

Farina & Boeshe Real Estate Company

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What are Closing Costs?

When you get a mortgage, you will need to pay closing costs, which are fees – charged by lenders and third parties -- related to the purchase of the home. So, in addition to owing the lender the down payment on the home and the principal and interest related to the mortgage, you will also owe the lender and third parties closing costs, which you usually pay at the time that you close on your mortgage.

What charges go into your total closing costs?

Closing costs vary widely based on where you live and the property you buy. Closing costs often include things such as:

- A fee for running your credit report.
- A loan origination fee, which lenders charge for processing the loan paperwork for you.
- Attorney's fees.
- Charges for any inspection required or requested by the lender or you.
- Discount points, which are fees you pay in exchange for a lower interest rate.
- Appraisal fee.
- Survey fee, which covers the cost of verifying property lines.
- Title insurance, which protects you and the lender in case the title isn't clean.
- Title search fees, which pay for a background check on the title to make sure there aren't things such as unpaid mortgages or tax liens on the property.
- Escrow deposit, which may pay for a couple months' property taxes and private mortgage insurance.
- Pest inspection fee.
- Recording fee, which is paid to a city or county in exchange for recording the new land records.
- Underwriting fee, which covers the cost of evaluating a mortgage loan application.

How much will you pay in closing costs?

Typically, home buyers will pay approximately 2 percent of the purchase price of their home in closing costs. So, if your home cost \$500,000, you might pay approximately \$10,000 in closing costs.

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