

Funds Necessary to Buy a Home After Contract Acceptance and At Close of Escrow- Understanding THE MATH

Costs Incurred Before Close of Escrow:

<u>Purchase Price:</u>	\$230,000	\$260,000	\$300,000	\$500,000
Earnest Money Deposit:	1500	2000	3000	5000
Home Inspection:	400	450	500	600
Appraisal:	500	500	600	600
	2400	2950	4100	5200

Other Inspections Prior to End of 10 Day Inspection Period:

Electrical, Engineer for
Roof, Plumbing, Septic
Tank, Domestic Water Well,
And Others.

Costs At Close of Escrow:

Remainder of Down Payment:	6550	7100	12000	45000
Closing Costs	6210	7020	6495	8500
Amount Needed To Close:	12760	14120	18495	53500
Seller Concessions	-3000	<u>-3000</u>		
Down Payment Grant	<u>-8050</u>			

FINAL AMOUNT Needed

to Close	1710.00	11120	18495	53500
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<u>Total Investment:</u>	4110.00	14070	22595	55500
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Total Investment Includes Earnest Deposit, Home Inspection, Appraisal, Remainder of Down Payment, and Closing Costs.

** Closing Costs on the \$230K and \$260K are based on 2.7% and are FHA loans based on 3.5% down. The \$300K home is based on 5% down and the \$500K home is at 10% down. Both are Conventional loans and Closing costs are directly from the First American Cost First App

** Appraisal and home inspection costs will vary based on the size of the home

** Earnest Money deposit is generally 1% of the purchase price



How To Create \$70K or More Equity in 5 Years and Buy a Home! **(DOWN PAYMENT ASSISTANCE AVAILABLE)**



OWN

VS.

RENT

Sales Price	\$250,000
Average Rental Price on a \$250K Home	\$1,500 (estimated)
Rent Payments in 1 Year at \$1500 a Month ANYWAY)	\$18,000 (YOU WILL PAY
Rent Payments in 5 Years at \$1500 a Month ANYWAY)	\$90,000.00 (YOU WILL PAY
Amount Paid in Principal in 5 Years	\$18,077.00 (\$90,000 x 20%)
Appreciation in 5 Years at 5% Per Year	\$53,876.56

***The Principal Reduction and Amortization Schedule was calculated from using Bank Rate.com.

Appreciation is calculated from taking \$250,000 and multiplying it by 1.05 each year for 5 years for a 5% compounded rate***

Doesn't it make sense to get nearly 20% of your Rent payments back to you (\$18,077/ \$90,000) and gain nearly \$54,000 in Appreciation which would equal just around \$72,000 TOTAL?

GET PRE-QUALIFIED OR AT LEAST KNOW WHERE YOU STAND NOW!!

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Disclaimer: These numbers of appreciation can vary as much as the market at any time can change, prices can continue to climb or go down.

IS BUYING A HOME REALLY THAT FAR OUT OF REACH?
BUYING A HOME ON A DOWN PAYMENT ASSISTANCE
GRANT VS. RENTING INITIAL MOVING IN COSTS ---
2-2021 - COMPARISON OF TOTAL MOVING IN
EXPENDITURES

	RENTING MOVE-IN	PURCHASE MOVE-IN
Example Sales Price	\$260,000	\$260,000.00
3.5% Down Payment	N/A	\$9100.00
Loan Amount 96.5% LTV	N/A	\$250,900
w/ Up Front MIP Charge of 1.75%		\$255,290.75
Monthly Payment	\$1500.00	\$1592.42 (3.50 int %)
Security Deposit	\$1500.00	N/A
Pet Deposit	\$300.00	N/A
Credit Check	\$40.00	N/A
Closing Costs (2.5% of Sales Price)	(N/A)	\$6500.00
Cleaning Deposit	\$250.00	N/A
Prepays	N/A	\$2520.35
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Total Move-In Cost	3590.00	\$15,680.35
(Down Payment + Closing Costs for Purchase)		
DOWN PAYMENT ASSISTANCE GRANT	N/A	- \$9100.00
SELLER CONCESSIONS OF \$260K	N/A	- \$3,000.00
TOTAL MOVE-IN NEEDED AFTER D.P.A. GRANT AND SELLER CONCESSIONS		\$3580.35

**TOTAL MOVE-IN NEEDED AFTER D.P.A.
GRANT AND SELLER CONCESSIONS**

\$3,590

\$3580.35

***** (\$10.35) LESS BUYING THAN RENTING WITH \$3,000 IN
SELLER CONCESSIONS *****

Monthly Payment and Closing Costs on a \$260K Home with Down Payment Assistance vs. Your Own Down Payment

	<u>Down Pymt Asst</u>	<u>Your 3.5% Down Pymt</u>
Sales Price	\$260,000	\$260,000
Interest Rate	3.50%	2.75%
Monthly Pymt	\$1592.42	\$1488.25
Principal	\$1146.37	\$1042.20
Taxes	\$133.33	\$133.33
Insurance	\$65.00	\$65.00
MIP	\$177.72	\$177.72
HOA Fees	\$70.00	\$70.00
Closing Costs	\$6500.00	\$6500.00

** Difference in Payment is \$104.17 a month on a D.P.A. Loan vs. Having Your Own Down Payment

** Payments include a \$70 Monthly HOA and Property Taxes of \$1600 a Year

** Debt to Income Ratios will rise slightly with a D.P.A. Loan

** A Down Payment Assistance loan is a GREAT WAY to leverage and build equity for a First Time Home-Buyer

** Seller Concessions can be used to lower Closing Costs i.e.: A \$3,000 seller concession would lower the Closing costs to \$3500.00 less for the Buyer. In many cases, your Out-of-Pocket expense at closing could be lower than \$2500 or less after Earnest deposit, is credited towards closing costs.

** Some Down Payment Assistance programs have the 3.5% DPA gift forgivable after the first 3 years and if SOLD during the first 3 years. ***OR not forgivable meaning the ENTIRE GRANT would have to be paid back if your home was sold in ANYTIME under the first 3 years*** CHECK WITH YOUR LENDER!!



CALL ERIC TODAY AT (480) 999-6061 TO SEE ONE OF OUR LENDERS TO GET YOU PRE-QUALIFIED AND PRE-APPROVED THAT CAN GET YOU INTO A DOWN PAYMENT ASSISTANCE GRANT!!

Disclaimers:

(Payments on this example are based on 3.50% and 2.75% interest Rate, 30 year Fixed, FHA loan) (Monthly Payment includes P & I, Hazard Insurance, \$70 a Month HOA, Municipal Tax, and PMI) Payments are figured out w/ First American Title App)

****Actual APR is a little higher than the interest because of the up front MIP Charge****

****FHA Loans have an upfront 1.75% MIP Charge and that increases the beginning loan amount****

*****In markets where FHA loan territory of purchase price under \$325K, keep in mind that there are no guarantees of any selling concessions. Consult with your loan officer.*****

*****INTEREST RATES ARE SUBJECT TO CHANGE AT ANY TIME AND ARE FROM 2-1-2021*****



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