A BUYERS' GUIDE TO

CLOSING COSTS



Origination Fee -

Payment to lender to evaluate your credit and underwrite and process loan.

Discount Points -

Paid to lender at closing to reduce interest rate over life of mortgage.

PMI or Mortgage

Insurance – Required if down payment is less than 20%. Protects lender if you default.

Appraisal Fee – Paid to appraiser to confirm home's fair market value.

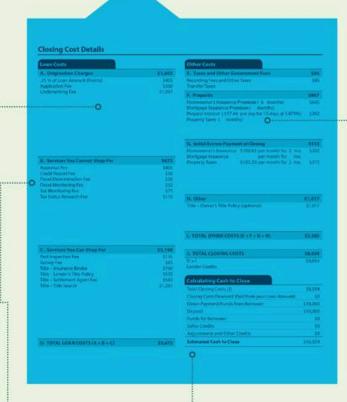
Title Search – Covers cost to confirm seller owns property, and it is free from liens.

Title Insurance – Protects lender and (optionally) you if title claim surfaces later.

Termite Inspection Fee – Inspection required to certify home is free of termite damage.

Survey Fee - Charge to verify property boundaries.

Flood Certification Fee – Covers cost to determine if home is in federally designated flood zone. If it is, lender will require you to purchase flood insurance. Some lenders also charge a separate flood monitoring fee to check for flood map updates.



Closing or Settlement Fee -

Paid to title company, attorney or escrow company that conducts closing.

Recording Fee – Paid to state to record transfer of property from one owner to another.

Transfer Tax – Paid to state, based on the amount of the mortgage.

Prepaid Interest -

Covers mortgage interest due between date of closing and first mortgage payment.

Prorated Property

Tax - Covers property taxes from date of closing to end of tax year.

Homeowners' Insurance – Typically, you'll pay full firstyear cost upfront at closing.

Homeowners' Association Transfer

Fee – Paid on properties governed by associations to transfer ownership documents to you.

Initial Escrow-

Lender may require first two months of next year's homeowners' insurance, flood insurance and property taxes to build up reserve.

Sources: Bankrate.com, consumerfinance.gov