



Home Buyers Seminar Frequently Asked Questions

Weichert Financial Related Questions:

What are average closing costs?

Closing costs include items such as title insurance, Attorney or Closing Agent fees, an appraisal, state and local transfer taxes and document recording fees. Most of these fees will vary depending on the purchase price, the loan amount, and the state where the home is located. On average, a rough estimate would be 1.50% - 2.00% of the purchase price, although it could be as much as 3.00% in some states. In addition, the lenders will most likely set up escrow accounts for property taxes and hazard insurance, and possibly flood insurance and Homeowner Association dues where necessary. Plan to have enough money to pay for your first year of homeowner's insurance premium up front, plus an additional three months to establish the escrow account. You'll also need to have anywhere from 2 to 14 months worth of property taxes depending on which state the home is in. Your Gold Services Manager will be able to provide accurate closing cost estimates in a matter of minutes.

What are the interest rates?

Interest rates are currently at historic lows. Rates vary based a number of factors including your credit score, down payment amount, type of property (1, 2, 3 or 4 unit), and property usage (primary residence, second home or investment). Another important factor is the type of loan program. Weichert Financial Services offers approximately 250 different loan products – all with different and very competitive rates. Your Gold Service Manger can help you select the program that works best for you.

Can you explain the differences between the different mortgage programs such as FHA, and Conventional?

Every loan program has specific criteria in regard to the required down payment amount, your credit history and your debt as a percentage of your income, known as your *debt ratio*. Some loan programs require little or no down payment, but have higher credit standards; others may be more lenient with credit scores but require a higher down payment. Because Weichert Financial Services offers so many loan products, we're able to provide mortgage financing that covers a wide range of situations.

What is the advantage of owning vs. renting in regards to interest and taxes being tax deductible?

If you itemize deductions on your income tax return, you may be able to include a portion of your mortgage interest and real estate taxes as a deduction. This could possibly reduce the income tax you owe. While the Gold Services Manager can give you some basic information on the tax benefits on homeownership, it is recommended that you speak with a tax professional for full details.



Weichert Financial Related Questions (continued)

What is the difference between a pre-qualification and a Weichert Pre-approval?

Most lenders issue pre-qualifications based simply on what the customer tells them about their income and debts. With a Weichert Financial Pre-Approval, the loan is actually underwritten – meaning thoroughly evaluated using specific loan program guidelines – by the Gold Services Manager right from his or her computer. Of course, the sales contract and appraisal will also have to be reviewed as soon as they're available. The difference is that our Pre-Approval is an actual approval vs. a pre-qualification which in many cases are not honored by the lender after the formal loan application is submitted.

Why do you see newspaper ads from different lenders all advertising different mortgage rates?

Lenders will advertise the lowest rates they offer, but these rates typically are available only on loans that carry the least risk. It's really not possible to determine what interest rate a borrower will actually receive until all the risk factors have been evaluated. To learn about what rate you can qualify for, it's important to meet with one of our Gold Services Managers right away.

What's happening to mortgage rates? Are they going up or down?

Mortgage interest rates fluctuate daily based on market conditions but at this time they're relatively stable. If you take a look back over the past 20 or 25 years, the rates right now are at historic lows. Most experts are forecasting a gradual rise in rates during the coming year but there are no guarantees. The fact that you can take advantage of low rates and reduced home prices makes this a great time to buy .

What is a "bad" credit score? How does it affect your ability to purchase a home?

Credit scores can range from about a low of 400 up to around 850. The more negative information there is in the credit report (such as late payments, high credit card balances, or bankruptcy), the lower the credit score. Lower credit scores represent higher risk to the lender, so it can be more difficult to qualify for some loan programs. The majority of loan programs also take other factors into account. For example, the amount of the down payment and the borrower's income are other factors. If your credit isn't perfect, don't assume that it will affect your ability to obtain mortgage financing. Our Gold Services Managers are well-qualified to help you find the mortgage product that works for you.



Weichert Financial Related Questions (continued)

Confusion about credit reporting: I'm afraid that getting pre-approvals will hurt my credit.

Pre-approvals for mortgages seldom affect your credit score to any great degree...and sometimes, not at all. The credit scoring system takes into account the fact that most people who are in the market for a mortgage will allow a number of lenders to obtain their credit report. (This applies to vehicle financing as well.) However, if you've applied for several personal loans, credit cards or store charge cards recently, this could have a negative impact on your credit score because your monthly debts could potentially increase in the near future. Consequently, your ability to make mortgage payments could be affected.

What kind of credit scores do you need?

The higher the credit score, the more financing options you'll have available. Weichert Financial Services has many loan programs available with varying credit criteria so that we can meet the needs of many borrowers. But remember that your credit score is only one piece of the puzzle.

How much of a loan do I qualify for?

Again, this depends on many factors, including the loan program that you choose. Your Gold Services Manager will be happy to meet with you so that together, you can determine the amount and type of financing that will work best for you.

What is needed to get a pre-approval? What is the process?

When you meet with your Gold Services Manager, they'll need information pertaining to your income – how much and what type of income you have; your assets – how much money you will need for the down payment and closing costs, where those funds will come from, and if there will be any funds left over; and your debts – they'll ask about your present housing expenses and review your credit report with you. In addition, they'll find it helpful to know what type of property you're interested in (for example, a condo, or a two-family home) and where you are hoping to buy. That information will allow them to guide you to the best solution for you.



Weichert Financial Related Questions (continued)

How much down payment will we need?

Different loan programs have different down payment requirements. With so many programs to choose from, chances are that we offer something that will fit your wishes and your budget. We have programs that will lend up to 100% of the purchase price for qualified buyers. Keep in mind that your down payment amount is one of many factors that go into assessing your credit risk. The best thing to do is to meet with your Gold Services Manager who will thoroughly review your entire situation and help you choose the best option to fit your needs.

Is an ARM a dangerous mortgage?

An adjustable rate mortgage can be a great solution for many customers, as it requires a lower initial monthly payment. When you meet with your Gold Services Manager, s/he will work with you to determine if an ARM would be a good choice for you or if one of our many other loan programs would be a better solution. The key is to be fully informed about the type of loan program you are approved for, and we'll make sure that you have that information.



Market Conditions Related Questions:

What do you think of the market?

I have never seen such a great opportunity to buy. We have low rates, and a great choice of inventory. The great news is that Weichert Financial has plenty of mortgage money available to qualified buyers.

Think about it, do you really want to buy a home when everyone else is buying and there aren't any choices? The rule of thumb is to buy low and hold, and then sell high. But keep in mind that a house is not a stock - it's a home.

How do I get a deal?

It all depends on what you consider to be a "deal."

When you are working with a trained Weichert Sales Associate they can provide you with relevant local market data by using a tool we call a Price Trend Analysis. This tool goes beyond a standard CMA by illustrating not only what is happening today but what the trends are in the local market place. You can use the information to help you formulate an offer or determine the appropriate price for the home you are selling so you're well positioned in this marketplace.

If I go to Open Houses on a weekly basis, won't I be able to find my home myself?

First, not every home that is available is held open on weekends. But, there is nothing wrong with visiting Open Houses on your own. However, once you have honed in on a style of home and a neighborhood you like, it is always prudent to consult a Neighborhood Specialist before making such an important purchase. Our Weichert Sales Associates can sit with you at a free, no obligation Buyer Consultation. They will share with you what is going on in the local market, prepare a Price Trend Analysis in order to help you prepare the best offer, and guide you through all of the steps of the transaction. It is in your best interest to retain expert representation by a skilled negotiator.

This can be an emotional experience which requires the expertise of a local Neighborhood Specialist that you know and trust.

How do I know if a home is priced correctly?

Real Estate is highly localized. Your Weichert agent will provide you with a Price Trend Analysis which will determine the market trends in the area you are interested in. You can base your offer on those trends. Remember, homes that are priced right sell quickly.



Market Conditions Related Questions (continued)

Aren't prices still going down? Should we wait?

All markets are local. Some markets are appreciating and some are flat, while others are correcting. Your agent will inform you about the trends for the markets you are looking to move to. (SHOW or REFER to Office DATA).

Waiting in today's market will depend mostly on your motivation and personal circumstances. Everyone's situation is unique. (Provide personal anecdote: I know a couple who just had their 3rd child and needs to move. They are not waiting because their need to move was more important.) It's a good idea to ask yourself why you want to move and whatever you answer will guide you to the correct choice.

If you want to move in today's market, you are fortunate. With low mortgage rates, plenty of programs available through Weichert Financial Services and plenty of choices, it's a great time to buy.

How is the market? I hear many people think they should wait until the market is lower.

It is impossible to determine what is the top or bottom of any market. There are only opportunities. Think about the home you grew up in. Did it matter that your parents purchased the home at the top or bottom of the market? That home is worth more today than the day your parents first purchased it.

In fact, according to the National Association of Realtors, home values nearly double every 10 years. Over the last 30 years the median prices of homes has increased an average of more than 6% every year.

Another key point to mention is that we don't know when prices have reached bottom until we see they are going up. By then rates may also be up. (Refer to rate vs. buying power charts)

People buy and sell homes regardless of the market. Market conditions don't prevent people from relocating, having babies, retiring, or living.



Market Conditions Related Questions (continued)

What happens to prices if more foreclosures or short sales are occurring?

Short Sales are reported on the MLS and are noted when a home is listed for sale. Foreclosures often close near market value. The reported routine sales far outweigh the number of reported foreclosures or short sales. We hear more about foreclosures because they are more unusual. The media reports on foreclosures and short sales have more of a psychological effect on the market than the real numbers. (Show local market share for reported foreclosures). These homes are available and sometimes come with certain caveats such as in "as is" condition. Your Associate will help to evaluate your position and help you make a decision as to the home you ultimately choose.

Is it best to look for homes that have had price reductions and have been on the market a long time?

It is best to look at properties that best fit your price range and fit your needs regardless of price reduction or days on market.

Do interest rates or the amount of inventory dictate whether it's a buyer's market or a seller's market?

The inventory dictates whether it's a buyer's market or seller's market. Typically, when we see homes taking 5 to 6 months to sell, we consider that a normal market. When we see homes taking 6 months or more to sell, we consider that a buyer's market. When we see homes taking less than 5 or 6 months to sell, we call that a seller's market. (Review local market data if necessary).

How do I know that the house I buy today will not depreciate seven years from now when I go to sell it?

According to the National Association of Realtors, home values nearly double every ten years. Historically speaking home ownership is a long term investment.



Transaction Specific Related Questions:

What is the buying process?

Your Weichert Sales Associate will arrange a Buyer Consultation meeting with you. One of the items that they will review with you is a Step-by-Step Guide to buying a home.

What is happening with property taxes?

Your Weichert Sales Associate who is also a Neighborhood Specialist can discuss local issues with you and direct you to key people in the community to help answer your questions.

How long are homes on the market?

Your Weichert Sales Associate can prepare a Price Trend Analysis which also illustrates what the average days on the market are for your subject property. But remember, homes that are priced right will sell quickly.

How long does it take to close?

It varies depending on a number of factors including when sellers can move out. It can be as short as 10 days but an average is 30-60 days depending on the laws and customs in your area. Your Weichert Sales Associate can go over this with you during a Buyer Consultation.

What type of inspections do I need to get and what will it cost?

There are several items a home inspector has to consider. For example, termite inspection, septic or pool inspection may all be part of the home inspection process. Your Weichert Sales Associate can review this with you and make appropriate referrals when the time is right.