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A Message from BRETON MACDONALD:

"FYI... Should never pay closing costs or points on a refi or purchase unless the part of a seller's concession."

17 Percent of Consumers Unaware That Mortgages Involve Closing Costs

Despite the regulations imposed by the Truth-in-Lending/RESPA Integrated Disclosure (TRID) rules and disclosure forms in October 2015, **some homebuyers** still say their final closing costs **caught them by surprise**. Some appear to have been unaware that closing costs were even required.

ClosingCorp, a provider of real estate closing cost data and technology, has released results of a new **on-line survey** that explored whether TRID has helped consumers better understand the closing costs associated with purchasing a home. The survey, commissioned by ClosingCorp and conducted by Wilson Perkins Allen Opinion Research, was conducted in early January, among 1,000 adults nationwide who had purchased a home during the 12 months ended on January 1, 2017.

When asked what surprised them about their closing costs, 31 percent of homebuyers were **not surprised at all** about their closing costs because their loan estimates and closing fees matched. However, 35 percent expressed surprise that their costs/fees were higher than expected while 17 percent said they **hadn't expected they would be required at all**. (*sidenote: how does that even happen?!*)

The **top five closing costs** that most surprised homebuyers were:

1. Mortgage insurance (24 percent)
2. Bank fee/points (23 percent)
3. Taxes (22 percent)
4. Title insurance (21 percent)
5. Appraisal fees (20 percent) and fees paid by the buyer vs. seller (20 percent).

National Average Mortgage Rates



	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	6.87%	-0.02	0.00
15 Yr. Fixed	6.32%	-0.01	0.00
30 Yr. FHA	6.33%	0.00	0.00
30 Yr. Jumbo	7.05%	0.00	0.00
5/1 ARM	6.59%	+0.01	0.00
Freddie Mac			
30 Yr. Fixed	6.77%	-0.09	0.00
15 Yr. Fixed	6.05%	-0.11	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	7.00%	-0.03	0.60
15 Yr. Fixed	6.63%	+0.07	0.61
30 Yr. FHA	6.87%	-0.03	0.92
30 Yr. Jumbo	7.13%	+0.02	0.38
5/1 ARM	6.22%	-0.16	0.60

Rates as of: 7/23

Recent Housing Data

		Value	Change
Mortgage Apps	Jul 10	206.1	-0.19%
Building Permits	Mar	1.46M	-3.95%
Housing Starts	Mar	1.32M	-13.15%
New Home Sales	Mar	693K	+4.68%
Pending Home Sales	Feb	75.6	+1.75%
Existing Home Sales	Feb	3.97M	-0.75%

	Value	Change
Builder Confidence	51	+6.25%

Fifty-eight percent of respondents said their initial loan estimate had changed or been revised prior to closing. Sixty-seven percent of those saying their **estimates were changed** were residents of the Northeast and 63 percent of had home values between \$500,000 and \$1 million.

Buyers said the fee estimates most frequently changed were closing costs (12 percent), insurance costs (6 percent) and taxes (5 percent).

The **most common reason** homebuyers cited for revisions to their closing costs was changes to the loan based on what they qualified for (31 percent). Other reasons given were inaccuracies in the estimate (27 percent) and a change to the loan because of a homebuyer request (23 percent.)

The majority of respondents, 72 percent, said their loan estimates and closing disclosures were **delivered electronically**. ClosingCorp pointed out that was also the percentage of all respondents falling into the Millennial age group.

Half of all homebuyers said they selected had **picked the title company** involved in their closing. Of those who did not, 35 percent said their real estate agent had selected it for them. The report said this suggests that agents, as the homebuyers "first touch point," have a lot of influence on their customers.

Bob Jennings, chief executive officer of ClosingCorp said, "As more and more Millennials become first-time homebuyers, TRID or Know Before You Owe has made it easier for them to understand the costs and fees they'll face at closing. Yet there are **still surprises** during the closing process. Lenders and realtors need to keep educating borrowers on the costs and fees associated with closing to alleviate surprises."

"In addition, our survey shows that **52 percent of lenders were 'off'** on their initial loan estimates, so there's significant room for improvement. Using automated fee technology can help prevent lenders from under- or over-estimating closing costs and mitigate the risk of costly variance issues post-closing."

FIX Your Rate, Cash Out, Purchase, Reverse. Text or Call 949-887-7289

Breton is a Branch Manager & Sr Loan Officer at the top of his field for over 15 years. Transparency & treating people like family is how he has built a solid network of referral & repeat business over the years. Candor and expertise is how he communicates & consistently closes on time getting the best loan possible. With Geneva Financials' wide array of products & its seamless, straightforward process he will be able to find you the best mortgage structured the right way. With a positive attitude, Breton is consummate pro who is honest, upfront & shoots it to you straight. 949-887-7289

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