



Mortgage 101

In addition to the sales price of the home, there are other fees involved in purchasing a home. Please speak with your loan officer for an estimate of costs that are specific to you.

Earnest Money

A personal earnest money check is required up front when you submit an offer to purchase a home. Earnest money acts as a security deposit and is typically 1-2% of the sales price that you are offering. The earnest money check is cashed and deposited into a trust fund of the seller's broker and is released back to you at the closing and applied to the purchase.

<u>Amount of Offer</u>	<u>Minimum Earnest \$</u>
\$100,000-\$150,000.....	\$1,000
\$150,000-\$180,000.....	\$1,500
\$180,000-\$225,000.....	\$2,000
\$225,000-\$275,000.....	\$2,500
\$275,000-\$325,000.....	\$3,000
\$325,000-\$375,000.....	\$3,500
\$400,000+.....	\$4,000+

Down Payment

Your down payment amount depends on the type of loan you will be utilizing. The most common loans are FHA (minimum of 3.5% of the sales price) and Conventional (minimum of 5-20% of the sales price). The down payment is to be paid with a cashier's or certified check at the closing.

“Pre-Paid”

You will be required to pay your real estate taxes and some of your homeowner's insurance ahead of time at the closing. Real estate taxes are prorated and you will be responsible for paying them from the day of closing and thereafter. Pre-paid taxes and insurance do not have to necessarily be paid in cash at closing; they can be financed along with your closing costs and mortgage if you agree ahead of time with the seller to do so (see next section).

Closing Costs

Closing costs are fees that you are required to pay when you purchase a home. Closing cost fees include:

- Origination Fee (fee to establish your account with the mortgage company)
- Appraisal Fee
- Underwriting Fee
- Credit Report
- Flood Zone Certificate
- Title/Closing Company Fee
- Document Preparation Fee
- Name Search
- Recording Fees
- Plat Drawing
- Buyer Broker Administrative Fee
- Title Insurance Policy
- Mortgage Registration Tax

Sales Price of Home

Estimated Closing Costs w/Pre-Paids

\$100,000.....	\$3,000
\$120,000-\$150,000.....	\$3,500-\$4,000
\$150,000-160,000.....	\$4,000-\$5,000
\$160,000-\$190,000.....	\$5,000-\$6,000
\$190,000-\$200,000.....	\$6,000
\$200,000-\$230,000.....	\$6,000-\$7,000
\$250,000.....	\$7,500
\$275,000-\$300,000.....	\$8,000-\$9,000
\$330,000-\$360,000.....	\$10,000-\$11,000
\$375,000-\$400,000.....	\$11,000-\$12,000

Closing costs/Pre-paids can be paid for at the closing with a check. A second option is to ask the seller to allow you to add your closing costs onto the price you are offering for the home. That way, you can finance your closing costs and add them onto your mortgage balance; paying them off each month with your mortgage payment. This option, however, will increase the amount due each month, so make sure you work closely with your mortgage person when considering this.

Your Annual Household Income	Monthly Mortgage Payment	Maximum Mortgage Amount (based on the current interest rate)			
		4.75%	5%	5.75%	6%
\$30,000	\$700	\$134,000	\$130,000	\$126,000	\$122,000
\$40,000	\$900	\$178,000	\$173,000	\$168,000	\$163,000
\$50,000	\$1,100	\$223,000	\$217,000	\$210,000	\$204,000
\$60,000	\$1,400	\$268,000	\$260,000	\$252,000	\$245,000
\$70,000	\$1,600	\$313,000	\$304,000	\$294,000	\$286,000
\$80,000	\$1,800	\$357,000	\$347,000	\$336,000	\$327,000
\$90,000	\$2,100	\$402,500	\$391,000	\$378,000	\$368,000
\$100,000	\$2,300	\$447,000	\$434,000	\$420,000	\$409,000