

BUYER COST CHEAT SHEET



CLOSING COSTS

2-5% of purchase price typically. See next page for a detailed breakdown. 2% is average.

EARNEST MONEY DEPOSIT

Typically 1%-5% of the purchase price. Is put down when the offer is accepted to show good faith with the seller. It is held in an escrow account (an intermediary repository for funds or pertinent documents during a transaction). **At the end it goes towards closing costs.** The more you put the more serious the seller takes your offer. 1.5%-3% is good usually.

INSURANCE

Typically you need title, condo insurance and additional earthquake insurance. Prices vary based on how much coverage you want. **The prepayment of the first year is rolled into the closing costs.**

PROPERTY TAXES

Paid annually or can be rolled into the monthly mortgage payment. **Prepayment of property taxes for the period from the closing date to the end of the tax year is a part of the closing costs.**

APPRAISAL

Typically between \$600-\$800, is ordered by the mortgage lender and **rolls into the closing costs.** They want to make sure the home is worth what you are paying & what they are funding. If it isn't you often can negotiate the price down with the seller.

HOME INSPECTION

Costs vary from a few hundred to over \$1K. As an ex. a 3K sf 5bed/4bath home could be \$1.2K. The inspections can include roof, sewer, termites, general inspection. Once they are done a RFR (request for repair) can be submitted to the seller. Either they will provide seller credits or repair for you. They can also deny completely.

DOWN PAYMENT

Typically 3%-20% of the home's purchase price paid to the lender.

HOA FEES

For condos and townhouses. Paid monthly to HOA. Covers common space maintenance and usually earthquake insurance for the building.

REALTOR FEES

Typically paid by the seller, though negotiable. It can range anywhere from 2.5-3% of the purchase price.



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CLOSING COST BREAKDOWN

2-5% of purchase price typically. They include:

Loan Origination Fees: These are charges from the lender for processing the loan application and underwriting the mortgage.

Appraisal Fee: The cost of the property appraisal, which determines its market value.

Title Search and Title Insurance: Fees for researching the property's title history and purchasing title insurance to protect against any legal issues with the title.

Attorney Fees: If an attorney is involved in the closing process, their fees may be included in the closing costs.

Recording Fees: Charges for recording the new deed and mortgage with the appropriate government office.

Escrow Fees: The cost of the escrow agent's services, including holding and disbursing funds during the closing process.

Homeowners Insurance: Prepayment for the first year's insurance premium.

Property Taxes: Prepayment of property taxes for the period from the closing date to the end of the tax year.

Home Inspection Fees: Although not always included in closing costs, if the inspection was conducted before closing, its fees might be rolled into the closing costs.

Survey Costs: If a survey of the property is required, its costs may be included in the closing costs. This is rare.

Points: These are upfront fees paid to the lender to lower the interest rate on the mortgage. Optional.

Miscellaneous Fees: Other smaller fees associated with the closing process, such as courier fees or document preparation fees.



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