do you plan to retire?	
3. How many years do you think you will have this loan or live in this home?	
4. (a) Ideally, how old would you like to be when your home loan is paid off? (b). And how old will you be based on your current mortgage?	a) _____ b) _____
5. How much do you currently owe in personal debt including credit cards, car loans, student loans, and other personal loans? ----- What are your total monthly payments?	
6. What is the approximate value of your investment assets including bank accts, mutual funds, CD's & securities?	
7. What is your combined gross monthly income for all borrowers?	
8. Do you currently plan any major purchases in the next 12 months including car, home improvements and rental properties? (Yes / No)	
9. How much money do you think the impact is from one loan program to another?	<input type="checkbox"/> \$100's <input type="checkbox"/> \$1000's <input type="checkbox"/> more!!!
10. Would you like to receive and review a copy of your credit report? (Yes / No)	
11. On a scale from 1-10 (10 being best) a. Are you satisfied with your current CPA? b. Are you satisfied with your current investment advisor? c. Are you satisfied with your current estate plan?	_____ _____ _____

12. Would you like us to refer you to an experienced local Realtor / Builder? (Yes / No)	
13. Have you talked to other lenders? If so, which loan program do you like best so far?	
14. Please rate the following priorities in your order of personal importance 1 thru 6 (1=Most Important).  <input type="checkbox"/> Lowest Interest Rate <input type="checkbox"/> Speed of Loan Process <input type="checkbox"/> Lowest Overall Cost <input type="checkbox"/> Documentation Needed <input type="checkbox"/> Lowest Up-Front Cost <input type="checkbox"/> Early Mortgage Payoff	
15. Are you interested in buying real estate for investment purposes? (Yes / No)	
16. Do you have life insurance to protect your home? (Yes / No) If so, how much? _____ (Term / Whole)	

The chart below illustrates the trade-off between fixed and adjustable interest rates.

Please indicate the best match, based on your preference between a fixed and adjustable interest rate, by placing an "X" in the appropriate box.



## No Surprises

When you finance with Joe, there are no surprises at closing because he provides you with pre-qualification advice, ongoing assistance and follow-up support. Working together with banks, real estate agents, title companies, appraisers and homebuyers, Joe has developed a solid reputation for dependability, honesty and consistently successful performance. You can trust that this expertise will result in a smooth and stress-free experience.

Call today to set up an appointment for a **FREE, NO OBLIGATION** loan consultation and credit analysis

## Your Guide to the Right Mortgage Lender

The most important part of my job is communications. I know the mortgage process can be a confusing and anxious time for most people. I take ample time during our first meeting to discuss and explain all your options; pressure free. After our initial meeting, you can count on the fact that I keep you informed and updated through every step of the process. Therefore, if you are looking for a stress free loan process, with a lender who cares, and who wants your repeat business, we invited you to get to know us better. Let us pre-approve you for your maximum loan amount and in the process, you will see that our commitment to providing excellent service remains our highest priority.



### Cambria Mortgage

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## THE JOE METZLER GROUP MORTGAGE BANKERS



When Performance Counts  
Count on Joe Metzler



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[www.JoeMetzler.com](http://www.JoeMetzler.com)

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## R esults

The financing of a home is the largest loan most people will ever make. That means finding a professional Loan Officer who listens to you – who pays attention to the details, that guarantees a problem-free experience. When all is said and done, results are what you count on with your mortgage. Whether Joe is helping you "refi" or purchase, Joe provides the care and expertise to get you the results you want.



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## O ffers You

- ◆ Superior Knowledge of Conventional, Jumbo, VA/FHA, and non-conforming loans
- ◆ First-time Buyer Expert – including Zero Down Home Loans.
- ◆ Expert Product Knowledge
- ◆ Excellent Communication Skills
- ◆ A Skillful and Effective Support Team
- ◆ Exceptional Personal Service and Commitment to Success
- ◆ A Multi-Million Dollar Producer
- ◆ Top 5 Producer Company-wide

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## S ervice

Giving personalized service and treating each client as an individual is learned from a long and arduous journey to succeed in the mortgage business. Joe prides himself on providing this kind of exceptional personal service. Joe takes the time to listen, and to establish just what your needs are. Sincere dedication to superior service and results have made him one of Minnesota's top mortgage professionals.

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## K nowledge

Joe has a complete knowledge of loans in the market and is highly skilled in creative financing. Joe is consistently fine tuning his mortgage skills by completing courses in critical subjects. Joe is a 1998 Graduate of the Mortgage Lending School. Furthermore, Joe can answer your most difficult questions and guide you through the loan process quickly and professionally. All it takes is a phone call to get started.

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## Y ou Matter

To Joe, a loan involves much more than just interest rates. It's the people inside that matter most. And when it comes to your family, every member is important. That is why Joe works so hard to ensure that when your transaction closes, you and your family are completely satisfied, not only today, but for years to come. You can put your trust in Joe. Rest assured you have made an excellent choice for financing your dream!