

CLOSING COSTS EXPLAINED

WHAT ARE THEY?

These are the fees that are due on the date of closing, when you obtain your mortgage and get the title for the property you're financing.

WHO CHARGES THEM?

- ✓ Lender
- ✓ Realtor
- ✓ Third parties (appraiser, credit bureau, title company, etc.)

WHO PAYS THEM?

- ✓ The buyer and seller pitch in at closing
- ✓ The buyer usually pays more
- ✓ The seller pays realtor's commission on the sold home

WHAT FEES ARE INCLUDED IN CLOSING COSTS?

The fees charged can vary based on mortgage loan type, property location, and other factors. Here's a quick look at what may be included:

- **Appraisal fee** – The cost of having a professional appraiser compare the current market value of the home being financed to other recently sold homes in the area.
- **Credit report fee** – The cost of securing a copy of the buyer's credit report and scores.
- **Discount points** – This optional cost is paid directly to the lender in exchange for a reduced interest rate.
- **Escrow fees** – Third-party service fees paid to the escrow company handling the home sale.
- **Mortgage insurance (MI) fees** – These vary based on the loan program, down payment, and lender's requirements. Some fees may be one year of MI payments upfront or a lump-sum that covers the full loan term.
- **Origination fee** – Also known as an underwriting fee, administrative fee, or processing fee, this is the lender's cost for evaluating and prepping the buyer's loan.
- **Prepaid interest** – The lender will most likely require the buyer to pay the mortgage interest accrued between their loan closing date and their first monthly payment due date.
- **Prepaid taxes and insurance** – Six months to a year's worth of property taxes and homeowners insurance are usually due upfront at closing.
- **Recording fee** – The local government's charge to grant and record the new property's deed.
- **Title insurance** – The cost of researching title records and making sure there are no existing liens or claims on the property being purchased.

GOT MORTGAGE QUESTIONS? WE'VE GOT ALL THE ANSWERS!



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