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A
guide
to
Closing
Costs

what are closing costs?

Closing costs encompass a large variety of expenses associated with a real estate purchase above the property's purchase price, such as a title search, title insurance, recording fees, any attorney fees, loan costs, and upfront payments for taxes and homeowner's insurance.



As a buyer, you should plan on closing costs totaling between 2% - 5% of the purchase price, depending on the loan amount and local taxes and fees.

What Loan Fees May Include:

- Loan Origination Fee
- Appraisal Fee
- Discount Points
- Escrow Reserves
- Interest Accrual
- Recording Fees

*Check with your lender for more information.

what are some of these fees for?

Title Insurance

A Title Company will search all records of the home to verify that the title is indeed transferrable and all liens and loans on the home are paid off at closing to insure the buyer has no future issues.

Recording Fees

All real estate documents get recorded with your local county. The county charges a fee to register and record the purchase deed and associated documents.

Escrow Reserves

The lender may ask for escrow reserves to be paid upfront at closing. These are typically for taxes and homeowner's insurance to ensure they have enough in your escrow account when they come due.



Closing Costs

who pays what?

The *seller* can generally be expected to pay for:

- Real Estate Agent Commissions
- Document Preparation Fee for the Deed
- Any HOA Assessments (according to the contract)
- Any and All Delinquent Taxes
- Any Unpaid HOA Dues
- Payoff of All Loans in Seller's Name
- Interest Accrued on Loans and any prepayment penalties
- Any Judgement, Tax Liens, etc against the seller and all associated recording fees
- Tax proration
- HOA Transfer Fee
- Anything Else Negotiated for in the contract



Closing Costs

who pays what?

The *buyer* can generally be expected to pay for:

- Owner's Title Insurance Policy
- Lender's Title Insurance Policy
- Closing Fee (50%)
- Loan Document Closing Fee
- Recording Fees for all documents in buyer's name
- All New Loan Charges including Lender's origination fee and interest until first mortgage payment
- Inspection Fees
- Appraisal Fees
- Insurance Premium for first year
- Escrow Minimum Held by Lender
- Anything Else Negotiated for in the contract