



BUYER COSTS

PREPARING FOR CLOSING COSTS

In addition to your down payment, closing costs are a buyer's cost paid at closing. A very general rule of thumb is to expect closing costs of 2% of purchase price. Your lender will give you a better idea of what your estimated cost to close will be, but below is a list of what you can expect the closing costs to consist of. You can negotiate for the seller to contribute towards your closing costs if needed.

LENDER FEES

A total amount and breakdown of these fees can be obtained from your lender, but include things such as application fee, processing fee, underwriting fee, origination charges, etc.

ATTORNEY FEES

All property purchases are run through a real estate attorney. The attorney fees include settlement fee, title exam fee, document prep fees, etc.

PROPERTY TAXES

This is the portion of the property taxes that you are responsible for during your ownership of the property for that calendar year. Depending on when you close, you will either receive a debit or credit for the property taxes.

PREPAID ITEMS

This typically includes 6-12 months homeowner's insurance as well as interest for the remainder of the month's mortgage.

TITLE INSURANCE (LENDER AND OWNER)

Lender's Title Insurance is required by all mortgage lenders.

Owner's Title Insurance is a one-time charge for the protection of one of your largest investments, as well as peace of mind. The insurance will protect the owner against any defects in title which may not have been detected by the title exam.

INITIAL ESCROW FUNDS

If you are setting up an escrow account with your lender, you will need to make an initial deposit into this escrow account. The lender requires a cushion for future property taxes and insurance payments.

RECORDING STATE CHARGES

Transfer Tax: \$1 per \$1,000 of the purchase price.

Intangible Tax: \$1.50 per \$500 of the loan amount.

CONDO/HOMEOWNERS ASSOCIATION FEES (IF APPLICABLE)

If you are purchasing a property with an HOA, there may be fees charged at closing. Fees can include initiation fee, move-in fee, transfer fee, initial HOA dues payment, etc.



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BUDGETING UNDER CONTRACT EXPENSES

EARNEST MONEY

Earnest money is a cash deposit that shows evidence of good-faith to complete the transaction. It typically runs 1%-3% of purchase price depending on negotiations. Personal check is acceptable. At closing, the money is credited towards your total cost to close. Should the contract terminate during Due Diligence, the deposit is refunded.

HOME INSPECTION

A home inspection can run from \$450-\$650 depending on the company and size of the home. Inspection companies will have optional add-ons that you can choose to include. The most common add-on is the radon gas test for approximately \$175. If the inspection reveals any items that you want a specialist to look at, you may need to pay for a diagnosis trip (i.e. roofer, structural engineer, plumber, etc.).

In addition to your general home inspection, you may want to consider some of the following additional inspections. Your HOME Real Estate agent can provide you with a list of professionals to contact.

- Air Quality/ Mold
- Chimney and Fireplace
- Electrical
- Foundation
- HVAC System
- Irrigation System
- Plumbing
- Radon
- Retaining Walls
- Roof
- Septic System
- Sewer Line Scope
- Sump Pump
- Swimming Pool/ Spa and Equipment
- Structural Engineering

APPRAISAL

Your lender will order an appraisal of the home. Appraisals can run from \$450-\$600 depending on the lender and/or third-party appraisal management company used.

TERMITE INSPECTION

Some deals may require a termite letter. If you aren't receiving a termite bond from the seller, a termite letter/inspection is advised. These are around \$150. If you want to establish a termite bond on the property once you own the home, the initial cost to establish the bond can vary.

LAND SURVEY

Prices vary greatly depending on lot size and can range from \$600-\$1,000. A survey of your property is not required. However, I always suggest that my buyers obtain one. The survey is like a map of the property. It will identify property lines, easements, encroachments, flood zones, water buffers, building lines, etc.