



BUYER DISCLOSURE OF EXPENSES

As a buyer, there are expenses associated with the purchase of your home, which will be listed below. The following expenses are paid outside of your loan:

- 1) **Appraisal Fee:** An appraisal is an opinion of value, and is required by your lender when real property is being purchased. The appraisal fee is usually a set dollar amount, though in some cases may be calculated as a percentage of the value of the property appraised. In most cases the appraisal fee ranges from \$350.00 to \$500.00 for a single family residence, depending on the property. Your lender will advise you of the amount that your appraisal will cost. The fee is **paid up front** prior to the appraisal, usually via a credit card.
- 2) **Home Inspection Fee:** A home inspection gives you, the buyer, detailed information about the overall condition of the property prior to purchase. In a home inspection, a qualified, licensed inspector takes an in-depth, unbiased look at your potential new home. The home inspection will evaluate the physical condition in regard to structure, construction, and mechanical systems. Any material defects will be identified in the home inspector's report and marginal status items will be estimated for remaining useful life. The home inspector may also make recommendations for repairs, replacements and maintenance notes for the buyer in the report. This is a time for the buyer to be educated on the major systems of the property, location of important shut-offs and normal maintenance requirements for individual systems. So, don't be afraid to ask a question if you don't understand something. Inspection fees also vary depending and may range from \$150.00 on up, depending on the property. Shop around.

CLOSING COSTS and DOWN PAYMENT

- 1) **Down Payment:** A down payment is a sum of money that is subtracted from the purchase price. You then usually get a loan to cover the rest of the cost. In the context of home buying, a down payment of 20 percent or more of the purchase price can keep you from having to pay private mortgage insurance, or PMI. Private mortgage insurance may require an initial premium payment of 1.0 percent to 5.0 percent of your mortgage amount, as well as an additional monthly fee depending on your loan's structure. PMI protects lenders from losing money if borrowers default or fails to repay their debt. Down payments can also help make your monthly payments manageable. Generally, the larger your down payment on a home, the less you will have to pay each month. This can help you stay within your monthly budget so that you can save and invest money as you please. If you don't have a great deal of money for a down payment on a home, consider your options. There may be mortgages available that allow you to make low down payments, as well as plans that allow you to have two mortgages so you can avoid having to pay PMI. If your savings are low, but you are interested in buying, you might want to look into special government programs that allow first-time home buyers and veterans to purchase with little or no down payment. Regardless of your down payment situation, be sure that whatever kind of loan you get is one you can manage. Work out the numbers and determine if waiting and saving more for a down payment can help you meet other financial goals, or if using what you have on hand for a down payment is right for you. The down payment must be deposited into escrow at least five (5) days prior to close of escrow.
- 2) **Closing Costs:** The Buyer can generally be expected to pay for:
Title insurance premiums (ALTA Loan Policy); (Escrow Fees - Seller and Buyer each pays own, 50%); Document preparation (if applicable) ; Notary fees; Recording changes for all documents in Buyer's names; Termite inspection (according to contract); Tax pro-ration (for date of acquisition); Homeowner's Transfer Fee; All new loan charges (except those required by Lender for Seller to pay); Assumption/Change of Records fees for takeover of existing loan; Inspection Fees (roofing, property inspection, geological, etc.); Home warranty (according to contract); City Transfer/Conveyance Tax (according to contract); Fire Insurance Premium for first year; Buyer's portion of Sub-Escrow fee; Escrow Loan Tie-In fee.

I have read and understand the above Disclosure:

BUYER

DATE

BUYER

DATE