

Richmond Mortgage Closing Costs

In Real Estate Deals - What Exactly Are Closing Costs

There are some extra fees when obtaining real estate that add to the overall purchase price of the home. These costs are commonly referred to as closing costs. Usually, closing costs are the responsibility of the buyer and should be paid before closing a real estate deal. Then again, the seller may choose to pay for some of the closing costs in order to make the sale move quicker or to make the property appear more attractive.

Things that might be included into the closing costs, comprise: loan application fee, title searches, recording the deed or recording fees, credit check expenses, appraisal fees, homeowner's insurance and mortgage insurance. They represent payments that accomplish the conditions of the loan which were set by the lender when the mortgage was secured.

Points are another common expense. The advantage to purchasing points is that the more you have, the lower your interest rate is. Some of the other costs that might be included in the closing costs are fees for surveying the property, attorney's fees, origination fees, sales tax, and property taxes.

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. Normally, origination fees vary from 1% - 3% of the whole mortgage. Closing fees represent around 6% of the mortgage amount. If the loan is backed by the government, the amount is given to them. With different kinds of loans, the loan administrator collects the fees.

Closing costs add up really fast and are not just limited to the ones mentioned above. It is wise to ask for an estimate of the total cost of the house and to make sure that all items and costs have been fully disclosed prior to closing the deal. If the closing costs are too high, you have three options; You can try to negotiate with your lender, look for another lender, or attempt to bargain with the seller to be able to see if they would cover some of the costs.