

Your REALTOR:



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Real Estate *Update*

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Don't Forget These

When getting your ducks in a row in order to buy a home in the near future, there's quite a bit of information you'll need to gather. First, and probably foremost, is what interest rate you choose for the mortgage program you selected. Most every single mortgage program offers an array of interest rate choices, many times there are five, six or even seven listed rate choices. Further, there are also even more rates available that aren't even listed.

Most 'no closing cost' loan programs can offer a higher rate with the tradeoff being the lender contributing some funds to help offset these costs. Many times these rates aren't posted, you have to ask. You'll also need to select a loan term ranging from 10 to 30 years, even some loan programs offer an extended loan term up to 40 years.

Closing costs are the next research project. There are two primary types of costs, recurring and non-recurring. Recurring closing costs include hazard insurance and property taxes. Non-recurring costs are those experienced one time, at the settlement table. An appraisal or a lender document fee comes to mind. When lenders quote estimated settlement costs, they've got a pretty good idea of potential third party charges but are also spot on as it relates to their own fees.

Sometimes lenders can negotiate their fees but it's the lender who can make that choice and rarely the individual loan officer. Loan officers who negotiate independently regarding their charges often times have to pay for it themselves, that is to the point lenders allow that practice.

But there are some expenses that will come up outside the realm of lender fees and borrowers need to take these into consideration when counting up how much money will be needed. Lenders will have zero control over these charges and are completely at the discretion of the borrowers. What are some of these expenses?

Furniture and home decorating fall into this new category. Do the buyers think the house needs a new coat of paint or two? Interior and/or exterior? That's certainly an expense. What about a new sofa and loveseat? Bedroom furnishings? Kitchen appliances?

These are all expenses buyers might expect and lenders recognize this. Lenders want to see some money left over at the settlement table. Certainly buyers don't want to be 100% tapped out after and lenders don't want that either. Lenders can require a certain amount of leftover funds, commonly referred to as 'cash reserves.'

If you're going to buy soon, take into account these potential expenses. Most every transaction will have these expenses. Plan for them in advance.

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