

How does a Federal Housing Administration (FHA) loan compare with a conventional mortgage?

An FHA loan is backed by FHA insurance and provided by an FHA-approved lender. They are a type of federal assistance. You can rent the property after you have lived in it for one year. If it's a multi-unit property, the owner should reside in one of the units.

A conventional mortgage is not insured or guaranteed by the government. Instead, the loan is backed by private lenders, and its insurance is usually paid by the borrower.

Should buyers shop around for the mortgage lender with the best rate? What is the best way to do this?

Yes, a buyer should consult different lenders to see who provides the best programs and rates. I would suggest consulting with at least three lenders.

What is deeded parking and what are the buyer's options around it?

Deeded parking as opposed to "assigned parking" is a parking spot that is purchased by the buyer, and the buyer pays taxes on it. A buyer can opt out from buying a parking spot, but sellers who are selling a condo with a parking spot will be more inclined to sell to someone who will buy both.

How does a cash-based income affect mortgage approval?

This depends on whether you file taxes and how you file. It is a case-by-case situation.

How do student loans affect loan approval?

In some cases, your student loans are deferred. In other cases, a lender will have to use 1% of your student debt against your monthly obligations regardless of them being deferred.

Will applying for more than one pre-approval letter affect my credit score? Do you recommend making an offer along with a pre-approval letter?

As long as the mortgage prequalification only asks you to share an estimated credit score, or the lender checks your credit with a soft pull, your credit won't be affected.

Does your interest rate get locked in the day you get pre-approved?

Your interest rate does not get locked in by default the day you get approved. You can lock it in if you wish, but there is a fee associated with it. The rate is typically locked in once the buyer is under contract, but their lender would advise if it is best to lock it depending on current market rates.

Can you refinance to decrease your monthly payments?

Yes, a homeowner can refinance for a lower interest rate, and in some cases, avoid other fees such as private mortgage insurance (PMI), which will significantly lower mortgage payments.

What if you have good credit but not significant savings?

Depending on the sales price of the property and the type of loan you qualify for, an FHA typically requires as little as 3.5% as down payment. A buyer can also ask the seller for closing cost credits when negotiating. These credits can be applied to down payment and closing costs.

What percentage of your savings do you recommend should be used for closing costs?

This depends on the sales price. I do not recommend using 100% of your savings for down payments and closing costs. It is important to have a buffer or extra savings in case any repairs or emergencies arise.

What are some things to consider, or be cautious of, when considering buying a second property?

A second property is automatically categorized as an investment; additional taxes and fees are applied. I recommend buyers map out a plan of action and understand the responsibilities that come with this. It is like running a business if you have tenants. You will have to attend to repairs, etc. Investment properties are smart when the buyer has done his/her homework.

What makes it a buyer's or seller's market, and why is that important?

Buyer's Market: Supply is greater than demand. There are more people looking to sell homes than there are people looking to buy homes.

Seller's Market: Demand is greater than supply. There are more people looking to buy homes than there are people looking to sell homes.

It is important to understand what market it is because in a buyer's market, the buyer has more leverage for negotiation. In a seller's market, seller will get top dollars for his/her property.

Do you recommend a 20% down payment to avoid private mortgage insurance (PMI)?

If you have it, and the 20% isn't the totality of your savings, yes. That PMI can add up on your monthly mortgage payments. If that's all you have in your savings, maybe reconsider or consult with a lender.

What things should you look for in terms of the inspection report?

Pay close attention to:

- Age of appliances
- Roof condition
- Signs of mold or leaks around the house
- Flooding in the basement
- Electric
- Plumbing
- Hazardous elements like lead paint, asbestos, radon, etc.

The inspector will call out all issues and highlight the major ones on the summary page.

From a buyer's perspective, is there a difference between buying a house that is for sale by owner vs. one that is listed via a brokerage?

The main difference may be the process, working through a brokerage may streamline the process and make it smoother. If you are purchasing directly by owner, you will still need an attorney who can advise you in the contractual process.

How much is a good reserve in a home owners association (HOA)?

The reserve fund is an account where the HOA saves money for more costly repairs and replacements. Ideally, the HOA wants to have a 100%-funded reserve, meaning it has enough money to cover all anticipated costs. However, 70% is a good start. With less than that, the HOA runs the risk of implementing special assessments or having to raise association fees to cover costs. This can be a burden on homeowners who must come up with this money on short notice

Can you get the history of an association's major repairs and the costs paid?

Yes, this typically will happen under attorney review, once the property is under contract. If for some reason there are major repairs pending (special assessments) that the seller has not paid, the buyer has leverage to negotiate or walk away from the deal.

Is it advisable to have the seller's broker also be the buyer's broker?

If the seller and the buyer feel comfortable having the same real estate broker represent them during the transaction, it is permitted. But most often, separate brokers represent each side of the transaction.

How early should a buyer start talking to a lender?

Buyers should talk to lenders the second they decide that becoming a homebuyer is a goal for them. It is important to consult with a lender even if the buyer isn't necessarily qualified or ready to take that step. The lender will outline a roadmap with a list of requirements and steps in order to be pre-approved for a purchase.

Does a plat of survey ever expire?

Land surveys don't necessarily come with an expiration date, but they act as a snapshot of your property. Anytime changes are made on your property or your neighbor's land, the old survey becomes inaccurate.

Do you recommend writing a letter to a seller with your offer? If so, what should it include?

While some sellers want "a nice family" to buy their home, it's a violation of fair housing laws to pick buyers based on their familial status. When personal letters accompany offers, sellers run the risk of liability in violating fair housing laws. It's crucial that both the listing agent and the buyer's agent work together to avoid either party violating the Fair Housing Act.

Does a real estate agent have to use a buyer's agent for his or her own home purchase?

Licensed agents can represent themselves in a buyer or seller transaction. By law they are required to disclose they have a real estate license.

Since an agent's interest is for the property purchase to take place, how can the buyer be assured the agent will protect the buyer's interests?

Agents have a fiduciary duty to work in the best interest of their clients even if that means killing a deal. It is important for buyers to find agents they trust and to educate themselves to spot any red flags that arise.

How long do you believe this seller's market will continue?

As warmer weather hits, housing inventory should grow balancing out the market.

Do you have mortgage recommendations for a person with Deferred Action for Childhood Arrivals (DACA)?

Make sure you work with lenders who have extensive experience with DACA programs. These programs change constantly, so a licensed mortgage lender is your best source of information.