

MORTGAGE Q&A GUIDE

15 real questions from Capital Region homebuyers and homeowners, answered in plain English.

Brian Marchand | Sr. Loan Consultant | NMLS #481563
518-396-7392 | brian.marchand@naf.com | themarchandteam.com

Questions in this guide

These are the questions people actually ask me, with the answers I give them. Every situation is different, so treat this as a starting point and call or text me with yours.

01 Why are Capital Region property taxes so high compared to my payment estimate?

Because upstate New York taxes are a large share of the payment, not a rounding error. Combined town, county and school taxes here commonly run 2.5% to 3.5% of assessed value, and in some cities higher. On a $300,000 home that can be $700 to $900 a month before principal and interest. A national rate quote usually assumes a national average closer to 1%. That is why an online payment estimate can be $400 a month light on an Albany, Schenectady or Troy purchase. Always price a Capital Region payment with the actual tax bill for the actual parcel.

02 How does the STAR exemption affect my mortgage payment?

STAR reduces your school tax bill, which reduces the amount escrowed each month. Basic STAR applies to primary residences under an income limit; Enhanced STAR is for qualifying homeowners 65 and older with a lower income limit. The catch on a purchase: the seller's exemption does not transfer to you. If the tax bill you were quoted reflected their STAR credit and you have not registered yours yet, your first escrow analysis can come in higher than expected. New homeowners register with New York State, not the town.

03 The seller has a tax exemption I will not get. How does that change my payment?

It can change it significantly, and it is one of the most common payment surprises in this market. Senior, veteran, agricultural, clergy and disability exemptions all reduce the current owner's bill and none of them follow the house. We underwrite to the tax bill you will pay, not the one showing on the listing. On a home owned for decades by a senior with Enhanced STAR and a veterans exemption, the difference can be a couple hundred dollars a month. Better to find that in pre-approval than at the closing table.

04 What is an escrow account?

An account your servicer holds to pay your property taxes and homeowners insurance out of your monthly payment. You are paying those bills either way. Escrow just spreads them out and makes sure they get paid on time.

05 Do I have to escrow my taxes and insurance?

On FHA, VA and USDA loans, yes. On conventional loans it is usually required above 80% loan-to-value.

06 Can I waive escrow and pay my own taxes?

On a conventional loan with 20% or more equity, often yes, sometimes for a small pricing adjustment. With a New York tax bill, be honest with yourself about whether you will actually set that money aside.

07 How does homeowners insurance affect my mortgage payment?

It is part of the monthly payment on any escrowed loan, and in this market it is no longer a rounding error. The premium also counts in your debt-to-income, so an expensive policy reduces what you qualify for.

08 What if the insurance quote comes back much higher than expected?

It changes your payment and your ratios, so we want that quote early rather than in week four. Shopping carriers, raising the deductible, or bundling usually fixes it. An old roof or a wood stove is often the reason behind the number.

09 Can I get a mortgage if the house is hard to insure?

Usually, once we know why. Knob-and-tube wiring, an old roof, an oil tank, a wood-burning stove, or a past claim history can limit carriers. An independent agent who writes several carriers solves most of these.

10 What if no insurance company will write the house?

Then the loan cannot close as-is, because every lender requires coverage. The fix is usually repairing the specific item carriers are refusing, or the New York property insurance pool of last resort. This is a reason to get the quote during the inspection period.

11 Does homeowners insurance have to be paid at closing?

Yes: the first year's premium is typically paid at closing, and a few months of it are collected to start your escrow account. It is one of the larger prepaid items on your Closing Disclosure.

12 Why did my mortgage payment go up when my interest rate never changed?

Almost always escrow. Your taxes or your insurance rose, so the servicer recalculated what it needs to collect. Your principal and interest on a fixed-rate loan never changes.

13 Why did my tax escrow change?

A reassessment, a school levy increase, a new tax rate, or an exemption that came off. The last one catches new owners constantly, because the seller's exemption did not transfer to you.

14 What happens if my property taxes increase after I buy?

Your escrow adjusts and your payment rises. I qualify buyers on the forward-looking tax figure precisely so this is a small adjustment rather than a shock.

15 What about the STAR exemption. Do I get the seller's?

No. New owners register with New York State themselves, and for most new homeowners it arrives as a STAR credit rather than a reduction in the escrowed bill. That is why the bill we qualify you on is the unexempted number. Source: NYS Dept. of Taxation & Finance

Call or text me. I answer my own phone, and I'll tell you straight whether it works and what it costs, before anyone pulls your credit.

Brian Marchand

Sr. Loan Consultant | NMLS #481563

CALL / TEXT	**518-396-7392**
EMAIL	**brian.marchand@naf.com**
ONLINE	**themarchandteam.com**

Marchand
The Marchand Team
Powered by naf newamerican FUNDING

Brian Marchand, Sr. Loan Consultant, NMLS #481563. New American Funding, LLC, NMLS #6606. 18 Computer Dr E, Suite 103, Albany, NY 12205. Equal Housing Lender.

This guide is for general educational purposes only and is not a commitment to lend. Loan programs, rates, terms and guidelines are subject to change without notice and to credit and property approval. Not all applicants will qualify. Consult a tax advisor regarding tax questions.

This document is not authorized by the New York State Department of Financial Services. No mortgage solicitation activity or loan applications for properties located in the State of New York can be facilitated through this document.

Content may have been created or significantly modified using artificial intelligence. For complaints, contact New American Funding customer service at 800-450-2010 ext. 7100 or customerservice@nafinc.com.