

Langley Mortgage Closing Costs

Closing Costs

There are some extra fees when obtaining real estate which add to the overall purchase price of the property. These costs are commonly referred to as closing costs. Normally, closing costs are the responsibility of the buyer and has to be paid prior to closing a real estate contract. Nevertheless, the seller may choose to pay for some of the closing costs in trying to make the sale move faster or to make the home appear more attractive.

Things which might be included into the closing costs, include: loan application fee, title searches, recording the deed or recording fees, credit check expenses, appraisal fees, mortgage insurance and homeowner's insurance. They represent payments that fulfill the conditions of the loan that the lender has set upon securing the mortgage.

One more common expense is points. Purchasing points can be to your advantage though since the more points you have the lower your interest rate is. Some of the other expenses that might be covered under closing costs are fees for surveying the property, attorney's fees, property tax, origination fees and sales tax.

Application fee is separate from the original fees. The lending institution issues these charges to offset the administrative costs they incur. Original fees are automatically deducted from the loan before it is disbursed to the borrower. As a general rule, origination fees range from 1 percent to 3 percent of the total mortgage. Closing fees represent around 6 percent of the mortgage amount. When the loan is financed by the government, they are the ones who receive the amount. With different kinds of loans, the administrator of the loan collects the fees.

The costs of closing a deal can add up fast and are not just limited to the abovementioned. Buyers should get an estimation of the total costs of the house. This will ensure that all the expenses and things are completely disclosed before a deal is struck. If the closing costs are too high, you have three alternatives; You can try to bargain with your lender, seek a different lender, or try to bargain with the seller to see if they will pay for some of the expenses.