

Closing Costs

Finding the right home at the right price is just one part of a home sale or purchase. Homes By Cheryl is seasoned at helping both buyers and sellers when it comes to closings. Call me today at 317-536-7325 if your needs include a professional REALTOR® ready for the business side of real estate.

Expected closing costs

There are certain basic costs associated with closing the sale of a house. These costs are commonly split between the buyer and seller, as dictated in the sales contract. Many are conventional, but there are nuances to each, so you'll want a real estate expert in Indiana to help guide you through your process.

Closing costs that are loan-related

- Points (optional)
- Appraisal Fee
- Credit Report
- Interest Payment
- Escrow Account

Loan-Related Closing Costs

Loan Origination Fee

This covers the administrative expenses in setting-up and processing the loan. The loan origination fee may be a percentage of the mortgage amount.

Points (optional)

An option for the home buyer is to pay points to lower the interest rate at which the loan will be repaid. Each point equals 1 percent of the mortgage amount. For example: on a \$150,000 loan, 1 point would equal \$1,500.

Appraisal Fee

The fee for having the house appraised may be incorporated into the closing costs or payment may be required by the lender at the time the loan application is submitted.

Credit Report

The lender uses a credit report to determine the creditworthiness of the loan applicant. This fee is often paid when the loan application is submitted.

Interest Payment

Typically the buyer is required to pay interest on the mortgage loan to cover the time between the closing date and when the first mortgage payment period begins. For example: If closing is on May 15. Your first monthly payment begins to accrue interest on June 1 with your first mortgage payment due July 1. At closing an interest payment covering the accrual period between May 15 and May 31 may be required.

Escrow Account

At closing a payment may be required to fund the escrow account if the lender is paying home insurance, property taxes and/or other expenses out of the escrow account.

Taxes commonly paid at closing

- Property Taxes
- Transfer Taxes and Recording Fees

Tax Closing Costs

Property Taxes

This is the one closing cost that is often prorated between the buyer and seller. If the seller has already paid the annual property taxes, the buyer typically reimburses the seller for the period in which the buyer will be occupying the property. Likewise, if the taxes have not yet been paid, the seller typically reimburses the buyer for the period in which the seller occupied the property.

Transfer Taxes and Recording Fees

This is the cost for transferring ownership of the property and recording the purchase documents. The fee is often calculated as a percentage of the sales price.

At closing, these fees are often due

- Homeowners Insurance
- Flood or Quake Insurance (optional)
- Private Mortgage Insurance (PMI) (optional)
- Title Insurance

When purchasing a home, you'll get a "Good Faith Estimate" (GFE) of closing costs within three days of submitting your loan application. The estimate is based on the loan officer's previous experience and is required to be within a suitable range so you're not stunned when you reach the closing table. I'll be willing to look over the GFE with you, answering your questions and highlighting any estimates of concern.