

- **Higher lender's fees**

Lender fees are agreed on early in the application process. The only reason lender fees should change last minute is if the loan amount has changed. Some fees are a percentage of the loan amount, and so will change accordingly. Anything more should be questioned.

Pre-payment penalty

The documents you sign and send to the underwriter will specify whether a loan does or does not have a prepayment penalty. Do not sign those papers until you are clear on this point. If your closing papers include a pre-payment penalty when previously signed papers promised none, do not close. Have your original document copies with you for verification in case the lender is resistant.



Don't be rushed!

Inform your lender and your agent that you will not close if you have not had a chance to review the settlement statement in advance. This way you will not be pressured to pay more than you had originally agreed and issues can be corrected before the scheduled closing.



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BUYER BEWARE



Avoid These Common Closing Surprises

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It's every buyer's worst nightmare. Everything is packed, the moving van is full, and they're handing all of their savings to the closing agent. Then a last minute surprise is found in the paperwork, bringing another unexpected expense. *This doesn't have to be you!* With a little due diligence, you can avoid these common and costly closing surprises.

Payment shock

The monthly payment is how much? These are not words you should be uttering across a closing table. As soon as you have signed a purchase agreement, get with your lender to calculate the monthly payment. Then, well before closing, verify the following:

- **Interest Rate**
Lock in your rate as soon as you are able. Make sure you sign a lock in form and keep a copy.
- **Property Taxes**
Unless it is new construction, the property taxes can be easily researched. Ask your lender how escrow payments will be calculated.
- **Homeowners Insurance**
Shop for homeowner's insurance early to get a competitive rate.
- **Mortgage Insurance**

If your down payment is less than 20%, you will have to pay mortgage insurance each month. The amount you pay depends on your down payment and decreases each year. Ask your lender to calculate how much you will pay on a monthly basis.

Higher closing costs

Closing costs will vary from your original estimate, but should not differ by more than a couple hundred dollars. There are several things that could cause a last minute hike in closing costs.

- **Appraisal**
If the property did not appraise for the purchase amount, the difference will be required in cash to close. To avoid this, make sure the appraisal is ordered in time to address any issues before closing.
- **Higher down payment required**
The underwriter has the final say in your mortgage approval. If he saw something in your application that he felt made you a higher risk, he may require a higher down payment for



security. Allow for such lending issues when scheduling the closing date, and make sure your file is complete and turned into the underwriter no later than a week before closing. Then, if issues do come up, you'll have time to work them out.

- **Reserves**
Your lender will collect so many months of taxes and insurance for an escrow fund. These are known as reserves. Reserve requirements vary by time of year. If your lender estimated reserves for a year end closing, but you close at the beginning or middle of the year, the reserve requirements will be higher. Go over reserves with your loan officer the week before closing.

