

MORTGAGE



GUIDEBOOK

The Elephant in the Room

The Cost Of Waiting to Buy

Temporary Buydowns

Work With the Pros



MORTGAGE



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Sampsel Group

NMLS #145502
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to present Mortgage
Guidebook. We hope you love
it.

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all, you're reading this, right?

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GUIDEBOOK





It was always odd to us that while homebuying has been firmly rooted in the idea of the American Dream, we did not have a publication in the local market that highlighted the current climate surrounding mortgages and the real estate industry.

We didn't want Mortgage Guidebook to serve as a piece of marketing, but rather an intuitive guide that shows the pulse of the mortgage market and might serve to answer some questions along the way.

Please, share with your friends, neighbors, and colleagues when you hear they might be looking to purchase a new home.

We appreciate your business and referrals. It is our pleasure to serve you.

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THE FIRST STEP

We understand that homebuying can be a nerve-wracking process. It is our job to provide you with education and guidance as you take on one of the largest financial decisions of your life.

Real Estate is one of the only true appreciating assets in the marketplace. Consistently performing better than the NYSE, owning real estate is not only a good idea, but a no-brainer.

If you've picked up this magazine, you have already taken the first step, welcome! Being more educated about mortgages, real estate, and what the transaction entails makes you a better buyer.



THE RATE-SIZED ELEPHANT IN THE ROOM



IT'S NOT BREAKING NEWS THAT MORTGAGE INTEREST RATES ARE UP. WHY IS THAT, AND WHAT DOES IT MEAN FOR ME?



It's no surprise anymore when I say that mortgage interest rates are in the 7s. If you've picked up a newspaper in the last few months, or turned on your choice of news program, you are already well aware of that. What you may not be, is okay with it. That's okay! We are here to talk about why, how, and what that means for you as a consumer.

Mortgage rates follow two primary sources. The bond market for mortgage backed securities, and the underlying inflation rate. The Federal Reserve has been hiking interest rates to get inflation under control for the better part of 2 years now. Think about it like this: The federal funds rate is the coarse adjustment tool used by the Federal Reserve to play with how much money is moving through the economy. Once inflation starts to come back down, you will see mortgage rates follow suit and come back down as well.

When COVID-19 first came on to the scene at a global scale, governments and individuals alike didn't know what they were going to do. Shutting down the economy seemed like the best option in order to keep folks safe. Businesses were getting boarded up left and right, and government needed to come up with a way to keep that panic at bay.

What did this look like, you might ask? Easy, the Fed dropped the federal funds rate to the floor.

By making the price of borrowing money so low, it kept money moving through the marketplace. People like small business owners and consumers of these goods were able to leverage the low interest rates to keep their business afloat, their livelihoods intact, and were able to, for the most part, weather the storm.

What did this mean for mortgage rates? They followed suit and hit all-time lows. Mortgage interest rates were so low, in fact, that we had a housing boom. Coupled with the fact that people were fed up with their current living arrangements due to being cooped up during the pandemic, people went out to buy homes like never before.

This all came to a head when the federal government realized that they may have opened the flow of cash through the economy a little too fast. Inflation, excess consumer spending, and a multitude of other factors made the Fed realize that they might need to wrangle this interest rate thing after all...

Unfortunately for the Fed, trying to keep people from spending their money is a little bit like herding cats. Remember that coarse adjustment tool that we just talked about? Well, it was time to use it. Forced to get inflation under control, the Fed tightened up its belt, and raised the federal funds rate.

That brings us too today. While the mortgage rate you see on your loan estimate no longer has a two or three before the decimal, have hope. It is still a good time to buy. Head to page 17 to find out what real-world payments look like now compared to waiting for rates to fall.

TRYING TO KEEP PEOPLE FROM SPENDING THEIR MONEY IS A LITTLE BIT LIKE HERDING CATS.





THE BENEFITS OF TEMPORARY BUYDOWNS

In the dynamic landscape of the mortgage industry, innovative financing options like temporary buydowns have gained traction, offering homebuyers a flexible and advantageous path to homeownership. Temporary buydowns, also known as "interest rate buydowns," are a strategic financing tool that can benefit borrowers and can be paid for by the seller. Let's explore the numerous advantages of temporary buydowns and why they have become a valuable option in today's mortgage market.

SINCE TEMPORARY BUYDOWNS CAN BE SELLER FUNDED, THEY MAY OFTEN TIMES MAKE MORE SENSE TO ASK FOR, RATHER THAN A SLIGHT DECREASE IN THE SALES PRICE.

Being able to leverage lower monthly payments early on in the loan's life cycle, you will be saving money right out of the gate and will most likely be looking at a refinance before your loan hits the full interest rate adjustment. Coupled with the fact that some or all of your temporary buydown can be seller funded, it has become a very attractive option for individuals looking to buy today.

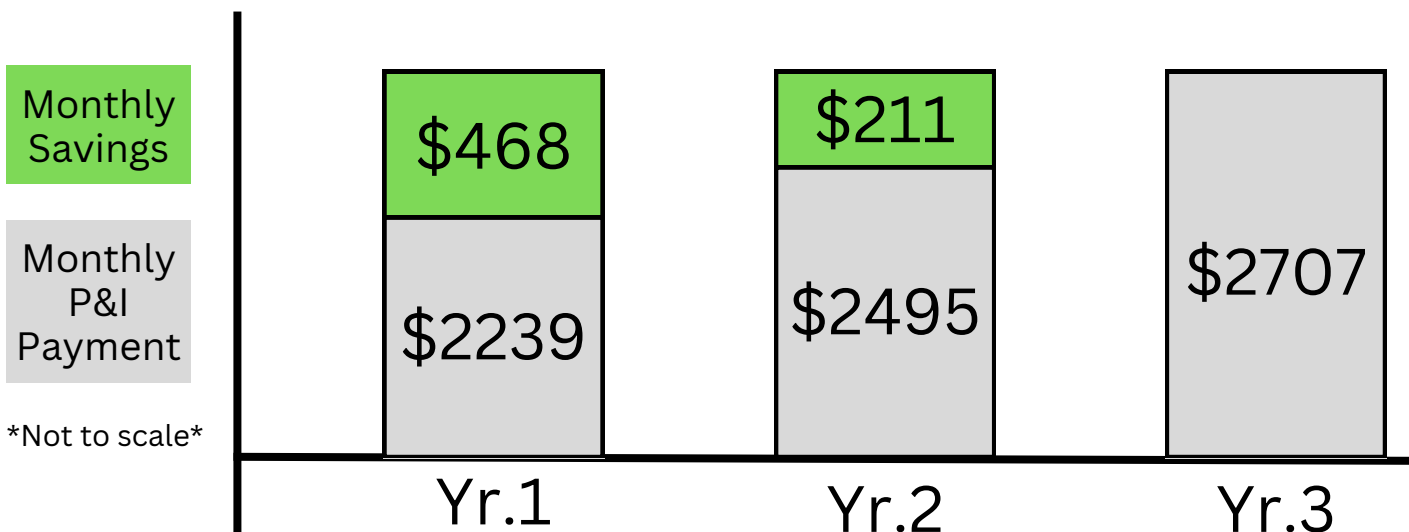
Since temporary buydowns can be seller funded, they may often times make more sense to ask for, rather than a slight decrease in the sales price. On a \$500,000 home putting 20% down, a decrease of \$10,000 in the sales price only results in roughly \$55 dollars in savings per month, assuming a 7.375% interest rate and a 30-year term. Put this same amount of money from the seller towards funding a 2-1 buydown and closing costs, your monthly savings during your first year are in the neighborhood of \$500, due to the fact that the effective rate of your payments during that first year comes in at 5.375%.

The 2-1 buydown gives you a lower payment during the first two years of home ownership. As rates begin to trickle down over the next few years, you'll be able to refinance into a lower rate mortgage, all the while building equity in your home at a lower interest rate.

As the mortgage industry continues to evolve, temporary buydowns are proving to be a valuable tool that opens doors to homeownership for many, and gives buyers the power to confidently purchase a home in today's landscape.



These examples are for educational purposes, and not based on exact numbers. The Interest Rate and Annual Percentage Rate is subject to change at any time without notice. The rate posted may vary depending on past credit history, down payment, and approximate term. All loans are subject to approval. Terms and conditions may apply.



DRESS UP YOUR HOUSE FOR THE SEASONS

Every season brings its unique charm, and what better way to celebrate than by transforming your home into a festive wonderland? From Halloween haunts to winter wonderlands, we've got you covered.





Thanksgiving: Grateful Gatherings

Once the Halloween frights have passed, it's time to express gratitude. Here's how to quickly transition your decor:

1. **Harvest Hues:** Swap out the Halloween-themed decor for warm, earthy tones. Replace jack-o'-lantern with decorative gourds and pumpkins.
2. **Table Talk:** Dress your dining table in fall-inspired tablecloths, place settings, and centerpieces with seasonal flowers and pinecones.
3. **Cozy Corners:** Add soft blankets and pillows in autumnal colors to your living room. Light scented candles with notes of cinnamon and apple pie are a classic choice.



Halloween: Spooky Fun!

October 31st is the spookiest day of the year, and your home should reflect it. Here are some quick Halloween decorating tips:

1. **Pumpkin Parade:** Start with the iconic pumpkin display on your porch. Carve jack-o'-lanterns, and don't forget to light them up at night for that eerie glow.
2. **Wicked Welcome:** Hang a wreath on your front door, complete with spiders, bats, and a haunted "Welcome" sign.
3. **Frightful Foyer:** Inside, drape faux spider webs in your entryway and place a cauldron of candy near the door.



Winter Wonderland: Let It Snow!

Thanksgiving marks the unofficial start of the holiday season, so it's time to go all out for winter. Here's how to make the transition:

1. **Sparkling Lights:** Replace fall foliage with twinkling holiday lights both inside and outside your home. Don't forget a festive wreath on the front door!
2. **Snowy Touches:** Add faux snow to your holiday decor, whether it's snowy table runners or a sprinkle of snowflakes on your mantel.
3. **Merry Mantel:** Redecorate your fireplace mantel with garlands, and a shimmering wreath. Display your holiday cards for all to see.

BE A SMART AND PREPARED HOMEBUYER





LOCATION

Arguably the most important thing to consider when looking for a home is the location. Before narrowing down some of the first homes you want to look at, take into consideration the following:

LOCATION

- How close is this home to your job?
- What does traffic look like, especially during commuting hours?
- Are there enough shopping and retail centers nearby-where you have enough space for privacy, but are still close enough to be convenient?
- What does the medical care availability look like?
- What are the quality of the schools in the area? Even if you don't have children, this factor can come into play if you sell in the future.
- Are the surrounding homes in the area holding their value?

LOCATION

STAY FLEXIBLE AND OPEN MINDED THROUGHOUT THE PROCESS



PRIORITY LISTS:

It is important to create three lists before house hunting. These lists are helpful for your Realtor to make suggestions of where to start looking. As the house search begins, you may find yourself moving priorities around from one list to the next. Just make sure you are sharing your desires with your agent along the way. Ideas for making your lists:

Must Have: If you are working from home, a home office space is likely a must have. Do you own three dogs? A yard might be a necessity as well.

Would be Nice to Have: Maybe you need three bedrooms, but a fourth would be a nice touch. Or you would like to be as close as you can to work but are still willing to commute a certain amount.

Cannot Have: You may be absolutely set against living in a condo community or wouldn't consider a home with a detached garage. Make sure you voice these to your Realtor as well.

Most importantly, stay open minded, and voice all of your feedback to your Realtor as you work to find the best home for you.

MAKING AN OFFER:

Fast forward through all the homes you have viewed. Now that you have found the home you would like to make an offer on. Your Realtor will prepare the documents that will make your offer official, and will present it to the seller, or the agent who represents the seller. You should hear back from the seller within two days unless the seller is a bank, in which case it may take up to 10. A few definitions that will help explain the process:

Purchase Agreement: A binding document that indicated the amount of your offer. It may also include details such as which appliances or fixtures will stay, who pays closing costs, and when you would like to take possession.

Earnest Money: Earnest money check is made out to the escrow company or real estate brokerage that confirms your commitment. Typically, the deposit is a small percentage of the asking price and will later become a part of your down payment or closing costs.

Counteroffer: The seller's response to your offer. When your agent presents the seller with your offer, they can either agree or decline your offer at which point you and your Realtor can make a counteroffer.



THE COST OF WAITING TO BUY



Mortgage interest rates are up right now. Does that mean you'll be getting a better deal once they start to come down? Not necessarily. There are a multitude of potential homebuyers waiting on rates to come down. They will be met with increased competition, offers over asking price, and a generally much more stressful homebuying process. So, how much will they really be saving? Let's look...

SURE, RATES ARE A LITTLE BIT HIGHER, BUT LET'S TAKE A LOOK AT WHAT IT MEANS FOR YOU



In the post-COVID world in which we are living, it might be a hard pill to swallow realizing you won't be getting a mortgage rate that starts with a three. That is understandable, but we probably won't ever be going back.

It was not outlandish to see a home with 20 offers on opening weekend. What did that mean for the home buyer? If that offer wasn't over the asking price, it was very possible your offer was not accepted, because someone else's offer probably was. Not to mention waived inspections and other details to make the offer more inviting.

If you're thinking about waiting until mortgage rates drop again, you might end up in the exact same boat. Sure, rates are a little bit higher on paper right now, but let's take a look at it in real dollars:

BUY NOW

Home price: \$500,000 (510,000 list price, lower offer accepted)

Loan Amount: \$400,000 (20% down)

Interest Rate: 7.375% - 30 year fixed

Total Principal and Interest

Payment: \$2762.70

WAIT TO BUY

Home Price: \$560,000 (appreciation coupled with a bid over the asking price)

Loan Amount: \$448,000 (20% down)

Interest Rate: 6.00% 30 year fixed

Total Principal and Interest

Payment: \$2,733.95

NET DIFFERENCE:

\$28.75 / MONTH

\$12,000 MORE DOWN

BUY NOW, REFI LATER

Loan Amount: \$400,000 (20% down)

Interest Rate: 6.00% 30 year fixed

Total Principal and Interest

Payment: \$2,398.20

REFI SAVINGS:

\$335.75 / MONTH

DECLUTTER YOUR WAY TO A STRESS-FREE HOLIDAY



The holiday season is a time for joy, giving, and spending quality moments with loved ones. However, it often comes with a side of clutter that can lead to stress and chaos. But fear not! With a few simple steps, you can fight holiday season clutter and enjoy a more organized and peaceful celebration.

By following these simple steps, you can ensure that the holiday season is a time of joy, not stress. A clutter-free environment will allow you to focus on what truly matters: spending quality time with loved ones and creating cherished memories. So, this holiday season, declutter your way to a more enjoyable and stress-free celebration.



- 1. Start Early:** The key to conquering holiday clutter is to begin early. Before the festivities kick off, take some time to declutter your living spaces. Set aside items you no longer need or use, and consider donating or recycling them.
- 2. Create a Decorating Plan:** Before diving into decorating your home, make a plan. Decide which decorations you'll use and where they'll go. Avoid the temptation to go overboard with excessive ornaments or decorations that can make your space feel crowded.
- 3. Gift Thoughtfully:** Gift-giving is a significant part of the holiday season, but it can also lead to excess clutter. Be mindful of the gifts you choose for others. Consider experiences or consumables as gifts to reduce the accumulation of physical items.
- 4. Utilize Storage Solutions:** Invest in storage solutions such as decorative boxes, bins, or baskets to keep your holiday decorations and supplies organized. Label these containers to make it easy to find what you need each year.
- 5. Digitalize Holiday Cards and Photos:** Instead of holding onto physical holiday cards and photos, consider scanning or taking pictures of them and storing them digitally. This reduces paper clutter while preserving sentimental memories.
- 6. Streamline Your Menu:** Plan your holiday meals thoughtfully to avoid over-purchasing groceries. Stick to a menu that you and your guests will enjoy without excessive leftovers.
- 7. Recycle or Reuse Wrapping Materials:** Wrapping paper, gift bags, and ribbons can create a lot of waste. Consider recycling or reusing these materials to reduce clutter and be more eco-friendly.
- 8. Regularly Declutter During the Season:** As the holiday season progresses, keep an eye out for items that are no longer needed or decorations that can be taken down. Regular mini-decluttering sessions can help maintain order.

WORK WITH THE PROS



Once you have a general idea of how much home you can afford, where you want to shop, and maybe even the type of home you want, it's time to bring in the professionals in order to get the serious help that you will need throughout the transaction. You, your Mortgage Loan Officer, and your Realtor form a three-pronged team, with you leading the charge. Your Mortgage Loan Officer and your Realtor work to serve you on two different fronts, but act as a team throughout your transaction to make your dreams a reality.

YOUR LOAN OFFICER GIVES YOU BUYING POWER WHILE YOUR REALTOR GIVES YOU THE GUIDANCE AND EXPERTISE TO FIND YOUR DREAM HOME



YOUR LOAN OFFICER:

A loan officer's primary job is to educate potential buyers and assist them in navigating the borrowing process. Some people think that getting a loan secured is the last step in the process, but a little secret: ***Sellers are more likely to agree to an offer from a buyer who has been pre-approved.*** More in Step 3. You will meet with your loan officer to discuss the following:

Your Financial Numbers: You will be asked a lot of questions, and it is important to give as much detail as possible. Do not hide any income or debts. Go back to Step 1 and pull out those financial details you have already crunched at home.

Your Financial Stability: Does your income fluctuate over time? If so, a little more work may be involved with determining your monthly budget and purchasing limits.

Your Plans: Determining how long you plan to stay in the home, your willingness to accept risk, and other factors may change what the best loan options are for you. Be sure to talk with your loan officer about these details.

YOUR REALTOR:

Money is not the only important factor in purchasing a home. That's why working with a licensed and trustworthy REALTOR is so important. They do the homework so you can enjoy the house hunt! An experienced agent will help you avoid pitfalls and provide insight in areas you may not have considered.

Searching: After discussing what characteristics you are looking for, a Realtor researches the MLS for potential properties that meet your needs. As you work together, your Realtor figures out what you like, what you don't, and the process gets more refined.

Showing: Once a house catches your eye, your Realtor will arrange for a showing. They will take you through the property, and it doesn't hurt to have a second set of eyes.

Negotiating: When you decide you are ready to move forward with an offer, your Realtor will prepare an offer for you. After presentation, they will be able to negotiate on your behalf and get you the best deal possible.

GET PRE-APPROVED

Getting pre-approved for a loan is what can set you and your offer apart from the crowd.

There are certain financial documents and information that your loan officer will request in order to get a good idea of what your financial situation looks like.

Why Getting Pre-approved is a Good Idea:

There are multiple reasons that going through the pre-approval process is a good idea. Simply put, you become a more powerful buyer, and your offer becomes as good as a cash offer. By doing some of the leg work up front your loan moves through the process faster and easier.

Because of this, you get to experience a shorter closing period. Most of your financial information has already been submitted and your loan is able to sail through the system. Furthermore, getting pre-approved gives you the peace of mind that you can in fact afford the homes that you are shopping for, and will eventually be making an offer on.

Lastly, since sellers know you have already spoken with a lender, you may end up with more negotiating power. Your Realtor can use your preapproval and the benefits that come with it to negotiate a lower sales price, seller's concessions for closing costs, rate buydowns, etc.

Paperwork You Will Need to Provide:

Pay Stubs - Prior 30 days, maybe longer depending on income fluctuations

Bank Statements- Most recent 2 months statement of all personal checking and savings accounts

Retirement Account Statements- Most recent 2 months statement or last quarterly

Federal Tax Returns & W-2s- previous 2 years w-2's and complete tax returns last 2 years if self employed or have other income.

Complete List of Debts- credit cards, student loans, car loans, and child support payments, along with minimum monthly payments and balances

Other items if applicable - Social security, alimony, and child support income. Divorce decree, information on other properties owned, etc.

**SIMPLY PUT, YOU
BECOME A MORE
POWERFUL BUYER,
AND YOUR OFFER
BECOMES AS
GOOD AS A
CASH OFFER.**



QUICK HOLIDAY SEASON SIDE: HONEY BALSAMIC ROASTED CARROTS WITH PISTACHIOS

INGREDIENTS:

- 2 pounds (about 900g) of carrots, peeled and trimmed
- 2 tablespoons olive oil
- 3 tablespoons honey
- 2 tablespoons balsamic vinegar
- 1/4 cup shelled pistachios, roughly chopped
- Salt and pepper to taste
- Fresh parsley for garnish (optional)

These roasted carrots are sweet, tangy, and crunchy, making them a delightful addition to your holiday menu.

1. Preheat the Oven:

- Preheat your oven to 425°F (220°C).

2. Prep the Carrots:

- Cut the carrots into sticks or coins, depending on your preference. Try to keep them roughly the same size to ensure even cooking.

3. Prepare the Honey Balsamic Glaze:

- In a small bowl, whisk together the olive oil, honey, and balsamic vinegar until well combined.

4. Coat the Carrots:

- Place the prepared carrots in a large mixing bowl.
- Pour the honey balsamic glaze over the carrots and toss them until they are evenly coated.

5. Season and Arrange:

- Sprinkle salt and pepper over the carrots to taste.
- Spread the coated carrots in a single layer on a baking sheet or in a roasting pan.

6. Roast the Carrots:

- Roast the carrots in the preheated oven for 20-30 minutes or until they are tender and slightly caramelized, tossing them once or twice during cooking for even browning.

7. Toast the Pistachios:

- While the carrots are roasting, toast the chopped pistachios in a dry skillet over medium heat for a few minutes, or until they become fragrant and lightly golden. Be sure to keep an eye on them to prevent burning.

8. Serve:

- Once the carrots are done roasting, transfer them to a serving platter.
- Sprinkle the toasted pistachios over the roasted carrots.

9. Garnish and Enjoy:

- If desired, garnish with fresh parsley for a pop of color and freshness.
- Serve your Honey Balsamic Roasted Carrots with Pistachios as a unique and flavorful side dish for your holiday meal.

WORK WITH US NOW, SAVE ON YOUR REFINANCE

Through June 2026, The Sampsel Group is waiving all lenders fees on refinances when you finance your purchase with us



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