Speaker 1 ([00:00]()):

The Accunet mortgage and Realty show is sponsored by Accunet mortgage and equal housing lender and [inaudible] and Accunet Realty advisors, which is a separate company from, but still affiliated with Accunet mortgage.

Speaker 2 ([00:13]()):

Welcome to the Accunet mortgage and real to show getting you inside information on buying, selling, and financing your home with expert advice. But thank you, that mortgage and Realty. And now here's Brian and David Wickers. Hey, welcome to the Accunet mortgage and Realty show. The February 21st edition. I'm Brian Wicker,

Speaker 3 ([00:34]()):

Majority owner of Accunet mortgage. And I can at Realty advisors along with my son, David, the chief client experience, officer evacuate a mortgage. Hey, by the way, David, are you done with your a Realty license training? I am. And I'm taking my test on Wednesday so way to put me on the spot. Now I for sure, got to crush the test on Wednesday. So I'll keep you posted, be checking in next week. If you not that you're going to go out and sell real estate. You just want it to have the imprimatur of being a licensed real estate agent. All right. If you have a question or a comment you can call or text us on the academic mortgage talk and text line, which he is (855) 616-1620. You can also grab a podcast of today's show or our past shows wherever you normally get your podcasts.

Speaker 3 ([01:17]()):

I happened to listen to last week show preparing for this one to make sure I didn't say the same thing twice. And it was a really good show. So if you want to grab that one, I'm recommending it and we'll see if today is as good. All right. So our headline, uh, is that mortgage rates are up. Freddie Mac weekly surveys says they are reaching their highest point since mid-November the 30 year fixed rate average 2.81% this last week, that's according to Sam, Kate, her Freddie Mac's chief economist, who then was quoted as saying economic spending has improved due to the most recent stimulus. That's the one where a lot of Americans received was $600 stimulus check. Yeah, yeah, yeah. Uh, but he goes on to say, supply chain shortages are causing downstream inflation, leading to higher mortgage rates while there are multiple temporary factors driving up rates, the underlying economic fundamentals point to rates remaining in the low 3% range for the year.

Speaker 3 ([02:18]()):

What we're not going to be in the twos anymore. And by the way, David, how many points did you have to pay to snag that 2.81 rate seven tenths of a point. So $1,400 on a $200,000 loan extra that's right. And re remember, I'm participating in those surveys now. And those, those survey, uh, rates are collected on Monday, Tuesday, and Wednesday, and then published on Thursday. Um, and remember that's also for a 30 year fixed rate to buy a home, not refi. And as we've said, many times refinance rates are one eighth of 1% higher. Then purchase rates effective December one when Fannie Mae and Freddie Mac decided to grab more money from consumers who are refinancing. Um, all right. So what happened this week? And by the way that 2.81 is going to go up next week because the, the real rate spike happened on Wednesday.

Speaker 3 ([03:17]()):

When we got information, as Freddie Mac said on inflation, um, inflation is, and always has been the enemy of interest rates because if you're investing in, let's say 10 year United States treasury notes that are yielding 1% like they were in December, in December, early December, the yield on a ten-year treasury note was 0.94. And if all of a sudden the inflation spikes up to 1%, what's your after inflation rate of return, David, less than the cost of the money you get back when you get your bond paid back in full. Yeah. You're not even treading water. If you are expecting a yield of 0.94, and then inflation is at one, you're not even keeping pace with inflation now, uh, you to have your MBA. David's so not our Lear you a licensed loan originator, mortgage loan originator, and soon to be a licensed real estate agent.

Speaker 3 ([04:13](#)):

You also have your MBA. So what causes inflation, David demand, lots of people wanting the same thing and not enough to go around. There you go. The old supply and demand. We've certainly seen that and talked about it a lot in the housing market, right? Lots and lots of buyers, not enough people willing to list their homes for sale and what happens prices go up. So here's the news that we got in general on the economy, uh, on Wednesday, the 17th at eight 30 Eastern time, we got the retail sales report and retail activity, meaning what you and I do as consumers makes up two thirds of the United States economy, what Tesla does and what you know, uh, everybody else does in business. That's only one-third. So the economists were expecting that retail sales would be up about 1% for the month of January. The report came out 5.3% higher retail sales in January, which side of the equation of that is that David demand or supply demand demand, right?

Speaker 3 ([05:20](#)):

So demand is really high. Then we, at the same time outcomes, a report on the producer price index and the producer price index ma uh, measures inflation that how much our price is going up at the wholesale level, not at the retail level, but the wholesale level. And the forecast was for 0.2 out. The number comes out it's 1.2%, a full percentage higher than the market expected. So right before we take our break here to give you an idea, the yield on the 10 year treasury in early December was 0.9 for just 10 days ago. It was a 1.16. It ended the week at 1.3, 5%. So up almost a half percent from early December. When we come back, we're going to tell you how much mortgage rates are up and what that means for your monthly payment. You're listening to the Accunet mortgage and Realty show on am six 20 WTMJ

Speaker 2 ([06:18](#)):

Home buying advice from the guys who know it best. This is the Accunet mortgage and real to show with Brian Wicker on WTMJ. I believe that's a Serb, Bruce. No, not Bruce Springsteen's are Rick Springfield, Rick, Rick Springfield. I'm going to go with that. Yeah, Isaac has. I don't know if he knows this, but I put myself through college,

Speaker 3 ([06:38](#)):

Uh, playing in a disco and top 40 band. And so you are like playing a lot of songs we used to do Jessie's girl. Alright. Anyway, so thanks for that. Um, all right. So we're talking about how interest rates have spiked. And, uh, so let's talk about a specific case here. What's the direct impact. Last week, we talked about a first time refinance in the second half of the show where we had locked into her rate on a 30 year fixed at 2.9, 9% with zero count them zero loan costs and also zero cash to close. And so it remember that story, if you didn't hear it last week, she had called her current mortgage servicer, a large national bank whose name rhymes with [inaudible]. And they had quoted her the same 2.99 rate.

But instead of zero closing costs for the 30 year fixed rate, they were quoting her just $6,400 of loan cost. So she trusted her instinct that God, that sounds a little high and then asked a coworker. And he said, you got to call Accunet unit. And so we are on our way lock her rate on February 8th, 2.9, 9% of the 30 year with zero condom, $0 of loan costs. Well, that seemed $200,000 30 are fixed with 40% equity. So a little more than the right stuff would now be three and a quarter. If we went back to the same money source that we locked her rate in at, on February 8th, David,

Speaker 4 (08:02):

Just to, just to try to save the, the hideous rate you just gave, but this was also a smaller loan size. Yes.

Speaker 3 (08:12):

A hundred thousand 200,000. Okay. All right. You know, kind of middle of the road. Okay. So, um, so now at three and a quarter, uh, her, her payment, if we, you know, if she hadn't locked in, if she had waited 10 days to call, basically instead of saving $222 a month at 2.99 with no loan costs, she would save $194 a month. It's still terrible. That's still, I mean, you're still saving a one 94 folks. So don't let the absence of a two handle on the interest rate scare you away. Now we're going to tell all of our loan consultants, if you haven't already keep quoting 2.99 2.875, because that's what people want to hear, right? Oh yeah. I want a to handle, but when push comes to shove, there, ain't nothing wrong with three and a quarter. And in fact, the other interesting thing is, you know, Accunet is like an independent insurance agent. So we have more than one pot of 30 year fixed money that where we can direct your loan. And we just had one of our 30 year investors who buys Fannie Mae and Freddie Mac loans from us. It significantly improved their pricing last week. So actually, um, we could offer, we could offer this person 3.12, five instead of 2.99 with the same zero loan costs. So it only made a difference of $13 and 67 cents. So this is,

Speaker 5 (09:41):

This reminds me. Yeah, because when we do, uh, this reminds me of years gone by, especially when helping home buyers doing the, uh, what do you call it? The I'm just going to hide when we're doing a go-to meeting.

Speaker 3 (09:55):

Oh yeah. Let me, let me just go hide the address here.

Speaker 5 (09:59):

Right. Let's just talk about what the payment is. And then we're going to have a conversation that's not, um, soiled by all that ugly looking rate. It's like, well, let's have a conversation about payment and then we should know exactly. And then we will reveal, okay, well you just said, boy, David, I really liked that. No. Or lower cost option and then a quarter. Right. And then, and then, but they didn't know that. Exactly. So maybe we'll have to do that.

Speaker 3 (10:31):

Yeah. Let's remind our, our, our loan consulting team. Yeah. I had the rates on the top when you're doing your go-to meeting and let's just start a conversation. Yeah. That's right. Right. Exactly. Hey, I'm just going to take the emotion out of this. I'm going to hide the rates at the top. All right. I got one other refi story. Uh, when we come back and then I want to talk about the, um, Illinois homeowner, who's going to sell and pick up stakes and moved to Fort Lauderdale. You're listening to the Accunet mortgage and Realty show on Wisconsin's radio station am six 20. WTMJ

Speaker 2 (11:06):

Getting you into the home of your dreams. Here's more of an Accunet mortgage and Realty show with Ryan Wicker on WTMJ. All right. So we've been talking to interest rates here in the first half of the show and yeah, rates are up a little bit. It's not the end of the world. Uh, rates are up

Speaker 3 (11:26):

You over there. The handsome guy,

Speaker 5 (11:28):

I'm totally going to jump on you because it's all relative because what Freddie Mac puts in their weekly survey is how did, how does this week's rate compared to last week? And how does this week's rate compare to last year?

Speaker 3 (11:43):

Year? Let's say that. So rates are still miraculously down by how much, what was it last year?

Speaker 5 (11:49):

Over a half percent. So last year, the survey around, you know, late February pre COVID PC, as you might say, was three and a half with seven tenths of a point. So like, God bless. Hey, did you just spend the last year, when you, from, when you bought your house in February of 2020, really glad that now I have all this space where I can be quarantined and, and run my work, daycare school and live and movie theater. It's like, you can still save over half percent probably from what you bought last year. And I think, you know, what's interesting is for first-time home buyers. Um, I don't, uh, there's not, uh, in the home buying curriculum, the page where it says, and Hey, if rates drop, you can go refinance. You're not like stuck just because you bought this house, you can go. And if rates improve, you can pay less to live in your same house or at least think about it. So, so a lot of times, those first time home buyers come out and they're like, Hey, David, um, can I, can I refiled? The answer is probably,

Speaker 3 (13:00):

Can I, do I have permission? Is it worth, I mean, people always ask us, is it worth it? You know? Cause they think the costs are going to be so high. And believe me, if you go to one of the big national banks, like we just talked about earlier in the show, yeah. You're going to pay through the nose for your closing costs. Whether you write out the check or not, remember you got to always check what are my loan costs. And unfortunately the government form called a loan estimate, I think is misleading because on the front page, if you're aspirating for taxes, as an example, the form lumps in how much money you're setting aside at closing for future property taxes, along with the actual loan costs. And they label them as closing costs, that is just dumb. And I wish they would've asked me when they were redesigning the four or five years ago.

Speaker 3 (13:50):

Yeah. I would told them to call it something different. You've got to pay attention to the loan costs, which are then itemized in small print about half the size and not bold anyway. So you gotta look at that.

The other true thing is that now that rates are up, people are going to want to wait for them to come back down some people. Okay. And so my other little refi story is I got a call on Monday, a referral from one of the executives at a large bank to whom we sell loans. So that's always a high compliment. And this was for a relative of his. Now they needed a jumble loan, low six hundreds. I quoted them a rate of 3% with no points or 3.1, two, 5% with no points and no loan costs. Well, they were on vacation visiting the executive brother-in-law and so they didn't have time to really like, and Hey, well, we're going to be traveling and we'll get back to you later in the week.

Speaker 3 ([14:43](#)):

Yeah. So the assumption here of normal human beings is that things are going to be the same tomorrow as they were today. Right. And unfortunately, then, you know, I followed up on Friday, couldn't get a hold of him on the phone. So I sent an email say, Hey, unfortunately, rates went up and, um, uh, by about, by an eighth percent, but this particular jumble investor now over the weekend, I've sent them another email saying, you know, I really think we should lock in your rate over the weekend here because it could very well be that the jumble investors oftentimes keep their money in the vault. They're not selling it on wall street. That's the case for this particular out-of-state bank. Or we sell a lot of jumbo loans, meaning a loan amount over 548,250 bucks. But they could come out on Monday and say, yeah, we're raising rates another eighth.

Speaker 3 ([15:25](#)):

So why risk that? And luckily the executive is in the capital markets area, meaning trading, you know, he's very aware of what rates are doing. So I asked him, I said, what do you think? Should they wait for rates to come back down or lock? And he's like, definitely lock, which is exactly what I always say. Because when you wait, if you miss the bus and, and you, you made that analogy of, you know, people are going to feel or think, and I think I'm going to record a commercial about missing the bus. Yeah. It's like the buses over there. I can see a 30 to pull away. You better run and get on the bus. Cause the next plus may not come in. Bin rates may not come back down. We, we don't know what's going to happen with interest rates. [inaudible]

Speaker 3 ([16:12](#)):

bird in the hand, rather than waiting to see, Hey, maybe, maybe, maybe things are gonna come back down. All right. So there's your Sunday morning dose on interest rates. Interest rates are still great. They are still great enough to save a lot of money on refinancing. And don't forget if you bought a home in 2019, not only are rates lower, but your house value is probably up six, seven, eight, 10%. Which means if you paid PMI, when you bought your house, we can probably lower the cost of that or drop it as well. All right. What do we come back after the bottom of the hour news break, we're going to talk about, uh, this client who's looking to sell in Illinois and buy in Fort Lauderdale. And now it's time to turn it over to the 24 hour newsroom. Take it away.

Speaker 6 ([16:58](#)):

Important home buying questions and answers you can count on base is the Accunet mortgage and Realty show with Brian Wicker on WTMJ. All right. I love, I love this robot. Okay. So

Speaker 3 ([17:14](#)):

Got a call this week or actually got an email and then a call from a long-time friend and a accountant in Chicago. So he's got a client who is about to sell his Illinois residence and he's retired fellow and he's looking to buy a two bedroom, two bath beach, front condo in Fort Lauderdale, Florida. That's on the Atlantic coast, North of Miami in the 500,000 range, getting out of Illinois, why cold winters, rising taxes, both income and property taxes. Florida has no state income tax. As many people know it, property taxes are relatively low. Um, by the way, in Naples, I just looked this up. The property taxes percentage of assessed value is only 1.1, 3%, right? So if you have a $500,000 property, they're 5,500 bucks. That is very similar to, uh, the town of Burton where I live in Waukesha County, where it's 1.1.

Speaker 3 (18:13):

So that's pretty low. And just remember folks, whenever we pre-approve anybody, uh, we're really telling you what's the maximum payment you can afford. And part of the, when we say payment, we're not just talking principal interest, we're talking taxes. And if you're buying a condo homeowners association dues plus insurance, all right. And so just as a reminder, I just told you, 1.1% is the tax rate in the town of Merton, per thousand of the assessed value in the city of Wauwatosa. It's almost double 2.1% and in the city of Milwaukee. So if you're looking at that downtown condo, it's 2.6% of the assessed value. So you're eating up a lot of that monthly payment budget, if you will, with the property taxes, depending on where you live. And that's, that's, uh, a fact that is not appreciated by a lot of first time home buyers. Anyway. So in this particular case, uh, in Fort Lauderdale, then I looked up and guess what? Higher than Naples it's 1.6% so significant difference. And then also, um, the association fees for this, I just happened to go on realtor.com and did two bedroom, two bath waterfront condo of Fort Lauderdale. So I found one listed for 530, $9,000. And the association fees are you ready? Drum roll,

Speaker 5 (19:36):

Want, uh,

Speaker 3 (19:38):

$800 a month. You are low $1,207 a month. And I checked to make sure, because a lot of time condo fees in Florida are quarterly. This one specifically said monthly,

Speaker 5 (19:53):

I was eating. I thought I was shooting a half court shot and you're standing on the other end of the basketball court

Speaker 3 (20:00):

Cart. Boom. Yeah. All right. So not really

Speaker 5 (20:03):

Was standing that and he understands that and he,

Speaker 3 (20:07):

You mentioned the homeowner association, dues are kind of high. I mean, that's going to be way higher than his principal and interest actually it's 1207 because he wants to put about half down. So he is going to sell his home and I, he hasn't filled out the application yet. And I don't remember what city he lives in, uh, in the Chicago Metro area, but he's going to sell his home, which he owns currently free and clear. And then he wants to put all those proceeds down and then finance about half. So his principal and interest is going to be lower than his association dues. I predict, but let's talk about condo lending in, in general because I sent him the link to my, uh, article that I wrote actually. Yeah. I re I re-read that I re-read that condo article, uh, this past week. And it is as true today as it was then, and can be good medicine if you want to fall asleep sometimes.

Speaker 3 ([21:02](#)):

Cause there's a lot in there because it matters. Right? So in general, your, your condominium that you're buying is either eligible for Fannie Mae, Freddie Mac, regular 30 year fixed financing, or it's not. And, and if the easiest way to have a condo project that is eligible is if it's not new construction. Okay. So if it's an existing condo project where at least 90% of the units have been sold and closed and the project is 100% complete, meaning all the units and condo areas in the project are built and the condo projects not subject to additional phasing and control of the homeowners association has been turned over to the unit owners that is the promised land. You can get a mortgage then with Fannie Mae and Freddie Mac. However, then there is this a matter of down payment, how much down payment you make depends on whether you're going to get the full colonoscopy, uh, on the counter project from the lender or the

Speaker 6 ([22:13](#)):

Less invasive

Speaker 3 ([22:15](#)):

Pat on the back. Okay. Let me tell you about that. When we come back from this break, you're listening to the Accunet mortgage and Realty show on am six 20, WTMJ

Speaker 6 ([22:25](#)):

Important home buying questions and answers. You can count on this. Here is the Accunet mortgage and Realty show with Brian Wicker on WTMJ.

Speaker 3 ([22:38](#)):

All right. I love, I love this robot. Okay.

Speaker 6 ([22:41](#)):

So, um, got a call this week or actually got it.

Speaker 3 ([22:44](#)):

Email and then a call from a time friend and a accountant in Chicago. So he's got a client, uh, who is about to sell his Illinois residence, retired fellow, and he's looking to buy a two bedroom, two bath beach, front condo in Fort Lauderdale, Florida. That's on the Atlantic coast, North of Miami in the 500,000 range, getting out of Illinois, why cold winters, rising taxes, both income and property taxes. Florida has no state income tax. As many people know that property taxes are relatively low. Um, by the way, in Naples, I just looked this up. The property taxes, a percentage of assessed value is only 1.1, 3%, right? So if you have a $500,000 property, they're 5,500 bucks. That is very similar to, uh, the town of Burton where I live in Waukesha County, where it's 1.1. So that's pretty low. And just remember folks, whenever we pre-approve,

Speaker 1 ([23:46](#)):

Uh, we're really telling you what's the maximum payment you can afford. And part of the, when we say payment, we're not just talking principal interest, we're talking taxes. And if you're buying a condo homeowners association dues plus insurance, right? And so just as a reminder, I just told you, 1.1% is the tax rate in the town of Merton per thousand, you know, uh, of the assessed value in the city of Wauwatosa. It's almost double 2.1% and in the city of Milwaukee. So if you're looking at that downtown condo, it's 2.6% of the assessed value. So you're eating up a lot of that monthly payment budget, if you will, with the property taxes, depending on where you live. And that's, that's a fact that is not appreciated by a lot of first time home buyers. Anyway. So in this particular case, uh, in Fort Lauderdale, then I looked up and guess what? Higher than Naples it's 1.6% so significant difference. And then also, um, the association fees for this, I just happened to go on realtor.com and did two bedroom, two bath waterfront condo in Fort Lauderdale. So I found one listed for 530, $9,000. And the association fees, are you ready? Drum roll.

Speaker 4 (25:02):

Oh wait, can I guess, can I, uh, $800

Speaker 1 (25:06):

A month? You are low $1,207 a month. And I checked to make sure, because a lot of time condo fees in Florida are quarterly. This one specifically said monthly.

Speaker 4 (25:19):

I thought I was aiming. I thought I was shooting her hat in the court shot. And you're standing on the other end of the basketball court, just this court. Boom. Yeah.

Speaker 1 (25:29):

Right. So not withstanding that. And he understands that. Yeah. And he even mentioned the homeowner association dues are kind of high. I mean, that's going to be way higher than it's principal and interest actually it's 1207 because he wants to put about half down. So he is going to sell his home. And I, I, he hasn't filled out the application yet. I don't remember what city he lives in, uh, in the Chicago Metro area, but he's going to sell his home, which he owns currently free and clear. And then he wants to put all those proceeds down and then finance about half. So his principal and interest payments going to be lower than us or association dues. I predict, but let's talk about condo lending in, in general because I sent him the link to my, uh, article that I wrote actually.

Speaker 4 (26:17):

Yeah. I re I re-read that I re-read that condo article, uh, this past week. And it is as true today as it was then, and can be good medicine if you want to fall asleep sometimes. Cause there's a lot in there because it matters.

Speaker 1 (26:33):

Right? So in general, your, your condominium that you're buying is either eligible for Fannie Mae, Freddie Mac, regular 30 year fixed, or it's not. And, and if the easiest way to have a condo project that is eligible is if it's not new construction. Okay. So if it's an existing condo project where at least 90% of the units have been sold and closed and the project is 100% complete, meaning all the units and condo areas in the project are built and the counter projects not subject to additional phasing and control of the homeowners association has been turned over to the unit owners. That is the promised land. You can get a mortgage then with Fannie Mae and Freddie Mac. However, then there's this a matter of down payment, how much down payment you make depends on whether you're going to get the full colonoscopy, uh, on the counter project from the lender or the lesson based on the back. Okay. Let me tell you about that. When we come back from this break, you're listening to the acronym, mortgage and Realty show on am six 20. WTMJ

Speaker 2 (27:53):

Find a place to call home without the headache. This is the accurate mortgage and Realty show with Brian record on WTMJ. I think Huey Lewis is so deaf now that he can't tour anymore. Is that right? Huh? From all the loud music, I can't hear you. Okay. So talking about condo financing and

Speaker 1 (28:14):

Pitfalls and pratfalls, so if you are buying a condominium and we're talking about going, you know, you need to borrow 548,002 50 or less, and it is eligible because it's an established, uh, condominium project. If you put less than 10% down, and it's your primary residence, you are going to be subject to what the Fannie and Freddie call a full condo review. And at the present time acting, it will not do that on a purchase transaction because it takes too long to review the condor project. And when you write an offer on a condo, you're on the clock and real estate agents and home buyers, especially first time home buyers have no idea what this entails. Uh, and it entails getting the articles of organization, the bylaws of the condo association, the budget, and that's where things usually get screwed up the most. And, uh, then there's something else, budget insurance.

Speaker 1 (29:14):

I don't remember. Oh yeah. If the insurance, and then we got to skip that too, to conduct a review team and that's taking weeks. So we don't want to a be begging for extra time. So we've just said, you know what, if you're putting less than 10% down on a primary residence condo, we cannot help you at accurate the level for a second home condo or that where you're subject to that full condo, uh, review is 30%. So we also said, Oh, you want to buy a condo in Florida or whatever. And it's a second home, a vacation home. You got to put 30% down. Cause it's just too stressful. And we make people cry because oftentimes we will find stuff in that full review that deems the transaction, not doable in the eyes of Fannie and Freddie and people just will, what, Oh, well, what's the matter.

Speaker 1 (30:03):

And you know, we haven't ever had this problem before it's because well, maybe nobody has put less than 10% down in that kind of project before. Um, so that's our take on the world. The thing that makes a condo project, that's new construction, uh, in eligible for reg regular 30 year fixed financing in most cases is the developer is still the market maker, right? If, if all of a sudden sales softened in that condo project, you know, they're halfway through and then we've got this going on with a, um, person buying an Oconomowoc new construction condo. It's like Fannie Mae. Doesn't want to deal with that because if the going gets tough, what the developer is going to do to sell the remaining condo units, they're either going to drop the price or they're going to give further concessions and you know, we'll pay for $10,000 of your closing costs and give you granted and a gold toilet in the master suite.

Speaker 1 (31:04):

Yeah. To sweeten the pot. And then now you're the guy that just lost his job and you need to sell your condo to avoid for closure. And you're competing now, still against the developer. That's why Fanny doesn't generally like new construction condos, although in certain cases, and there was a deal, uh, forget all this was in Florida where the kind of developer had then worked with a mortgage lender. I think it was regions bank down there and regions bank had done all the homework. Cause you can do this as a letter. You can say, I want to make a lot of loans in the, you know, Palm tree condominium project, which is new construction. You can gather up all this information, lay it on the altar of Fannie Mae and say, you're comfortable with the marketability of this project in this market at this time.

Speaker 1 ([31:50](#)):

And they can bless it. We don't do that. Uh, but, but that is possible then that there's a special lender. Who's done special things to land in a otherwise non Fannie Mae eligible condo project. But what we have at least in Wisconsin and in parts of Illinois is we do have a couple of investors who will lend on condo units that are not otherwise eligible for Fannie Mae. The only downside is you're not going to get a 30 year fixed rate. You're either going to get a 15 year or some type of an adjustable rate mortgage, like a seven year, uh, arm or a 10 year arm. And then the name of the game there is once the condominium is completed and it be, and the homeowners association transfers over to the owners and all that other happy stuff, okay. Then we can come back and do a 30 year fixed rate or whatever rates are at that time. So condominiums and extra layer. And you, you said, okay, last week you had a great analogy of first time home buyers walking across the six lane freeway blindfolded because they don't know all the pitfalls and what's your deal

Speaker 4 ([33:00](#)):

And condos, uh, then jump over the median and cross the northbound traffic to try to get to the other side blindfolded in hopes that they make it there, unbeknownst to them, you know what might come up in a full review. I mean, as we say all the time, you just because you didn't ask about it doesn't mean it, the, uh, condo association is being managed well. So like even though we might naturally touch, yeah.

Speaker 1 ([33:31](#)):

The natural assumption is of course it's being managed well, they have all the necessary insurance coverages. They have a good reserve for their budget, all that happy stuff. So I'll end this segment with this comment. I don't want to, as Accunet mortgage, do the full condor review, why it takes too long and we might make you cry with the results. But if I was a buyer of a condo, I would do my own, you know, review just like I was Fannie Mae. You should be looking at the budget to see, do they have enough reserves? What are they the other tip in my article online, which you could just Google, uh, Accunet and condos. You should be trying to get a look at the minutes from the last couple of board meetings and or owner meetings to see if they're talking about that $500,000 roof replacement that they have delayed and have don't have enough money for all right. When we come back, we're going to talk a little bit about people who own businesses and a need to buy homes or borrow money to refinance. You're listening to the academic mortgage and Realty show on am. Six 20 WT,

Speaker 2 ([34:30](#)):

M J w T M J WTMJ W2 77, CV and WK T I HD to Milwaukee from the annex wealth management studio. This is news radio. WTMJ getting you through the home buying process. Welcome back to the Accunet mortgage and realtor show with Brian Wicker on WTMJ

Speaker 1 ([34:51](#)):

That, uh, annex wealth management studio. Things reminds me that we were lucky enough to do a presentation, uh, that was arranged by annex for one of their 401k clients. And we did a nice presentation for their employees on both refinancing and home buying on zoom. Um, and they were so impressed by that, uh, that, uh, the financial advisor involved in setting that up is now contacting us for his refinance. There you go. There you go. Giddy up, did a good job. And he's like, man, you guys seem like you really know what you're doing. Yes we do. Okay. So one more thing. We were talking about condos, the other way that we can do a condo project for Fannie Mae and Freddie Mac. If it's not defined as an established project in the eyes of Fannie Mae, we can do that long form review, which you've heard me say I will not do or accurate will not do if it's a purchase, but it was a refinance.

Speaker 1 ([35:50]()):

There'll be kind of a lot less time pressure. Uh, but the rule for Fannie Mae financing, if the project is not established, is that all the common areas have to be complete. So, you know, if you've got a pool and a tennis court, that's all gotta be done. All the units in the project have to be substantially complete, which means dry wall and windows are installed. And half the units in the project have to be sold or under contract. So there are not many that fit that kind of narrow definition, but the takeaway is condo financing is trickier than single family detached. All right, now let's talk about another area tricky. Uh, and I'm happy to say I'm closing on my own refinance on Monday as in tomorrow. And when you're a business owner like me, the new criteria for lending to a business owner is, um, what's a good word, David, um, painful, full daunting.

Speaker 1 ([36:53]()):

Sure. Okay. Gaunt looked like, and, and here's why because, so if you apply for a refinance like I did in January, uh, you need to provide the year to date profit and loss statement for your company for 2020. Plus you have to provide the December, November and October business bank account statements because the new drill in underwriting self-employed borrowers is that we have to show that you're not suffering. Uh, and your business is steady compared to the previous tax years that you've already filed. Oh, that's right. So profit and loss statement. Plus the three bank accounts, plus the 2019 and 2018 income tax returns for both me personally and your mother and the business. So it is document intensive. And then again, the standard is what we're looking for to prove is that Brian's income is at least as good as it wasn't 2019 and not declining. Okay. Cause a lot of businesses have been affected by COVID

Speaker 4 ([38:19]()):

Different and at different months at different times you got affected last March, April may have been now you're fine. Oh, but maybe your business got affected actually October, November, December underwriters. They don't know. And so that's why they're trying to ask for documentation that recently, and then in comparison to the last tax return, that you're steady.

Speaker 1 ([38:41]()):

Correct. And it doesn't have to be at the same level as long as it's steady, but, and this can be that like the painful you're pulling on a thread on your sweater. Okay. So I've got this information. Now that leads to a question. So now we have to get this additional documentation and we don't know it upfront until we see the initial slug of documents, right? By the way, the other requirement is in my particular situation, I got to close by the end of February because the documentation I provided the bank account statements for the business cannot be any more than 60 days old at the time you closed. So all of a sudden we dribbled into March. Now I need to ask the business owner for January's profit and loss statement, and January's a business bank account statements. So he, we try to educate people upfront that the world is different and this is going to be more painful than you've ever experienced before. So if you're not up for it, then let's not go down this road because we'll do our best to make it the least painful as possible. But it's not, it's not as easy as it was.

Speaker 4 (39:53):

As you said, the rubber meets the road. When you know, we've gotten that first batch, that first wave of documentation. That's not the end of it because there might be follow the lead questions. Yeah. All right. All right. That's all we have time for

Speaker 1 (40:08):

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