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Understand the Financial Implications Before Purchasing a Home

Malvern, PA – Buying a home has become increasingly more complex, particularly understanding the financial implications and associated fees.

“Buyers should carefully evaluate their finances before beginning the search for a home,” said Leann Murphy, chairman of Suburban West Realtors® Association and associate broker with RE/MAX Preferred in West Chester. “They should look at their income, savings and credit report and collect documentation of income and cash available to prepare for the mortgage application process. Sometimes it’s the additional, unexpected fees that cause troubles in the transaction.”

Federal regulations were recently implemented to help consumers understand the mortgage process and prevent surprises at the closing table. The changes have created a new form that outlines the loan terms and costs to aid consumers in shopping for a mortgage. The loan estimate form must be provided to consumers no later than three days after they submit a loan application and the closing disclosure form must be received by buyers at least three business days before the loan closing.

“Understanding things like ‘earnest money,’ escrow requirements, origination fees and inspection costs help consumers have a better expectation about the costs of buying a home,” Murphy said. “Each of these costs adds a little more to the transaction and are often not things the consumer thinks about when weighing the costs of buying a home.”

Ideally, buyers should have 20 percent of the purchase price saved as a down payment, and expect that closing costs average between 2 and 7 percent of the home price.

“Homeownership offers immediate benefits and long-term value,” Murphy adds. “It helps build wealth over the long term, strengthens communities and has been shown to reduce crime, improve education and increase community involvement. A Realtor® can help buyers stay focused on the financial issues that are most important during the transaction.”

Suburban West Realtors® Association is the largest local real estate association in Pennsylvania, representing over 5,300 real estate professionals in Chester County, Delaware County and the Main Line.

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