



BANKERS
MORTGAGE

1030 West County Road E #150
Shoreview MN 55126



Doug Kampsen
Mortgage Consultant

Office: (651) 209-2900
Cell: (651) 470-4825

dkampsen@bankersmortgage.com

Your Mortgage Consultant for Life!



Smart Mortgage

A Mortgage Update from Doug Kampsen

A Few Points About Interest Rates!!



Doug Kampsen
Mortgage Consultant

Since 1986, Doug has proven that he knows what it takes to make residential mortgages happen in Minnesota. As a top Loan Officer in the St. Paul/Minneapolis Metro area, Doug has extensive background in all types of residential loans and has closed over \$300 million in loans with nearly 100% approval rate! From finding hidden/sheltered income in the complicated tax returns of self-employed borrowers to knowing the best loan program for the low down-payment, Doug can make homeownership a realization.

Doug Kampsen
Office (651) 209-2900
dkampsen@bankersmortgage.com

Less is more

If you're new to investing or real estate and don't know the first thing about interest rates, here's a good tip: the higher the interest rate, the more expensive it's going to be. High interest rates mean you will have to pay back more on the money you borrow. Another good rule of thumb is that affordability increases if you use an adjustable rate mortgage (it's easier to qualify this way). Of course, there will be a wide range of prices that you can choose from, depending on what kind of financing you choose..

Not even the Fed knows for sure

The Fed holds a considerable amount of power, but they can't control everything. Mortgage interest rates are affected by many unpredictable political, economic and social events. So there is no guarantee what direction interest rates will go, despite the forecasts of the experts. Therefore, make your financial decision based on where things are today including your budget, your needs and your future plans.

Locking in rates assures your lowest interest

If you do decide you want to lock in at a certain interest rate, you will need to complete a loan application and send it to your lender as soon as possible.



This must be done so that your commitment doesn't run out before your loan is approved. Follow up and be sure that the lender is receiving all of the necessary documentation. Get a property appraisal, which usually costs about \$300, through your loan agent as soon as possible.

Don't obsess and miss a good real estate deal

Although rising interest rates can create more problems for home buyers, waiting and hoping for low rates is not necessarily a smart move. You may end up paying a higher price. Also, refinancing is always an option in the event that interest rates come down.

Your Mortgage Consultant for Life!

How Much Home I Qualify For?



Income. Debt. Down Payment. Closing Costs. Two Years Income Tax Returns. Assets. Liabilities. IRAs. You want WHAT? Just what can I afford?

Buying a home in today's marketplace is a bit intimidating. And your new home purchase is likely to be one of the most important decisions you've ever had to make. Usually it's one of the single most valuable assets you'll own.

Where to Start

Before you invest hundreds of hours searching--and to avoid any heartbreak if you find yourself unable to qualify for your dream home--sit down with a lender. Your lender can perform a simple verbal prequalification in about twenty minutes and a full-fledged prequalification in about 5 days.

Pre-qualification not only allows you to focus your search in the correct price range, saving a lot of wasted time and frustration, but it can also give you an edge when competing with other offers on a home that you find. If a seller is deciding between two offers--yours who has been qualified and another unqualified offer, they are much more likely to pick yours. Pre-qualification will also give you leverage when negotiating with a seller in a non-competitive atmosphere: it essentially makes you a cash buyer. The amount of home that you qualify for will be determined by three key factors: your down payment, your ability to qualify for a mortgage and closing costs.

The Down Payment

Whereas a current homeowner can rely on equity from their home sale, a first time homebuyer is limited to the money they can save. The days of having to put 20 percent down on a home are in the past, although putting a large amount of money down definitely makes it easier to qualify for a mortgage and to get the lowest interest rates available. With the various programs that are available today, you can put as little as 3 percent down on a home.

Qualifying for the Mortgage

There are two basic guidelines that lenders use to determine what size mortgage you are eligible for: Your monthly mortgage payment of principal, interest, taxes and insurance (PITI) should not exceed 25 to 28% of your monthly gross income. Your monthly housing cost (PITI) plus other long-term debt should not exceed 33 to 38% of your monthly gross income. Specifically, most lenders will consider 4 key factors to determine your ability to qualify for a home loan:

Income -- This first element can include not only your gross monthly income and secondary income (commissions, bonuses) but also your history of employment, stability of income, education, even potential for future earnings.

Credit History -- This encompasses your history of debt repayment, total outstanding debt, highest balance, and your highest monthly debt balance.

Assets -- Your assets consist of cash on hand, savings and checking accounts, CDs, stocks, bonds or any other type of liquid asset.

Property -- The home you are planning to purchase will be appraised to determine the market value. The estimated value must be sufficient to secure the loan. Lenders will loan you no more than a certain percentage (usually 95%) of this value.

Closing Costs

Keep in mind that in addition to your down payment, you will also be responsible for paying fees for the loan and closing costs. These will be required at the time of closing unless you qualify and choose to have these included in your financing. Closing Costs generally will range between 2 percent and 6 percent of the mortgage loan, depending on the loan and lender. You will be provided with a "Good Faith Estimate" of closing costs so you can know what to expect. "Points", which are one-time charges equal to one percent of your loan amount, may be required by your lender at closing. Your closing agent will charge a fee at the close of the sale.

Inside Appeal!

Bring Old Floors Back to Life!

Nothing turns off a potential buyer quicker than dull, dingy, disgusting looking floors. Whether you have wax, wooden or tiled floors do whatever you can to make them shine again! For wax floors, either rent a floor machine and do it yourself or, if it's in your budget, hire a professional. Have a professional give you an estimate and explain exactly what they would do to bring your floors back to life. If you have them explain what they would do, it may be just as easy to do it yourself. If you have carpeted floors you should either have the carpet steam cleaned or install new carpeting. This may sound expensive but new carpeting can add thousands of dollars to the value of your home.



Add Attractive Plants

Having plants in the house is not only healthy for you but you create a warm feeling with them. Many indoor plants are far less expensive than you might imagine. Attractive pots such as ceramic, brass or even designer plastic will add a designer flair to your home. Hanging plants such as Boston ferns are inexpensive, easy to care for and would go great in your new home wherever you move.



How to buy a new home before you sell the one you have now

It's a good time to trade up to a home that suits your circumstances better than the one you have now. Before interest rates go up any more, you will be able to afford a larger mortgage, and your present home will be affordable to a larger group of people.

If you want to buy before selling, you have to decide how to do it before your home equity is available to you. That could be tricky. Here are some ways to do it.

* Some home builders offer plans that allow up to 100 percent of the purchase price to be financed by a qualified buyer. If you take this route, financial advisors suggest taking a short-term adjustable rate mortgage (ARM) with an eye toward refinancing when you receive the proceeds of your home sale.

* You could take a second mortgage on your home to cover the down payment.

* In some cases, you can take a first mortgage on the new home and second mortgage to be paid off when you sell the one you have now. Any second mortgage should be a low-rate ARM.

In all cases, it's important to be realistic about the amount of cash your home will generate. It's better to plan on the low side of what the proceeds may be than to be overly optimistic about the amount of money the sale will bring.