DS
REALTY BROKERAGE INC.

SPRING &
SUMMER 2020
EDITION

THINGS TO CONSIDER WHEN

BUYING A HOME

TABLE OF CONTENTS

4 Reasons to Buy a Home This Summer

1. Prices Will Continue to Rise

Nationally the Canadian Real Estate Association (CREA) latest *Home Price Index* reported that home sales climbed 5.9% on a month-over-month basis in February, while the Actual Average Sale Price climbed 15.2% during the same period. Locally, The London & St. Thomas Real Estate Association (L-STAR) reported that we experienced a 23.7% increase in residential sales activity and a 13% surge in Average Sales price to $445,535. Prices will continue to increase this year yet again, and I would not be surprised to see them exceed $450,000 by summer.

Home values will continue to appreciate. Waiting may no longer make sense.

2. Mortgage Interest Rates Are Projected to Increase

According to Canadian Mortgage Trends on March 18, the Five-year Prime Rate fell to 2.95%, while some banks increased there Variable Rate Premiums. There are some fixed Rate for an insured mortgage is now 2.03%. Consider that just a year ago similar rates were gong for a minimum of 2.89%. However, as tension continues to mount in the wake of Covid-19, some banks will begin to raise their rates, and in fact one National Lender increased their Five-Year Published Closed variable rate 60 percentage points on Saturday March 11 from 3.45% to 4.05 %. Increases in Mortgage Rates will have a negative inpact on YOUR monthly mortgage payment.

RENTING vs. OWNING

London Apartment Rental Rates - Posted by Property Owners/Managers

Average, minimum and maximum rental rates based on apartment rental listings posted by London property owner/managers over the past year.

Bedrooms	Average	Minimum	Maximum
n/a	$987	$850	$1,085
1	$1,273	$650	$1,850
2	$1,541	$900	$2,500
3	$2,046	$1,285	$4,315

The above chart (information obtained from RentBaord.ca) gives you a quick overview of what the average costs are in London for renting an apartment. If we key in on the average rental cost of a 3 Bedroom apartment being $2,046 per month.

What if you took this same monthly payment, what could you afford to own. Let's assume you purchase a home for $400,000 with a 5% Down payment and obtained a 5-Year Fixed Mortgage at 2.39% with a 25 Year Amortization Period. Your monthly Mortgage Payment would be $1,749 and your Property Tax payment would be approximately $333 per month. This gives you a total monthly cost of $2,082 and you get the added bonus of building equity at the minimum rate of 5% per year.

Does it not make sense to pay your own mortgage vs. your Landlord's mortgage?

RENT – TO – OWN OPTION

We do understand that getting a $20,000 down payment together plus an additional $7,000 - $12,000 in closing costs presents a challenge especially in todays market conditions-but there is hope!

Have you ever heard of or considered a Rent-to-Own Option?

Would you like to know more about this growing possibility?

If so connect with us at www.dsrbi.com, or email us at info@dsrbi.com, we would be pleased to share with you our very unique program details

3. Either Way, You Are Paying a Mortgage

Some renters who have not yet purchased a home because they are uncomfortable taking on the obligation of a mortgage. Everyone should realize that unless you are living with your parents rent-free, you are paying a mortgage - *either yours or your landlord's.*

As an owner, your mortgage payment is a form of '*forced savings*' that allows you to have equity in your home that you can tap into later in life. As a renter, you guarantee your landlord is the person with that equity.

Are you ready to put your housing cost to work for you?

4. It's Time to Move on with Your Life

The '*cost*' of a home is determined by two major components: the price of the home and the current mortgage rate. It appears that both are on the rise.

But what if they weren't? Would you wait?

Examine the actual reason you are buying and decide if it is worth waiting. Whether you want to have a great place for your children to grow up, greater safety for your family, or you just want to have control over renovations, now could be the time to buy.

If the right thing for you and your family is to purchase a home this year, buying sooner rather than later could lead to substantial savings.

Do You Know the Cost of Waiting to Buy?

CREA recently shared that national home prices have increased by 15.2% year-over-year. Over that same time period, interest rates have remained historically low which has allowed many buyers to enter the market.

As a buyer, however, you must not be concerned about price, but instead about the *'long-term cost'* of the home.

In January 2019 the 5 Year Fixed Rate for high ration mortgages (so Down payment less then 20%) was 3.24%, by September 2019 the rate fell to 2.39%. If the predictions of Canadian Mortgage Trends comes true and we see even a increases mortgage interest rates back to the January 2019 figure and a modest 5% home price appreciation (which is low) increase in home values, the impact on your potential buying power is going to be substantial.

What Does This Mean as a Buyer?

If home prices appreciate by the 5% **over the next TWELVE months**, here is a simple demonstration of the impact an increase in interest rate would have on the mortgage payment of a home selling for approximately $445,535 today with a 5% Down payment

	Mortgage	Interest Rate*	Payment (P&I)**
Today	$445,535	2.39%	**$1,948.00**
Q1 2021	$467,812	3.24%	**$2,245.00**
Difference in Monthly Payment			**$297.00**

**Rates based on Freddie Mac's prediction at time of print **Principal and Interest Payment*

Monthly	Annually	Over 25 Years
$297.00	**$3,564.00**	**$89,100.00**

Bottom Line

If buying a home is in your plan for this year, doing it sooner rather than later could save you thousands of dollars over the term of your loan.

2 Factors to Watch in Today's Real Estate Market

When it comes to buying a home there are many factors you should consider. Where you want to live, why you want to buy and who will help you along your journey are just some of those factors. When it comes to today's real estate market, though, the top two factors to consider are what's happening with interest rates & inventory.

Interest Rates

The interest rate you secure when buying a home not only greatly impacts your monthly housing costs, but also impacts your purchasing power.

Purchasing power, simply put, is the amount of home you can afford to buy for the budget you have available to spend. As rates increase, the price of the house you can afford to buy will decrease if you plan to stay within a certain monthly housing budget.

The chart below demonstrates the impact rising interest rates would have if you planned to purchase a $400,000 home while keeping your principal and interest payments between $1,800-$1,900 a month.

With each quarter of a percent increase in interest rate, the value of the home you can afford decreases by 2.5% (in this example, $10,000). Experts predict that mortgage rates will be closer to 4.6% by the end of next year.

Buyer's Purchasing Power

RATE					
5.25	$ 2,208	$ 2,154	$ 2,098	$ 2,044	$ 1,988
5.00	$ 2,148	$ 2,094	$ 2,040	$ 1,986	$ 1,932
4.75	$ 2,086	$ 2,034	$ 1,982	$ 1,930	**$ 1,878**
4.50	$ 2,026	$ 1,976	$ 1,926	**$ 1,874**	$ 1,824
4.25	$ 1,968	$ 1,919	**$ 1,869**	$ 1,820	$ 1,771
4.00	$ 1,910	**$ 1,862**	$ 1,814	$ 1,766	$ 1,719
3.75	**$ 1,852**	$ 1,806	$ 1,760	$ 1,714	$ 1,667
	$ 400,000	**$ 390,000**	**$ 380,000**	**$ 370,000**	**$ 360,000**
		-2.5%	**-5%**	**-7.5%**	**-10%**

Principal & Inerest Payments rounded to the nearest dollar amount

Inventory

A '*normal*' real estate market requires there to be a 6-month supply of homes for sale in order for prices to increase only with inflation. According to the March LSTAR Report listing inventory in February 2019 and 2020 was at a 1.5 month supply. This is still well below the 6 months needed), which has put upward pressure on home prices

Time frame is from Feb 2018 to Feb 2020
Property Type is 'Residential'
LRO/Major Area is 'City of London'
Exclude From Inventory Stats is no
Transaction Type is 'For Sale'
Results calculated from approximately 18,000 listings

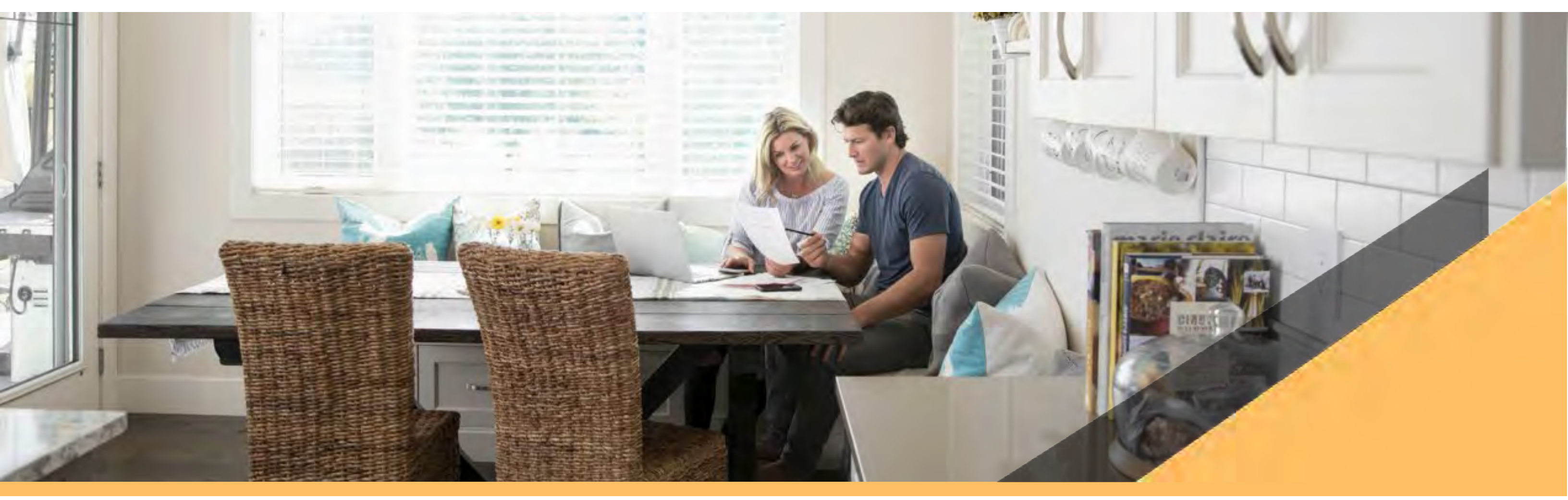
The Graph at the Left looks at the relationship between Months of Inventory and Average Sale Price.

As you can see, when inventory increases, pricing tends to become a bit more stable and can actually fall as shown between October 2018 and January 2019.

As inventory tightens up, we head deeper into a Sellers Market with pricing escalating quicker as you see with the February 2020 results.

Bottom Line

If you are planning to enter the housing market as a buyer let's get together to discuss what changes in mortgage interest rates and inventory could mean for you.



Looking to Upgrade Your Current Home? Now's the Time to Move-Up!

In every area of the country, homes that are priced at the top 25% of the price range for that area are considered to be 'premium homes.' In today's real estate market, there are deals to be had at the higher end! This is great news for homeowners who want to upgrade from their current house and move-up to a premium home.

Much of the demand for housing over the past couple years has come from first-time buyers looking for their starter home, which means that many of the more expensive homes that have been listed for sale have not seen as much interest.

This mismatch in demand and inventory has created a Buyer's Market in the luxury and premium home markets according to *ILHM's Luxury Report*. For the purpose of the report, a luxury home is defined as one that costs $1 million or more.

> *"A Buyer's Market indicates that buyers have greater control over the price point. This market type is demonstrated by a substantial number of homes on the market and few sales, suggesting demand for residential properties is slow for that market and/or price point."*

The authors of the report were quick to point out that the current conditions at the higher end of the market are no cause for concern.

> *"While luxury homes may take longer to sell than in previous years, the slower pace, increased inventory levels and larger differences between list and sold prices, represent a normalization of the market, not a downturn."*

Luxury can mean different things to different people. It could mean a secluded home with a ton of property for privacy to one person, or a penthouse in the center of it all for someone else. Knowing what characteristics you are looking for in a premium home and what luxury means to you will help your agent find your dream home.

Bottom Line

If you are debating upgrading your current house to a premium or luxury home, now is the time!

Why Pre-Approval Should Be Your First Step

In many markets across the country, the number of buyers searching for their dream homes greatly exceeds the number of homes for sale. This has led to a competitive marketplace where buyers often need to stand out. One way to show you are serious about buying your dream home is to get pre-qualified or pre-approved for a mortgage before starting your search.

Even if you are in a market that is not as competitive, knowing your budget will give you the confidence to know if your dream home is within your reach.

Freddie Mac lays out the advantages of pre-approval in the 'My Home' section of their website.

> *"It's highly recommended that you work with your lender to get pre-approved before you begin house hunting. Pre-approval will tell you how much home you can afford and can help you move faster, and with greater confidence, in competitive markets."*

Did you know that there are '4 Cs' that help determine the amount you will be qualified to borrow:

1. **Capacity**: Your current and future ability to make your payments
2. **Capital or Cash Reserves**: The money, savings, and investments you have that can be sold quickly for cash
3. **Collateral**: The home, or type of home, that you would like to purchase
4. **Credit**: Your history of paying bills and other debts on time

Getting pre-approved is one of the key steps that will show home sellers that you are serious about buying, and it often helps speed up the process once your offer has been accepted.

One of the many advantages of working with a local real estate professional is that many have relationships with lenders who will be able to help you with this process. Once you have selected a lender, you will need to fill out their loan application and provide them with important information regarding "*your credit, debt, work history, down payment, and residential history.*"

Bottom Line

Many potential homebuyers overestimate the down payment and credit scores needed to qualify for a mortgage today. If you are ready and willing to buy, you may be surprised at your ability to do so.

Starting to Look For a Home? Know What You Want vs. What You Need

In this day and age of being able to shop for anything anywhere, it is very important to know what you're looking for when you start your home search.

If you've been thinking about buying a home of your own for some time now, you've probably come up with a list of things that you'd LOVE to have in your new home. Many new homebuyers fantasize about the amenities that they see on television or *Pinterest*, and start looking at the countless homes listed for sale with rose-colored glasses.

Do you really need that farmhouse sink in the kitchen in order to be happy with your home choice? Would a two-car garage be a convenience or a necessity? Could the man cave of your dreams be a future renovation project instead of a deal breaker now?

The first step in your home buying process should be pre-approval for your mortgage. This allows you to know your budget before you fall in love with a home that is way outside of it.

The next step is to list all the features of a home you would like and qualify them as follows:

- '**Must-Haves**' – if this property does not have these items, then it shouldn't even be considered. (ex: distance from work or family, number of bedrooms/bathrooms)
- '**Should-Haves**' – if the property hits all of the 'must-haves' and some of the 'should-haves,' it stays in contention, but does not need to have *all* of these features.
- '**Absolute-Wish List**' – if we find a property in our budget that has all of the 'must-haves,' most of the 'should-haves,' and ANY of these, it's the winner!

Bottom Line

Having this list completed before starting your search will save you time and frustration, while also letting your agent know what features are most important to you before beginning to show you houses in your desired area.

Buying a Home? Do You Know the Lingo?

To start you on your path with confidence, we have compiled a list of some of the most common terms used when buying a home.

Appraisal – A professional analysis used to estimate the value of the home. *A necessary step in validating the home's worth to you & your lender to secure financing.*

Closing Costs – The cost to complete the real estate transaction at time of completion. These couldinclude: Land Transfer Taxes, title insurance, financing costs, items that must be prepaid or escrowed. *Ask your lender for a complete list of closing cost items.*

Credit Score – A number ranging from 300-850, that is based on an analysis of your credit history. *Helps lenders determine the likelihood that you'll repay future debts.*

Down Payment – Down payments are typically 5-20% of the purchase price of the home.

Mortgage Rate – The interest rate you pay to borrow money to buy your house. *The lower the rate, the better.*

Pre-Approval Letter – A letter from a lender indicating that you qualify for a mortgage of a specific amount.

Real Estate Professional – An individual who provides services in buying & selling homes. *Real estate professionals are there to help you through the confusing paperwork, find your dream home, negotiate any of the details that come up, and to help you know exactly what's going on in the housing market.*

The best way to ensure that your home-buying process is a confident one is to find a real estate pro who will guide you through every aspect of the transaction with *'the heart of a teacher',* putting your family's needs first.

One More Time… You Do NOT Need 20% Down to Buy!

The largest obstacle renters face when planning to buy a home is saving for a down payment. This challenge is amplified by rising rents, which has eaten into the amount of money renters have leftover for savings each month after paying expenses.

In combination with higher rents, survey after survey has shown that non-homeowners (renters and those living rent-free with family or friends) believe they need to save upwards of 20% for their down payment!

According to the "*Barriers to Accessing Homeownership*" study commissioned in partnership between the *Urban Institute, Down Payment Resource*, and *Freddie Mac*, 39% of non-homeowners and 30% of those who already own a home believe they need more than a 20% down payment.

The percentage of those who are aware of low-down payment programs (those under 5%) is surprisingly low at 12% for non-homeowners and 13% for homeowners.

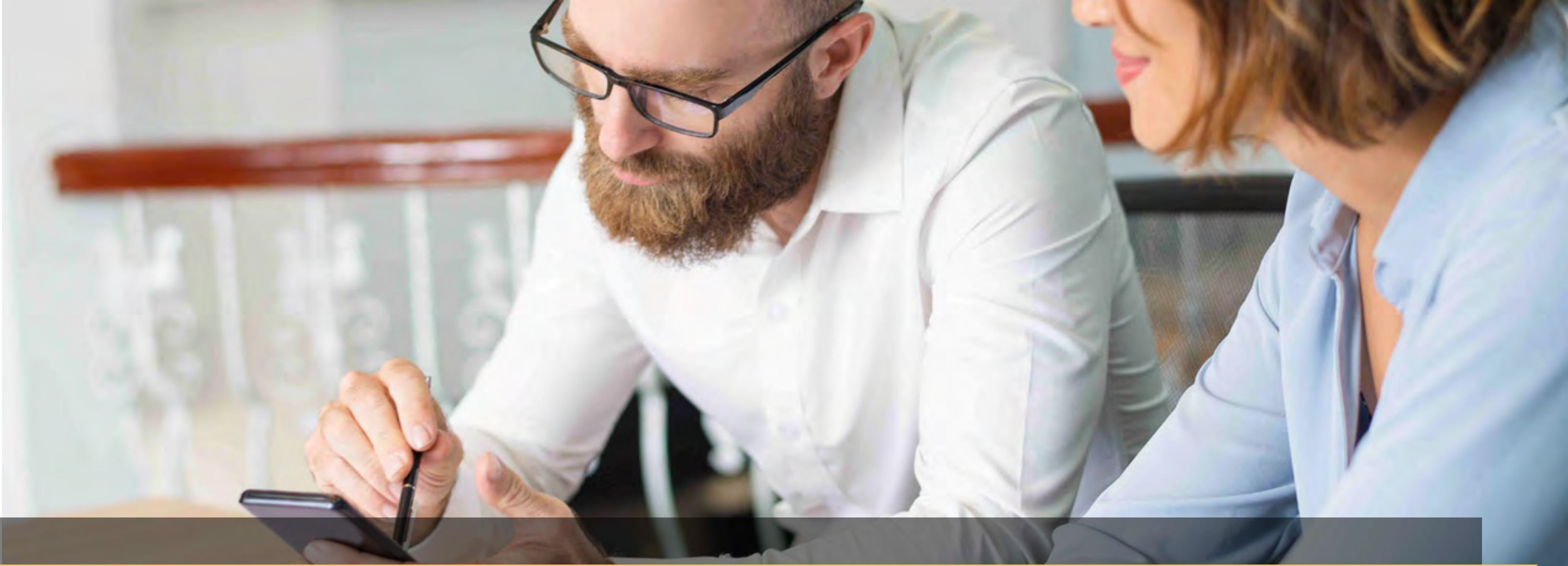
A recent *Convergys Analytics* report found that 49% of renters believe they need at least a 20% down payment.

However, the median down payment on loans approved in 2018 was only 5%! Those waiting until they have over 20% may already have enough saved to buy now!

In fact, there are over 45 million millennials (33%) who are mortgage ready right now, meaning their income, debt, and credit scores would all allow them to qualify for a mortgage today!

Bottom Line

If your five-year plan includes buying a home, let's get together to determine what it will take to make that plan a reality. You may be closer to your dream than you realize!



The True Cost of NOT Owning Your Home

Owning a home has great financial benefits, yet many continue to rent. Let's look at the financial reasons why owning a home of your own has been a part of the Canadian Dream for the entirety of Canada's existence.

Realtor.com reported that:

> ***"Buying remains the more attractive option in the long term – that remains the Canadian Dream,*** *and it's true in many markets where renting has become really the shortsighted option…**as people get more savings in their pockets, buying becomes the better option."***

What proof exists that owning is financially better than renting?

1.Here are the top 5 financial benefits of homeownership:

- Homeownership is a form of forced savings.
- Homeownership provides tax savings.
- Homeownership allows you to lock in your monthly housing cost.
- Buying a home is cheaper than renting.
- No other investment lets you live inside of it.

2. Studies have shown that a homeowner's net worth is 44x greater than that of a renter.

3. A family who purchased a median-priced home at the start of 2019 will build more than $42,000 in family wealth over the next five years with projected price appreciation alone.

4.Some argue that renting eliminates the cost of taxes and home repairs, but every potential renter must realize that all the expenses the landlord incurs are already built into the rent payment – along with a profit margin!

Bottom Line

Owning a home has many social and financial benefits that cannot be achieved by renting.

The Difference Having a Professional On Your Side Makes

In today's fast-paced world, where answers are a *Google* search away there are some who may wonder what the benefits of hiring a real estate professional to help them in their home search are. The truth is, with the addition of more information comes more confusion.

Shows like *Property Brothers, Fixer Upper*, and the dozens more on *HGTV* have given many a false sense of what it's like to buy a home.

Now more than ever, you need an expert on your side who is going to guide you toward your dreams and not let anything get in the way of achieving them. Buying a home is definitely not something you want to DIY (Do It Yourself)!

Here are just some of the reasons you need a real estate professional in your corner:

There's more to real estate than finding a house you like online!

There are over 230 possible steps that need to take place during every successful real estate transaction. Don't you want someone who has been there before? Someone who knows what these actions are to ensure you achieve your dream?

You Need a Skilled Negotiator

In today's market, hiring a talented negotiator could save you thousands, perhaps tens of thousands of dollars. Each step of the way- from the original offer, to the possible renegotiation of that offer after a home inspection, to the possible cancellation of the deal based on a troubled appraisal- you need someone who can keep the deal together until it closes.

What is the home you're buying or selling worth in today's market?

There is so much information out there on the news and on the Internet about home sales, prices, and mortgage rates; how do you know what's going on specifically in your area? Who do you turn to in order to competitively and correctly price your home at the beginning of the buying process? How do you know what to offer on your dream home without paying too much or offending the seller with a lowball offer?

Dave Ramsey, the financial guru, advises:

> *"When getting help with money, whether it's insurance, real estate or investments, you should always look for someone with the heart of a teacher, not the heart of a salesman."*

Hiring an agent who has their finger on the pulse of the market will make your buying or selling experience an educated one. You need someone who is going to tell you the truth, not just what they think you want to hear.

Bottom Line

Today's real estate market is highly competitive. Having a professional who's been there before to guide you through the process is a simple step that will give you a huge advantage!

Ready to Make an Offer? 4 Tips For Success

So you've been searching for that perfect house to call '*home*,' and you've finally found it! The price is right and, in such a competitive market, you want to make sure you make a good offer so that you can guarantee that your dream of making this house yours comes true!

Below are four steps provided by *Freddie Mac* to help buyers make offers, along with some additional information for your consideration:

1. Determine Your Price

> *"You've found the perfect home and you're ready to buy. Now what? Your real estate agent will be by your side, helping you determine an offer price that is fair."*

Based on your agent's experience and key considerations (like similar homes recently sold in the same neighborhood or the condition of the house and what you can afford), your agent will help you to determine the offer that you are going to present.

Getting pre-approved will not only show home-sellers that you are serious about buying, but it will also allow you to make your offer with confidence because you'll know that you have already been approved for a mortgage in that amount.

2. Submit an Offer

> *"Once you've determined your price, your agent will draw up an offer, or purchase agreement, to submit to the seller's real estate agent. This offer will include the purchase price and terms and conditions of the purchase."*

Talk with your agent to find out if there are any ways in which you can make your offer stand out in this competitive market! A licensed real estate agent who is active in the neighborhoods you are considering will be instrumental in helping you put in a solid offer .

3. Negotiate the Offer

> *"Often times, the seller will counter the offer, typically asking for a higher purchase price or to adjust the closing date. In these cases, the seller's agent will submit a counter offer to your agent, detailing their desired changes. At this time, you can either accept the offer or decide if you want to counter.*
>
> *Each time changes are made through a counter offer, you or the seller have the option to accept, reject or counter it again. The contract is considered final when both parties sign the written offer."*

If your offer is approved, it is a good idea to "*always get an inspection completed by an independent home inspector or Contractors that you are comfortable with, so you know the true condition of the home*." If the inspector uncovers undisclosed problems or issues, you can discuss any repairs that may need to be made with the seller or even cancel the contract altogether.

4. Act Fast

The inventory of homes listed for sale has remained well below the 6-month supply that is needed for a 'normal' market. Buyer demand has continued to outpace the supply of homes for sale, causing buyers to compete with each other for their dream homes.

Make sure that as soon as you decide that you want to make an offer, you work with your agent to present it as quickly as possible.

Bottom Line

Whether buying a first home or a fifth, having an expert local real estate professional on your side is your best bet to ensure the process goes smoothly. Let's talk about how we can make your dream of homeownership a reality!

7 Things to Avoid After Applying For a Mortgage!

Congratulations! You've found a home to buy and have applied for a mortgage! You are undoubtedly excited about the opportunity to decorate your new home! But before you make any big purchases, move any money around, or make any big-time life changes, consult your loan officer. They will be able to tell you how your decision will impact your home loan.

Below is a list of **7 Things You Shouldn't Do After Applying for a Mortgage**! Some may seem obvious, but some may not!

1. Don't change jobs or the way you are paid at your job! Your loan officer must be able to track the source and amount of your annual income. If possible, you'll want to avoid changing from salary to commission or becoming self-employed during this time as well.

2. Don't deposit cash into your bank accounts. Lenders need to source your money and cash is not really traceable. Before you deposit any amount of cash into your accounts, discuss the proper way to document your transactions with your loan officer.

3. Don't make any large purchases like a new car or new furniture for your new home. New debt comes with it, including new monthly obligations. New obligations create new qualifications. People with new debt have higher debt to income ratios… higher ratios make for riskier loans… and sometimes qualified borrowers no longer qualify.

4. Don't co-sign other loans for anyone. When you co-sign, you are obligated. As we mentioned, with that obligation comes higher ratios as well. Even if you swear you will not be the one making the payments, your lender will have to count the payment against you.

5.Don’t change bank accounts. Remember, lenders need to source and track assets. That task is significantly easier when there is consistency among your accounts. Before you even transfer money between accounts, talk to your loan officer.

6.Don’t apply for new credit. It doesn’t matter whether it’s a new credit card or a new car. When you have your credit report run by organizations in multiple financial channels (*mortgage, credit card, auto, etc.),* your Credit score will be affected. Lower credit scores can determine your interest rate and maybe even your eligibility for approval.

7.Don’t close any credit accounts. Many clients have erroneously believed that having less available credit makes them less risky and more likely to be approved. Wrong. A major component of your score is your length and depth of credit history (as opposed to just your payment history) and your total usage of credit as a percentage of available credit. Closing accounts has a negative impact on both those determinants of your score.

Bottom Line

Any blip in income, assets, or credit should be reviewed and executed in a way that ensures your home loan can still be approved. The best advice is to fully disclose and discuss your plans with your loan officer before you do anything financial in nature. They are there to guide you through the process.

What to Expect From Your Home Inspection

So you made an offer and it was accepted. Now, your next task is to have the home inspected prior to closing. Agents often recommend you make your offer contingent on a clean home inspection.

This contingency allows you to renegotiate the price you paid for the home, ask the sellers to cover repairs, or in some cases, walk away if challenges arise. Your agent can advise you on the best course of action once the report is filed.

How to Choose an Inspector

Your agent will most likely have a short list of inspectors that they have worked with in the past that they can recommend to you. HGTV recommends that you consider the following five areas when choosing the right home inspector for you:

1. Qualifications – find out what's included in your inspection and if the age or location of your home may warrant specific certifications or specialties.

2. Sample Reports – ask for a sample inspection report so you can review how thoroughly they will be inspecting your dream home. In most cases, the more detailed the report, the better.

3. **References** – do your homework – ask for phone numbers and names of past clients who you can call to ask about their experiences.

Memberships – Not all inspectors belong to a National or Provincial association of home inspectors, and membership in one of these groups should not be the only way to evaluate your choice. Membership in one of these organizations often means that continued training and education are provided.

4. Errors & Omission Insurance – Find out what the liability of the inspector or inspection company is once the inspection is over. The inspector is only human, after all, and it is possible that they might have missed something they should have seen.

Ask your inspector if it's okay for you to tag along during the inspection. That way they can point out anything that should be addressed or fixed.

Don't be surprised to see your inspector climbing on the roof or crawling around in the attic and on the floors. The job of the inspector is to protect your investment and find any issues with the home, including but not limited to: the roof, plumbing, electrical components, appliances, heating & air conditioning systems, ventilation, windows, the fireplace & chimney, the foundation, and so much more!

Bottom Line

They say, '*ignorance is bliss*', but not when investing your hard-earned money into a home of your own. Work with a professional you can trust to give you the most information possible about your new home so that you can make the most educated decision about your purchase.

Have You Put Aside Enough For Closing Costs?

There are many potential homebuyers who believe they need at least a 20% down payment in order to buy a home or move on to their next home. Time after time, we have dispelled this myth by showing that there are many loan programs that allow you to put down as little as 5%, and we can educate you on the various Government Programs that are available to assist you.

Once you have saved enough for your down payment and are ready to start your home search, make sure that you have also saved enough for closing costs.

Freddie Mac defines closing costs as follows:

> *"Closing costs, also called settlement fees, will need to be paid when you obtain a mortgage. These are fees charged by people representing your purchase, including your lender, real estate agent, and other third parties involved in the transaction.*
>
> **Closing costs are typically between 2 & 5% of your purchase price.**"

We've heard from many first-time homebuyers that they wished someone had let them know that closing costs could be so high. If you think about it, with a low down payment program, your closing costs could equal the amount that you saved for your down payment.

Here is a list of just some of the fees/costs that may be included in your closing costs, depending on where the home you wish to purchase is located:

- Government recording costs
- Appraisal fees
- Credit report fees
- Lender origination fees
- Title services (insurance, search fees)
- Tax service fees
- Survey fees
- Attorney fees
- Underwriting fees

Is there any way to avoid paying closing costs?

Work with your lender and real estate agent to see if there are ways to decrease or defer your closing costs. There are no-closing cost mortgages available that feature a higher interest rate or wrap closing costs into the total cost of the mortgage (*meaning you'll end up paying interest on your closing costs*). Your lender can help find the option that best fits your needs.

Homebuyers can also negotiate with the seller over who pays these fees. Sometimes the seller will agree to assume the buyer's closing fees in order to get the deal finalized.

Bottom Line

Speak with your lender and agent early and often to determine how much you'll be responsible for at closing. Finding out you'll need to come up with thousands of dollars right before closing is not a surprise anyone would look forward to.

5 Reasons

to Hire a Real Estate Professional

Contracts

They help with all disclosures & contracts necessary in today's heavily regulated environment.

Experience

They are well educated in and experienced with the entire sales process.

Negotiations

They act as a "buffer" in negotiations with all parties throughout the entire transaction.

Pricing

They help you understand today's real estate values when setting the price of a listing or an offer to purchase.

Understanding of Current Market Conditions

They simply & effectively explain today's real estate headlines & decipher what they mean to you.

CONTACT ME TO TALK MORE

I'm sure you have questions and concerns about buying a home.

I would love to talk with you about what you read here, as well as help you on the path to buying your new home. My contact information is below. I look forward to hearing from you!

Darrel Elver
Broker of Record
DreamScape Realty Brokerage Inc.
darrel@dsrbi.com
www.dsrbi.com
Office: 519-601-7890
Cell: 519-673-8023
Helping you to Create Your Lifestyle

DS REALTY BROKERAGE INC.