Average Closing Costs in 2024: Complete List of Closing Costs

How much are closing costs?

Mortgage closing costs are typically 2-5% of your loan amount, with a smaller percentage for larger loans.

Some closing costs are set in stone, but many aren't. Lenders have a lot of flexibility over the fees they charge.

That means borrowers can shop around for the lowest closing costs as well as the lowest rate.

If you find a lender willing to cover part of your mortgage closing costs or roll them into your loan amount (when refinancing), you might not even have to pay out of pocket.

What are closing costs?

Closing costs are a collection of fees required to set up and close a new mortgage. They can range from 2-5% of the mortgage amount for both home purchase and refinance loans.

For example, say you're purchasing a home. Closing costs on a $100,000 mortgage might be $5,000 (5%), but on a $500,000 mortgage they'd likely be closer to $10,000 (2%).

In addition, mortgage closing costs are often a smaller percentage on a refinance loan because some fees— like transfer taxes and owners title insurance — aren't included.

Closing fees include everything charged by your lender, home appraiser, title company, and other third parties involved in the mortgage transaction.

For simplicity, borrowers pay all these fees together on **closing day.** Closing fees are paid to an independent escrow company, which handles distributing each fee to the right party. This is much easier than having borrowers pay each cost separately.

Note that closing costs are separate from your down payment, though some lenders may combine them into a single number on your closing documents.

The good news is that many mortgage closing costs are flexible. So, borrowers can shop around for the lowest fees, and even negotiate with their lender to reduce certain items.

The key is to get offers from at least a few different lenders so you can see the range of closing costs for your loan and which company is most affordable.

What's included in closing costs?

Closing costs include just about every upfront fee to purchase or refinance a home, except for the down payment.

Buyers pay a long list of closing fees, all of which are itemized on the standard Loan Estimate you'll get from any lender. But the main (most expensive) fees to be aware of are:

- **Loan origination fee or broker fee** (0-1% of loan amount): A fee the lender or broker charges for its services. This fee can be heavily negotiated, as it is mainly paying for lender overhead and adding to its profit
- **Mortgage points or discount points** (0-1% of loan amount): Optional upfront fees paid to directly lower your mortgage rate. The lender is not allowed to use these funds for overhead or profit
- **Processing fee or underwriting fee** ($300-$900 each): A mortgage application fee charged to pay for the lender's employees who gather documentation, coordinate with third parties like appraisers, and manually look at the file to approve the loan
- **Title search fee and title insurance** ($300-$2,500+): Fees paid to check historical records for liens against the property and to ensure it can be legally transferred to you

- **Escrow fee** ($350-$1,000+): Fees paid to a third-party escrow company that handles funds and facilitates the home sale
- **Home appraisal fee** ($500-$1,000+): Fee to evaluate the home's fair sale price or refinance value
- **Home inspection fee** ($300-$500): Fee paid to a licensed home inspector to assess a home's condition
- **Prepaid taxes and insurance** ($1,000-$4,500+): Generally, you pay six months to a year of property taxes and homeowners insurance in advance when you close
- **Real estate commissions** (5%-6%): Typically paid by the seller, these fees are paid to a buyer's agent when purchasing a new home
- **Real estate attorney fee:** Fee paid to a real estate attorney for reviewing home purchase agreements. Not all states require an attorney to handle real estate transactions
- **Homeowners association transfer fee:** This type of fee is only applicable to homes within a planned community that is governed by an HOA. It covers the cost of transferring HOA fees from the seller to the buyer. The seller generally pays transfer fees, but sometimes buyers pay

Government-backed mortgages also require an upfront insurance premium or guarantee fee. This covers all or part of the cost for the federal government to insure your loan.

- **FHA loan:** Upfront mortgage insurance premium (1.75% of loan amount)
- **VA loan:** VA funding fee (1.4% to 3.6% of loan amount)
- **USDA loan:** Upfront mortgage insurance fee (1% of loan amount)

These premiums are technically part of your closing costs on an FHA, VA, or USDA loan. But you're allowed to roll them into the loan balance (even on a home purchase loan), and most borrowers choose this route to avoid the extra upfront charge.

Conventional loans with less than 20% down charge for private mortgage insurance (PMI). But unlike government loans, there's no upfront charge; only a monthly premium.

What are the average closing costs in 2024?

In 2021 (the most recent **data** available), the average closing costs for a single-family home were $6,837.

However, the averages will likely rise in 2024 as home values continue to increase across the nation.

Of course, these averages are very broad. Individual closing costs can vary a lot based on factors like:

- Home purchase price
- Down payment amount
- Credit score
- Location
- Mortgage lender
- Type of loan

Your closing costs could be significantly higher or lower than average depending on the specifics of your home loan.

Closing cost calculators can give you a general estimate if you want to know what yours will be. But to find your exact closing costs so you can budget appropriately for them, you'll need to get an estimate from a lender.

Understanding your Loan Estimate and Closing Disclosure

All lenders use standard loan forms called the Loan Estimate and Closing Disclosure.

Lenders are required to send you a **Loan Estimate** (LE) after you apply. This document will list your loan terms, interest rate, and every closing fee associated with the offer.

All Loan Estimates use the same format, making it easy for you to compare rates and fees to find the best deal.

You can also use your Loan Estimates as leverage. If one lender offers a great rate but another offers lower fees, you can bring your low fee estimate to the first lender and see if it will reduce your costs.

Closing Disclosures

The second document you will receive is the **Closing Disclosure** (CD).

Lenders are required to send you a CD at least three business days before your closing date. This document will list the final details of your mortgage — which should closely match the rate, terms, and closing costs on your initial Loan Estimate.

There are legal limits to the amount your closing costs can increase on the CD. If you see a change in your fees before closing, be sure to bring it up and get an explanation.

You're never committed to a mortgage until you sign — so before you do, make sure you're getting the deal you were promised.

Full list of mortgages closing costs

Mortgage closing costs fall into three categories: lender fees, third-party fees, and prepaid items.

Here are specific closing costs included in each category, along with the typical cost for each one.

Mortgage lender fees

These are fees charged by the lender or broker to underwrite, process, and close your loan. They include:

- **Loan origination fee** or **broker fee** (0-1% of loan amount): The lender or broker's fee to set up the loan. This is your lender's profit

- **Discount fee** (0-1% or more of loan amount): Also called mortgage points or discount points, this is an OPTIONAL closing cost that reduces your mortgage interest rate
- **Processing fee** ($300-$900): May be included in the origination fee. This is the cost to source and process your documents (e.g. bank statements and verification of employment) and put together your loan file
- **Underwriting fee** ($300-$750): The cost for the underwriter to review and verify the information on your loan application
- **Administrative fees** ($100 or more): Miscellaneous lender charges. Likely included in the origination fee
- **Lock-in fee** or **application fee** ($200-$500 or more): Many lenders do not charge application fees or fees to lock your rate. In some states, application fees are illegal. You should be able to find a lender without these fees
- **Loan-Level Price Adjustments** (LLPAs) (0-4% of loan amount): For conventional loans backed by Fannie Mae and Freddie Mac, LLPAs are charged for higher-risk loans (e.g. low-down payment and/or low credit score). These are typically paid via a higher rate, NOT an upfront fee. But it's important to know what they are

Third-party fees

Third parties don't work for mortgage lenders, but they provide services necessary to complete the transaction. These services include the following:

- **Credit report fee** ($35): The cost to pull your credit reports from at least 2 of the top 3 credit bureaus: Experian, TransUnion, and Equifax
- **Appraisal fee** ($500-$1,000 or more): The cost for a professional appraiser to determine the property's current market value. Appraisals are almost always required, except for certain refinance loans

- **Title search, title report,** and **title insurance policy** ($300-$2,500 or more): The title search and title report check for any outside ownership claims to the property. Lenders title insurance (REQUIRED) and owner's title insurance (OPTIONAL) protect your lender and you against losses in case such a claim arises after closing
- **Escrow fee** ($350-$1,000 or more): The cost of a third-party escrow company's services. Escrow companies facilitate mortgage transactions by holding and distributing funds, managing paperwork, and more
- **Flood certification** ($20): Evaluates flood risk at the property in question to determine whether flood insurance is required
- **Recording fee** ($20-$250): Fees charged by your county to process records when a property changes hands. You'll likely pay a tax as well, which goes by different names: real estate conveyance, mortgage transfer, documentary stamp, or property transfer
- **Survey fee** ($400+): In some cases, a professional survey is required to determine property lines. Fortunately, this is not often required
- **Attorney fee** ($400+): Charged in states where closing attorneys are required. Closing attorneys facilitate closing and negotiating the contract. You can shop for low-cost attorney services
- **HOA dues** (varies): If you buy in a homeowners association, you'll probably pay for a copy of the Covenants, Concessions and Restrictions (CC&Rs), a fee for the property manager to complete a condo survey for the lender, and a fee to transfer ownership records
- **Tax service fee** ($50): This OPTIONAL fee goes to a tax service company to keep track of your tax payments. Most homeowners will NOT pay this fee because their property taxes will be paid through their lender via an ongoing 'impound account' (see below)

- **Notary fee** ($100): Pays a notary to travel to a convenient location, like your home, to sign the final paperwork and certify signatures on the closing documents
- **Closing protection letter (CPL) fee** ($50): A fee charged by escrow to create a CPL: a document that puts liability on the title company if the escrow does not disburse the home purchase funds appropriately
- **Document prep fee** ($50): The fee that the escrow company charges to prepare the final loan documents for signature

Prepaid items

Prepaid items are costs of homeownership for which you pay upfront when you close the loan.

The lender needs to guarantee you will pay things like property taxes and homeowners insurance. So, in most cases, they collect these costs at closing and monthly, then pay them for you to make sure the home isn't at risk of tax foreclosure, fire, or another hazard.

Prepaid items go into an escrow account or "impound account," which isn't as bad as it sounds. It simply means the lender has set up a holding place from which to pay the expenses you would have to pay anyway.

- **Property tax reserves** ($500-$2,500 or more): Most buyers pay 2-6 months of property taxes upfront at closing. Note: This can increase your closing costs significantly because property taxes can cost a few hundred dollars per month
- **Homeowners insurance** ($400-$1,000 or more): Homeowners typically pay 6-12 months of homeowners insurance premiums upfront at closing. Before you close, you should compare insurance companies to find the lowest-cost homeowners policy for you
- **Flood insurance** ($300-$1,000 or more): This only applies if your home is in a certified flood zone where flood insurance is required.

Standard homeowners insurance policies do NOT cover flooding. This insurance is paid separately

- **Prepaid interest:** You'll pay upfront for any interest charges accrued on the days between your closing and your first monthly mortgage payment

How to reduce your closing costs

The high price tag on closing costs often takes first-time home buyers by surprise. If you budgeted for a **low-down payment** — say, 3% — closing costs could double your out-of-pocket expenses.

This can prove challenging for home buyers on a tight budget.

Closing costs are also a drawback for homeowners who want to refinance into a lower rate, but don't have the cash for upfront fees.

Luckily, you don't always have to pay out of pocket. There are a few ways to reduce your upfront closing fees.

Lender credits

Lender credits are an arrangement where the mortgage lender covers part or all your closing costs. In exchange, you pay a higher interest rate. This is also known as a "**no-closing-cost mortgage**."

A no-closing-cost loan will likely cost you more in the long run due to higher interest.

But for home buyers on a budget — and refinancers getting a significantly lower rate — this strategy can be a smart way to get the loan you need without having to empty your savings.

Seller concessions

A **seller concession** is when the seller covers part or all the buyer's closing costs. The seller does not pay out of pocket; rather, they use part of the proceeds from the home sale to cover the buyer's fees.

This strategy works best in a buyers' market where homeowners are motivated to sell. Sometimes, the buyer must agree to a higher purchase price for the seller to agree to pay their closing costs.

Note: There are **limits on the amount of closing costs** a seller can pay for, which vary by loan type.

Roll closing costs into the loan

If you're refinancing, you might have the option to roll closing costs into your loan balance. (This is only an option on refinance transactions; not purchase transactions.)

Rolling closing costs into the loan means you'll pay interest on them, so they cost more in the long run. But if you don't plan to keep the loan for its full term, your monthly savings from refinancing might be more important than the long-term cost.

Not all closing costs can be included in the loan amount. For instance, prepaid items like property taxes and homeowners insurance must always be paid upfront.

Rules vary by loan type, too. On an **FHA Streamline Refinance**, for example, only the upfront mortgage insurance fee can be rolled into the loan balance. All other closing costs must be paid upfront.

Closing cost assistance

Closing cost assistance is available from state housing finance agencies (HFAs) and some local governments, lenders, and nonprofits. This typically comes in the form of down payment assistance, which can be used to help pay for your down payment and/or closing costs.

Closing cost and down payment assistance can be a grant (which never needs to be repaid) or a loan (which often has low or no interest and may be forgivable).

These programs are often targeted toward first-time and/or lower-income home buyers. But specific rules and requirements vary a lot by program.

Your real estate agent or loan officer can help you find down payment and closing cost assistance in your area.

Negotiation

The final tool in your belt is negotiation.

As a borrower, you can shop around with as many mortgage lenders as you want. You can choose the one with the lowest closing costs outright, or you can take your best offer and ask another lender to match or beat it.

With a little time and dedication, it’s possible to get **mortgage lenders to compete for your business.**

You’ll have even more bargaining power if you have an excellent credit score and large down payment; in other words, if you’re a ‘prime’ borrower.

Just note, not all closing costs are negotiable.

- **Mortgage lender charges:** negotiable. These include items like the origination fee, underwriting and processing fees, and the application fee. (Many lenders don’t charge an application fee, so look for one that doesn’t)
- **Appraisal and credit reporting:** non-negotiable. Closing costs for third-party services cannot be negotiated with your lender. These include appraisal charges and credit reporting fees. However, you may be able to shop around and save on some of these items — for instance, by finding a lower-cost closing attorney
- **Title and escrow fees:** negotiable in some states. Title service fees show up in section B or C of page 2 of your Loan Estimate. If they appear in section C, you can shop for them — and you should. You’ll want to compare charges from several companies because, in states that allow you to shop, fees and premiums can vary by thousands of dollars. If you purchase lenders and owners title insurance policies from the same provider, ask for a “simultaneous issue” discount

Your ability to negotiate certain closing costs depends on the location of your property. Your Loan Estimate will detail which items you can shop around for (labeled “section C”).

How closing costs affect your mortgage interest rate

Mortgage loan pricing is flexible. You can choose the fee structure that works best for your financial situation.

For instance, maybe you want the lowest interest rate and monthly mortgage payment possible — and you’re willing to pay extra upfront to get it.

Or you might accept a slightly higher interest rate if your lender will cover the closing costs and get your out-of-pocket expense to zero.

You should be aware of your options so you can choose the structure that’s most affordable for you.

Mortgage rebate pricing

Rebate pricing allows the lender to take your mortgage rate higher in exchange for crediting an amount to you. You can use the rebate to cover other closing costs — even prepaid items like property taxes and insurance premiums.

So, a loan with “minus three points” could credit you with up to 3 percent of the loan amount for other costs. On a $200,000 mortgage, that’s $6,000.

Rebate pricing is ideal for those who only plan to stay in the home or mortgage for a few years. You take a higher interest rate for a short time in exchange for very low upfront costs.

Mortgage discount pricing

“Discount” pricing doesn’t mean lower charges. It refers to the extra fees you might pay to “buy down” your rate. Discount points add to your closing costs but reduce your interest rate.

Breaking even on closing costs

Is it worth it to pay more up front for a lower rate? Or to eliminate closing costs but accept a higher rate?

You can determine if this is a good deal or not by looking at the 'break-even point' on your new loan. That's the point at which your monthly savings outweigh your upfront costs.

	No Points	Rebate Pricing (1 Point)	Discount Pricing (1 Point)
Loan amount	$250,000	$250,000	$250,000
Quoted interest rate	4%	4%	4%
Closing cost	No added cost	-$2,500 (paid back to you)	+$2,500 (paid to lender)
Actual interest rate	4%	4.25%	3.75%
Monthly payment	$1,269	$1,305	$1,233
Total interest paid (30 years)	$179,700	$192,750	$166,800

Here's an example of how discount points and rebate pricing might compare for a $250,000 home loan.

In this example, spending an extra $2,500 for one discount point saves you $36 per month, or $12,800 over 30 years.

With these savings it would take you almost six years to break even with the extra closing costs you paid — so you'd have to stay in the house quite a while to make that discount point worth it.

With rebate pricing, on the other hand, you save $2,500 at the closing table. But you pay $36 more per month thanks to the higher interest rate. That adds up to an extra $13,000 over the 30-year loan.

So, if you plan to stay in the house 6 years or more in this scenario, you're losing money with rebate pricing.