

- **What does “Owner Financing” actually mean?**



Owner Financing is an alternative to traditional financing methods. Typically, a buyer will use a third party bank or mortgage company and borrow the amount needed to buy the property. The problem is, that most of these traditional institutions of lending are highly regulated, even government backed, and the rules for getting approved are very rigid. *Owner Financing* is exactly what the name

implies; the owner offers to take the balance owed on the property in installments (payments) over a specific period of time. Now “the owner” is in the driver's seat instead of the government or bank regulators. The owner can decide to do just about anything they want to do within reason. This is where the "Second Chance" opportunity for less than perfect buyers comes into play. Traditional lending institutions require buyers to meet high credit scores, long time on the job requirements, and specific debt to income ratios. The owner financier has much more leeway to pick and choose a buyer at will. After all, it's their money and their property that is being used in the transaction.

Down Payments

It is normal for owner finance deals to require a higher down payment than traditional methods. Since most owner finance buyers usually have less than perfect credit, it's the down payment that assures the seller that the buyer will complete their obligation to pay and not walk away from the deal. Serious buyers put up serious down payments and this gives the seller, who is gambling on collecting the payments, the confidence to move forward. Down

payments fall into the "serious" category when they reach 20% of the sales price. Anything less than 20% and the seller is forced to do more homework on the buyer; credit checks, background checks, rental history verification, ect., etc.

Interest Rates

The seller gets to pick and choose what interest they chose to use, however, there are laws that regulate the maximum interest rate allowed. It is not unusual for seller financing rates to be higher than the traditional lending rates. After all, the seller is taking a chance on a buyer that is not strong enough financially and credit wise, to qualify for those other types of low interest loans.

Terms

The seller can also pick and choose the length of time they wish to finance their buyers. Loans may range anywhere from as short as 1 years and as long as 30 years. The longer the term, the smaller the payment. By spreading the payments over a longer period of time, the seller can help the buyer be able to afford the monthly payments. And affordability is the name of the game!

[**Homes2Go.NET**](#) strives to make your monthly **Principle + Interest + Taxes + Insurance + Escrow Servicing Fee** payment as close to the monthly rental rate for homes in that area. Why would a person pay rent when they can own for almost the same cost per month as rent?

- **What are the benefits of owner financing?**

The biggest benefit to owning your own home is that one day you will no longer have a payment. Yes. Eventually, you should pay off your home and live the good life. You'll also get to enjoy any appreciation that comes your way. While appreciation is never a guarantee, it is typical for houses to become worth more and more over the years. Just look at the prices of home from when your parents bought their house and what that house is worth today. It's not chump change is it?

The most important aspect of the owner financing offered by [**Homes2Go.NET**](#) is that your principle + Interest payment will never go up. Typically, your P&I payment is fixed for the live of the loan. Note that the insurance and the property taxes are not fixed and those costs can

increase from time to time. If you're over 65 you can even fix your property tax expense for the rest of your life in the property. Your escrow servicing fee may adjust upward from as well, but we find this to be a rarity.

- **What is the buying process like?**

If you are serious about buying a home, this is how you can start...

STEP ONE: Call this number **210-610-9166** and listen to the recording. By calling this phone number you are automatically going to be signed up to receive test messages

- **How long does the buying process take?**

At [Homes2Go.NET](#) we have the buying process down to a science. Plan on two weeks for the closing process to take place and you'll be very safe in your estimations and planning. However, it is possible to arrange for faster access and or closing period but much of it will be up to you; we'll need you to supply the things we need promptly.

- **Do these homes come with a warranty?**

At [Homes2Go.NET](#) all of our homes are sold "**As-Is, Where-Is**" and with all their defects and imperfections. There is **NO WARRANTY EXPRESSED or IMPLIED**. We don't sell perfect homes and we don't ask that you be perfect to buy one of our homes. But rest assured, you can take this imperfect home and make it into whatever you want as long as you are improving the property and it's value. We pledge to always give you full disclosure of what we know about the property before you buy it. It's important to remember, we have not lived at the property and therefore we may not be privy to any history - good or bad. That is why we always suggest that you inspect the property before you buy. Crawl under and over the home and do your due-diligence. We never want you to buy a home and then learn of something unexpected later. We will always give you ample time to view and review the property because, at the end of the day, you are buying your home in the condition it is in - for better or for worse.

- **What if I don't have perfect credit?**

Owner financing can give you the second chance you need and deserve. While the seller may elect to check your credit, background, and rental history, it is not a pass or fail situation. The seller can elect to sell their property to anyone they want to (Provided they can afford it). The down payment can go a long way to helping the seller overlook your deficiencies. The larger the down payment, the easier it is for the seller to trust that you will follow through with your commitments and make all of your payments in a timely fashion.

- **What are the requirements?**

- #1. You must have a substantial down payment
- #2. You must be able to prove you can make the monthly payment.
- #3. You must be able to meet with the RMLLO three times throughout the process.

- **How much is the down payment?**

The minimum down payment for houses that need little to know repairs is about 10% of the sales price. A 15% down payment is very good, and a 20% or more is very strong! The amount of down payment is up to the seller and the buyer to agree on, however, the seller has the upper hand. After all, it is his property you want to move into – right? So the amount of the down payment is very important to the seller. The down payment is the glue that will hold the agreement together. The more down payment you give the seller, the better the seller feels and the safer is. Sometimes the seller will even reduce the price if you offer to give them a very strong down payment. Large down payments can keep your payment low and the stress of making payments way down.

- **How much will my payments be?**

The amount of your monthly payment depends on a lot of things. You'll be working with a *professional Residential Mortgage Loan Originator* (RMLLO) and that person will be responsible for setting up your loan terms and making sure that you absolutely understand everything about the loan you are considering. Your payments depend on the price of the home and the size of down payment you put down. Your payment is also affected by the interest rate, the term of the loan, the property taxes, the cost for

homeowner insurance, and the escrow fee. Here's the most important part of the entire consideration; the payment should be very close to what it would cost to rent a comparable home in that same area.

- **What is included in my owner finance payment?**

The Homes2Go.NET owner finance payments includes...

Principle + Interest + Property Taxes + Insurance + Escrow Fee

This is regulated by the federal government and we must collect certain things in the payment if we are owner financing a property. We simply have no choice in the matter. What is important is to know that our goal is to make the total of all these charges equal to or less than the rent you would pay if you were to rent in that area. Why would you pay rent if you could own for about the same price?

- **Is there a penalty for early payment?**

At Homes2Go.NET there is never a penalty for paying off your loan early. Simply call for your payoff amount and come to the office with a cashier's check for that amount - Bam! - Your home is paid off! Break out the champagne and hand out the champagne glasses...you are mortgage free!

- **How much are the closing costs?**

In addition to your down payment you'll need to prepare for some closing costs. Depending on the sales price of the property, the closing costs can run between \$1,500 and \$2,000 and you'll have to bring proof of one year's worth of homeowner's insurance paid in advance. You will also need to pay for some of the property taxes in advance. These amounts are held in escrow and paid out when appropriate.

- **What is the Escrow Servicing Fee?**

The escrow servicing fee covers part of the cost of making sure the mortgage is paid on time and that all the taxes and insurance bills are paid as necessary. The escrow servicing fee also helps cover the cost for an "Account Status Report" which you will receive by January 31st of each

year. This report describes your account standing for the previous year. Among other things, this accounting report will show you your remaining loan balance and the interest you paid for said year. It is a yearly review of your account so you know where you are.

- **What if I can't make the payments after I'm the owner?**

If you buy one of our homes and you find you can't make the payment, there are at least 2 things that can happen;

#1. You go through a process called foreclosure and you have that mark on your record for a long, long time.

#2. You simply sign the house back over to us in front of a Notary.

Either way, you will forfeit your down payment and all the payments you have made. You will also forfeit any improvements you've made to the property while you were the owner. Always consult with Homes2Go.NET before you give up on your home. We have been around a long time and we may know of ways you can save your property. It is never our goal to take properties back. We want to sell our homes once and then simply collect the payments over the years, but, we know that sometimes things just happen. Don't be embarrassed. Let us try to help you. If we can't work things out, we don't have to be enemies, you don't have to run away. Simply sign the property back and that will be that.

People that handle the giving back of a home in a professional and business manner are always welcome to buy another home from us when they get back on their feet. We've done it before, and we will do it again.

- **How do I go about finding my home?**

The very first step is to view the homes we offer here on our website.

- Print out the homes that interest you.

- Drive to those home to look at them. Get out of your car, walk around the home, look through the windows, check out the neighborhood!

- If you like the home, call the phone number in the front window. This phone number will connect you to a person that will get you inside the home and connect you with an RMLLO to get the buying process started if you decide to move forward. Expect the person that shows you the house to ask you for a deposit and for the application fee.

IMPORTANT: We always give receipts for funds collected. Make sure you hold on too your receipts and copies of your paperwork.

It all starts by finding the right home.