



## **CLOSING COST GUIDELINE**

Although anything is negotiable in a Purchase/Sales Contract for real estate, there are many costs (sometimes an “area” custom) that are traditionally paid by the Seller and some traditionally paid by the Buyer. In an effort to familiarize you with the “area” customs, the following costs are shown to be paid by Buyer and Seller in a typical or traditional closing here.

NOTE: Not all costs will apply to your transaction – these are some of the costs that could be applicable to your closing.

### SELLER COSTS

- 1) Current Mortgage Payoff and/or second mortgage or equity mortgage or Land Contract Payoff
- 2) Owners Title Insurance - insuring the new purchaser in amount of sale price
- 3) Transfer Taxes County (\$1.10 per \$1000) and State (\$7.50 per \$1000) for a total of \$8.60 on sale price rounded to nearest \$500. (EXAMPLE: Sale Price \$49,900 - Transfer Taxes would be based on: \$50,000 X \$8.60 = \$430.00)
- 4) Recording Fees - to clear title or to record land contract deed, power of attorney, affidavits, etc. Buyer pays to record deed from Seller to Buyer.
- 5) Reimbursement to closing entity for any cost to obtain documents needed for closing (i.e. true, certified death certificate, true certified judgment of divorce, etc.)
- 6) Deed Preparation by Attorney
- 7) Land Contract Preparation by Attorney
- 8) Preparation of Mortgage & Note if Seller is financing Buyer or providing a second mortgage
- 9) County Custom Area Tax Proration on a Calendar Year/Arrears Basis: will charge the Seller from January 1 to closing date for estimated taxes. Other methods for proration can be agreed upon between parties. For example: Advance/Fiscal Proration Method or No Proration at closing with the Buyer responsible for paying taxes beginning with “x” tax billing. All prior tax bills must be paid or will be charged to the Seller at closing.
- 10) Repairs, Allowances, Buyer Closing Costs or Rebates as agreed upon between the parties
- 11) Usage/Occupancy fee to Buyer if immediate occupancy is not given the day of closing (usually based on what the new Buyer’s payment for Principal, Interest, Taxes, and Insurance per month will be)
- 12) Attorney Fees for any documents reviewed prior to closing
- 13) Home Warranty Programs
- 14) Utilities used during occupancy up to and after closing.
- 15) For Sale By Owner Closing Services as agreed between the parties
- 16) Overnight courier services for mortgage payoffs delivered to out of town enders and/or in circumstances where Seller authorizes us to overnight paperwork to expedite the closing or purchase agreement process.



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### BUYER COSTS

- 1) PRE-PAID INTEREST TO THE FIRST OF MONTH/LENDER CLOSING (i.e. if closing is taking place on 17th of month - there will be a charge on Buyer's closing statement for interest from 17th to 1st. Most lenders want the Buyers payments due on the 1st of every month.
- 2) Escrows for Taxes and Insurance (if required by Lender or Land Contract holder) initial amounts collected at closing in advance to set up account.
- 3) Mortgage Title Insurance - Lender will require title insurance to cover their mortgage amount. This is issued at the same time the owners policy is issued.
- 4) Attorney Fees for review of any Buyer documents prior to closing
- 5) Financing Fees for "insured" loans of less than 20% down, VA Funding Fees, FHA MIP (private mortgage insurance), etc.
- 6) Well/Septic Evaluation
- 7) Closing Fees/Lender Packages
- 8) Recording Fees for Deed, Mortgage, Assignments, Power of Attorney, or in a land contract transaction, the land contract or in a Seller financed transaction, the mortgage, etc.
- 9) Credit Report
- 10) Appraisal Fees
- 11) Lender Fees connected with buyer's loan package such as: Loan origination fees, discount points, flood certification fees, tax servicing fees, pre-paid interest, escrows, private mortgage insurance, document prep fees, closing fees, mortgage title insurance, recording fees, mortgage "survey"/report, and many other possible combinations depending on the loan program and the lender involved.
- 12) Repairs as agreed between the parties or required by the type of financing
- 13) Inspections on the property - many kinds of inspections are available from inspection of a particular item (furnace) to full home inspections. There are inspections and testing available for radon gas, lead paint, well water and septic field evaluations and many other hazards. If Buyer wants inspections done as opposed to purchasing the home in "as is" condition, inspections are usually done at the buyers expense and required to be completed in a specified time frame.
- 14) Overnight courier fees to return closed lender package, if new mortgage lender is out of town and requires closed package to be returned within 24 hours of closing and/or in circumstances where buyer has authorized us to overnight paperwork to expedite closing or purchase agreement process.

*THIS IS JUST A SAMPLE/GUIDELINE OF POSSIBLE CLOSING COSTS PROVIDED TO YOU AS A COURTESY FROM FIDELITY TITLE COMPANY.*

**QUESTIONS? PLEASE CALL 248-642-1115**