

Mortgage Matters

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Understanding Closing Costs

Now that you have found the perfect home, it is time to tie up all the loose ends and finalize the sale. Part of this process is to pay your closing costs. Closing costs can be a surprise, as they are more than most buyers expect, especially first-time homebuyers. With a good banker and real estate agent on your side, you can better understand and prepare for these costs. So, what is included in your closing costs?

What's Included in Closing Costs?

Closing costs can be made up of multiple items. Costs from the lender may include origination fees, points, underwriting, processing, appraisal and a credit report, among other fees. These costs can vary from lender to lender and depend on several factors, but generally cost between \$1,000-\$6,000. Fees from the title company, such as a closing fee, title insurance, abstracting and the survey, can range between \$1,000-\$5,000 depending on the title company, state and individual transaction details. There will also be money needed at closing for your prepaid items. These consist of prepaid interest from the day you close through the end of the month, one year of homeowners insurance, as well as reserves deposited into your escrow account for taxes and insurance. Realtor fees are also included in closing costs. The exact amount varies from company to company, but generally they earn about 6%.

Know the Market

In the right market conditions, you may be able to get some or all of your closing costs paid for by the sellers. If homes aren't selling as quickly or the market is slower, you have a stronger chance of the seller taking on some or all of the closing costs. In a market where houses are selling quickly and there are multiple bids on a property, the chances are slim that a seller will take on closing costs. Certain loan types as well as down payment programs will allow or limit the amount the seller can pay in closing costs.

Homeowner's Insurance

While your real estate agent or banker may have a company they recommend to use for homeowner's insurance, you should shop around and compare prices. Often, you can get a better deal or bundle your car and home insurance for savings.

Buying a house is a complicated process, but the more you know about closing costs, how much they cost and whether you can get any of them paid for by the seller can make the process that much easier.

I am here to help, even if you are not an RCB Bank customer. Feel free to call me at 405.608.5291 or email me at kwohl@bankrcb.net.

Opinions expressed above are the personal opinions of Kenneth Wohl and meant for generic illustration purposes only. For specific questions regarding your personal lending needs, please call RCB Bank at 855-BANK-RCB. With approved credit. Some

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