



**Jérôme Sierra**  
*Certified Mortgage Planner*  
Going the *Extra Mile* for Your!

# INTRODUCTION TO MORTGAGE PLANNING

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BWC MORTGAGE SERVICES  
MORTGAGE BANKING & BROKERAGE

2083 Old Middlefield Way Suite 206  
Mountain View, CA  
(650) 650 0204

[mortgage@jeromesierra.com](mailto:mortgage@jeromesierra.com)  
[www.jeromesierra.com](http://www.jeromesierra.com)  
[www.jeromesierra.blogspot.com](http://www.jeromesierra.blogspot.com)

# THE MORTGAGE PLANNING SOLUTION

The mortgage planning process is different from the typical “shopping for a mortgage” experience.

## **The mortgage planning process is not about you...**

...wasting your valuable time trying to save \$25/month by comparing rates, fees and closing costs among different lenders.

...wasting your valuable time trying to baby-sit the mortgage company you have reluctantly chosen to work with.

...being promised one thing and then getting something different at closing.

...being “sold” on one mortgage product over another.

## **The mortgage planning process is about you...**

...receiving valuable financial advice and guidance that can literally save you hundreds of thousands of dollars.

...trusting a professional who is committed, qualified and equipped to deliver what they promise.

...experiencing a “concierge” level of service when you are in the market to buy a home, refinance your mortgage or make cash flow changes to enhance your lifestyle.

...implementing a defined financial plan of action in helping you achieve your life goals and dreams.

...maintaining an ongoing high trust relationship with a team of financial advisors who can help you make necessary changes in your debt, cash flow and home equity planning strategies.

This is a relationship, not just a transaction. As such, it requires a defined system of accountability in order to work effectively.



# THE CHALLENGE: THE EVER INCREASING COMPLEXITY IN LIFE

**Today's world is complex. Your life is complex.**

Some people say the best mortgage is no mortgage. Yet others say you should leverage as much as possible. The fact is that there is no "one-size-fits-all" mortgage solution!

Why waste your valuable time trying to sift through the hundreds of mortgage options available in today's marketplace? Leave it to the professionals.

In our Mortgage Planning Practice, we are committed, qualified and equipped to help you make smart choices in these areas:

- **Buying a Primary Home:** There are many pitfalls you can avoid when purchasing a new home.
- **Buying a Vacation Home:** How you can comfortably afford the vacation home of your dreams while making smart financial choices.
- **Investing in Real Estate:** Are you a speculator or investor? Great fortunes can be made AND lost in real estate. Make sure you invest with the proper strategies!
- **Refinancing a Mortgage:** Tips and strategies that save you money when you are in the market to
  - refinance your home loan.
- **Improving Your Credit Rating:** Your credit rating affects the interest rate that you pay for mortgage loans, we provide strategies for improving and maintaining good credit scores.
- **Reducing Debt:** How you can get your debt down to manageable levels and stay on track to become free of bad debt.
- **Changing a Job or Career:** Are you prepared to face the financial impact of losing your job or
  - changing careers?
- **Financial Strategies for Divorce Situations:** There are over 1.4 million divorces in the US every year. We offer tips and strategies on how to maintain your lifestyle after a divorce and how to evaluate various financial settlement options prior to a divorce.
- **Improving Personal Cash Flow:** For many people it's difficult to get ahead financially. We work with you on strategies to take better control over your cash flow and financial destiny.
- **Saving Money on Taxes:** Use mortgage and real estate equity planning to optimize and save money on taxes.



# THE METHODOLOGY

## THE MORTGAGE PLANNING PACKAGE

This helps you gain greater clarity around how your personal financial situation impacts your home ownership goals.



## THE MORTGAGE NEEDS ANALYSIS

We prepare a detailed assessment to help streamline the mortgage process, reduce your paperwork, and create greater certainty.



## THE STRATEGIC PLANNING SESSION

We develop a strategic evaluation that helps you integrate the loan you select into your over-all long and short term financial and investment plan, to minimize taxes, improve cash flow and minimize interest expense



## THE COMPLETE MORTGAGE PLAN

We prepare a detailed step-by-step plan to obtain the right mortgage and achieve our objectives



## THE UNIQUE MORTGAGE EXPERIENCE

We provide a unique concierge experience designed to address any unforeseen obstacles and facilitate the smooth closing of your mortgage



## THE CLIENT FOR LIFE PROGRAM

### THE MORTGAGE MANAGEMENT SYSTEM

We have designed a loan tracking and management process to ensure that your mortgage meets your changing needs and you have the most competitive loan terms over the life of your loan!

### THE CLIENT APPRECIATION PROGRAM

We provide ongoing communication, recognition, and added value to build and **enhance** our relationship with you

We want to be **The Mortgage Planner** you refer to your family and friends.

Our goal is to take such great care of you and your loan that we earn not only your loyal business, but also your referrals to family and friends.

Our success has been built by referral, one happy client at a time.

# TIPS FOR A SMOOTH LOAN APPROVAL

Here is a list of helpful tips to ensure an effortless loan process. These DO's and DON'Ts will help avoid any delays with your loan approval.

- DO continue making your mortgage or rent payments
- DO stay current on all existing accounts
- DO keep working at your current employer
- DO keep your same insurance company
- DO continue living at your current residence
- DO continue to use your credit as normal
- DO call us if you have any questions
- 
- DON'T make a major purchase (car, boat, fur, jewelry, etc)
- DON'T apply for a new credit (even if you seem pre-approved)
- DON'T open a new credit card
- DON'T transfer any balances from one account to another
- DON'T pay off charge offs without a discussion with us first
- DON'T pay off collections without a discussion with us first
- DON'T buy any furniture
- DON'T close any credit card accounts
- DON'T change bank accounts
- DON'T max out or over charge on your credit card accounts
- DON'T consolidate your debt onto 1 or 2 credit cards
- DON'T take out a new loan
- DON'T start any home improvement projects
- DON'T finance any elective medical procedure
- DON'T open a new cellular phone account
- DON'T join a new fitness club
- DON'T pay off loans or credit cards without discussing it with us

If you encounter a special situation, it is best to mention it to us right away so we can help you determine the best way to achieve your goals.



# INSIDE SCOOP ON HOW TO DO IT RIGHT! (1)

First, make sure you are working with an experienced, professional loan officer. The largest financial transaction of your life is far too important to place into the hands of someone who is not capable of advising you properly and troubleshooting the issues that may arise along the way. But how can you tell?

Here are four simple questions your lender ABSOLUTELY must be able to answer correctly. If they do not know the answers... run... do not walk... run... to a lender that does!

## **1. What are mortgage interest rates based on?**

The only correct answer is Mortgage Backed Securities or Mortgage Bonds, NOT the 10-year Treasury Note. While the 10-year Treasury Note sometimes trends in the same directions as Mortgage Bonds, it is not unusual to see them move in completely opposite directions. DO NOT work with a lender who has their eyes on the wrong indicators.

## **2. What is the next Economic Report or event that could cause interest rate movement?**

A professional lender will have this at their fingertips. For an up-to-date calendar of weekly economic reports and events that may cause rates to fluctuate, you can visit [www.http://www.rpm-mortgage.com/index.asp?content=market-snapshot](http://www.rpm-mortgage.com/index.asp?content=market-snapshot)

## **3. When Ben Bernanke and the Fed “change rates”, what does this mean...and what impact does it have on mortgage interest rates?**

The answer may surprise you. When the Fed makes a move, they are changing a rate called the “Fed Funds Rate”. This is a very short-term rate that impacts credit cards, credit lines, auto loans and the like. Mortgage rates most often will actually move in the opposite directions as the Fed change, due to the dynamics within the financial markets. For more information and explanation, just give us a call.

## **4. What is happening in the market today and what do you see in the near future?**

If a lender cannot explain how Mortgage Bonds and interest rates are moving at the present time, as well as what is coming up in the near future, you are talking with someone who is still reading last week’s newspaper, and probably not a professional with who to trust your home mortgage financing.

**Be smart...Ask questions... Get answers!**

More than likely, this is one of the largest and most important financial transactions you will ever make. You might do this only four or five times in your entire life... but we do this every single day. It’s your home and your future. It’s our profession and our passion. We’re ready to work for your best interest!



# INSIDE SCOOP ON HOW TO DO IT RIGHT! (2)

Once you are satisfied that you are working with a top-quality professional mortgage advisor, here are the rules and secrets you must know to “shop” effectively.

## **If it seems too good to be true, it probably is**

But you didn't really need us to tell you that, did you? Mortgage money and interest rates all come from the same places, and if something sounds really unbelievable, better ask few more questions and find the hook. Is there a prepayment penalty? If the rate seems incredible, are there extra fees? What is the length of the lock in? If fees are discounted, is it built into a higher interest rate?

## **You get what you pay for**

If you are looking for the cheapest deal out there, understand that you are placing a hugely important process into the hands of the lowest bidder. Best case, expect very little advice, experience and personal service. Worst case, expect that you may not close at all. All too often, you don't know until it's too late that cheapest isn't BEST. But if you want the cheapest quote—head on out to the Internet, and we wish you good luck. Just remember that if you've heard any horror stories from family members, friends, or coworkers about missed closing dates, or big surprise changes at the last minute on interest rate or costs... these are often due to working with discount or internet lenders who may have a serious lack of experience. Most importantly, remember that the cheapest rate on the wrong strategy can cost you thousands more in the long run. This is the largest financial transaction most people will make in their lifetime. That being said—we are not the cheapest. Of course our rates and costs are very competitive, but we have also invested in the systems and team we need to ensure the top quality that you deserve.

## **Make correct comparisons**

When looking at estimates, don't simply look at the bottom line. You absolutely must compare lender fees to lender fees, as these are the only ones that the lender controls. And make sure lender fees are not “hidden” down amongst the title or escrow fees. A lender is responsible for quoting other fees involved with a mortgage loan, but since they are third party fees— they are often under-quoted up front by a lender to make their bottom line appear lower, since they know that many consumers are not educated to NOT simply look at the bottom line! APR? Easily manipulated as well, and worthless as a tool of comparison.

## **Understand that interest rates and closing costs go hand in hand**

This means that you can have any interest rate that you want—but you may pay more in costs if the rate is lower than the norm. On the other hand, you can pay discounted fees, reduced fees, or even no fees at all—but understand that this comes at the expense of a higher interest rate. Either of these balances might be right for you, or perhaps somewhere in between. It all depends on what your financial goals are.

A professional lender will be able to offer the best advice and options in terms of the balance between interest rate and closing costs that correctly fits your personal goals.

## **Understand interest rates change daily - even hourly!**

This means that if you are comparing lender rates and fees—this is a moving target on an hourly basis. For example, if you have two lenders that you just can't decide between and want some quote from each—you must get this quote at the exact same time on the exact same day with the exact same terms or it will not be an accurate comparison. You must also know the length of the lock you are looking for, since longer rate locks typically have slightly higher rates.

