

COMMERCIAL PROPERTY AUCTION

**COMING
TUESDAY, APRIL 13TH**

**Selling in Auction Gallery with many
Great Investment Opportunities.**

OpenHouse/ Inspection event will be held Tuesday, March 23

CHECK OUR WEB SITE OFTEN!

PROSTAR
AUCTIONS
PROFESSIONAL REAL ESTATE SALES

*30 Years Experience in
Real Estate and Auction Services*

Bus. Hwy. 54 & Crossings West Drive
P.O. Box 2651 Lake Ozark, MO 65049
Phone: 573-365-7272 | Fax: 573-365-7273

WWW.PROSTARAUCTIONS.COM

Ask your mortgage professional

Owner Financing What You Need To Know

With many owners trying to sell their homes and fewer buyers being able to obtain conventional financing, some homeowners are opting to offer "Owner Financing". Lease purchase is also a form of owner financing. While this may seem like the only option for some buyers, is it their only option and is it a good idea? Owner financing is a risk to both the sellers, and the buyers. Understanding these risks will help you decide whether this financing option will be right for you.

As a buyer you need to know if the sellers have a current mortgage on the home. If you make your payments directly to the sellers will they continue to make their mortgage payments? This is a risk; do you really want to take it? Many lenders will not allow the option of a lease purchase to a third party and may call the note due if there is a current mortgage on the property. Most sellers do not want to hold a note/loan for 30 years. What are the terms of the owner financing or lease option? Do you have 2 or 3 years to obtain your own financing before you lose the opportunity to purchase the home? What about all the money you have already paid to the seller? Will you be able to get any of that back in the event you are not able to purchase the home at the end of the lease purchase agreement? If this be the case, have you really gained anything or should you have continued to rent and let the landlord make all the repairs instead of putting money into a home that you can no longer purchase?

When opting to use owner financing or lease purchase options do not neglect to obtain an appraisal. No matter what type of financing you obtain you don't want to overpay for the property. An appraiser will give you an accurate value for the type of property in today's market. Buyers may decide not to get an appraisal in order to save the \$300-\$500, but in reality they could be grossly overpaying for the property. This will also play a major role in the future when you try to obtain conventional financing. If you have overpaid for the property you will have little or no chance to refinance because of lender loan to value guidelines.

As a seller you need to make sure that the buyers are in a position to purchase the home on the terms and conditions set forth at the beginning of the arrangement. What is the reason that the buyers are not able to obtain financing now? What are they doing to make sure they will be able to obtain financing in the future? Are they working with a credit counselor? Are they working with a Licensed Mortgage Professional that will help them with a plan to obtain financing in the future? This needs to be looked at and addressed in the beginning of the lease purchase option. Depending on the buyers' individual financial circumstances the lender should be able to project when the buyers should qualify, assuming they take the necessary steps to restructure or restore items in their personal financial situation as instructed.

Whether you are the seller or the buyer you need to make sure to work with a Title or Escrow Agent that will ensure that all the proper documents are signed and recorded to reflect the ownership of the property and terms and conditions of the owner financing.

Owner financing can be a great option for some, but for others it may be a long term rental agreement and you may never own the property. Make sure you know and understand the terms and conditions of the agreement. Take all the necessary steps to ensure that you can purchase the property in the future, if this is uncertain be cautious about entering into an owner financing option.

If you have questions or comments please email them to andrew@askandrewconner.com

Call Andrew today at 573-302-0600. Listen To "The Mortgage Market Update" Weekly Radio Show on KRMS 1150AM and 97.5 FM Every Friday Morning At 8:35am

Website: www.askandrewconner.com. Andrew Conner is a Certified Mortgage Planning Specialist. CMPS®. Specializing in the areas of Mortgage Planning, Credit Repair Counseling, Cash Flow Management, and Real Estate Equity Management, utilizing your mortgage as a financial instrument to achieve your short term and long term financial goals. Less than 1% of all Mortgage Originators in the USA have this credential.

Get in Touch

Send your business related announcements to us at:
businessjournal@charterinternet.com

Please include a text-only file with your submission, accompanied by attached pictures in JPEG format. You can also mail your submissions to:

Business Journal, 160 N. Hwy. 42, Kaiser, MO 65047.

PutTheWebToWork.com

Affordable

Custom Website Design

**Website Hosting
with FREE Updates**

Search Engine Optimization

msw : interactive designs LLC

We put the web to work for you!

BBB A+ Rating

Visit Our Portfolio Online

MSW Interactive Designs LLC
www.PutTheWebToWork.com
573.552.8403

HAPPY ST. PATRICK'S DAY!



**Sandy & Mike Waggett
Owners**

