

Closing Costs and Settlement Charges for Mortgages

Slide 1 – Cover Slide

Closing Costs and Settlement Charges for Mortgages

Helping Clients Understand the True Cost of Buying a Home

- Loan fees and lender charges
- Title and escrow expenses
- Prepaid items and reserves
- Government and recording fees
- Seller concessions and negotiations

Pro Tip:

Clients are often surprised by closing costs. Setting expectations early helps avoid last-minute stress and builds trust.

Slide 2 – What Are Closing Costs?

- Fees paid to complete the purchase transaction
- Usually range from 2%–5% of the loan amount
- Include lender, title, and government charges
- Separate from the down payment
- Detailed on the Closing Disclosure

Pro Tip:

Explain that closing costs are normal and are not “extra profit” for the lender or Realtor—they are third-party and transaction-related expenses.

Slide 3 – Lender Fees

- Loan origination fees
- Discount points to lower the interest rate
- Credit report fees
- Underwriting and processing fees
- Appraisal fees

Pro Tip:

Encourage clients to compare Loan Estimates from multiple lenders so they understand their options and costs.

Slide 4 – Title and Settlement Charges

- Title insurance protects ownership rights
- Title search verifies clear ownership
- Escrow or settlement company fees
- Attorney fees (where applicable)
- Wire transfer and courier fees

Pro Tip:

Remind buyers that title insurance is a one-time fee that protects one of their largest investments.

Slide 5 – Government and Recording Fees

- County recording fees
- Transfer taxes (varies by location)
- Mortgage recording fees
- State and local taxes
- Deed recording charges

Pro Tip:

Some taxes and transfer fees are negotiable between buyers and sellers depending on local customs and contract terms.

Slide 6 – Prepaid Expenses and Escrow Accounts

- Homeowners insurance premium
- Property tax reserves
- Mortgage interest collected at closing
- Initial escrow account deposits
- Flood insurance, if required

Pro Tip:

Prepaid expenses are not “fees.” They are funds set aside for future taxes and insurance obligations.

Slide 7 – Ways Buyers Can Reduce Closing Costs

- Request seller concessions
- Negotiate lender credits
- Compare lenders and title companies
- Choose appropriate loan programs
- Ask about first-time buyer assistance programs

Pro Tip:

Seller concessions can often help buyers preserve cash without affecting the purchase price significantly.

Slide 8 – Educating Clients and Avoiding Surprises

- Review the Loan Estimate early
- Explain the Closing Disclosure before closing day
- Discuss cash needed to close upfront
- Encourage clients to ask questions
- Work closely with the lender and title company

Pro Tip:

The smoother the closing process, the more referrals you earn. Clients appreciate Realtors who educate them and eliminate surprises.

Key Takeaway for Clients

Down Payment ≠ Total Cash Needed

Buyers should budget for:

- Down payment
- Closing costs
- Prepaid taxes and insurance
- Moving expenses
- Emergency reserves

An educated buyer is a confident buyer, and confident buyers are more likely to close successfully and refer future business.