

There are plenty of fees that you'll have to pay during the closing. Depending on prior negotiations, the buyer or the seller could be responsible for these costs, although typically the most of it is paid by the buyer.

All closing costs are spelled out in the lender's Good Faith Estimate. This is only an estimate and the actual charges may differ. RESPA allows the borrower to request to see the HUD-1 Settlement Statement that shows all actual charges imposed on borrower in connection with the settlement one day before the settlement. If you see a charge that doesn't make sense, or that no other lender has, it's time to ask questions.

Here's an example of what you can expect to pay:

**Discount points** represent additional money you can pay to the lender at closing. If you pay more points it will lower the interest rate. Usually, for each point you pay for a 30-year loan, your interest rate is reduced by about 1/8th (or .125) of a percentage point. Paying points can be good if you plan on living in the home for a long time.

**Application Fee:** This fee varies we have seen anywhere from \$99-\$995 **Green Valley does not charge an application fee.** This covers the lender's cost to process the information on your loan. Most brokers and banks have you pay this charge at the time you file the application. **Green Valley takes no money up front for your loan** Some lenders may apply the cost of the application fee to certain closing costs. Generally lenders do not refund this application fee if you are not approved for the loan or if you decide not to take it.

**Appraisal Fee:** This fee (\$150 to \$500 depending on the price of the home) pays for an independent appraisal of the home you want to purchase or refinance. The lender requires this estimate of the market value of the house for the loan. Factors to be considered in determining market value are: present cash value; use; location; replacement value of improvements; condition; income from property; net proceeds if the property is sold, etc. The appraisal is a critical factor in determining how much of a mortgage the bank or mortgage company will approve. After the appraisal is completed, the borrower is normally entitled to a copy of the appraisal from the lender.

**Credit Report Fee:** Three major national credit bureaus (Equifax, TransUnion and Experian) supply lenders with the information on your credit behavior. Consumers typically pay \$45 to \$55 for this report. **The Green Valley fee is \$11.00 per person.**

**Title search and title insurance:** A title search is a detailed examination of the historical records concerning a property. These records include deeds, court records, property and name indexes, and many other documents. The purpose of the search is to make sure the buyer is purchasing a house from the legal owner and there are no liens, overdue special assessments, or other claims or outstanding restrictive covenants filed in the record, which would adversely affect the marketability or value of title.

A title search can show a number of title defects among these are unpaid taxes, unsatisfied mortgages and judgments against the seller. But there are some hidden defects that even the most diligent title search may never reveal. For instance, the previous owner could have incorrectly stated his marital status, resulting in a possible claim by his legal spouse. Other problems include things like fraud, forgery, defective deeds, mental incompetence, confusion due to similar or identical names, and clerical errors in the records. These defects can arise after you have purchased your home and jeopardize your right to ownership.

A certificate of title -- issued by a title company that did the title search -- offers no protection against any hidden defects in the title which an examination of the records could not reveal. A title insurance protects against any tax liens, unpaid mortgages, or judgments missed in the research of the history of title on the property. If a claim is made against your property, title insurance will, in accordance with the terms of your policy, assure you of a legal defense and pay all court costs and related fees. Also, if the claim proves valid, you will be reimbursed for your actual loss up to the face amount of the policy.

Basically there are two different types of policies - a lender's policy and an owner's policy. The lender's policy protects the lender's interest in the property as security for the outstanding balance under the buyer's mortgage. The owner's policy safeguards the buyer's investment or equity in the property up to the face amount of the policy. The cost of the policy is usually based on the loan amount.

It is required to obtain a lender's title insurance policy only. If you also desire the protection of title insurance you should purchase a buyer's title policy. This is a one time premium, and usually the cheapest rate might be offered by the company that did the title search. It is also advisable to inquire about the seller's title insurance policies on the property, for it may be possible for you to obtain a policy at a lower reissue rate. The typical fee for this .5% of your loan amount.

**Survey fee:** The title insurance company or lender may require a survey of the property. This is to verify official boundaries of the property and that your lot has not been encroached upon by any structures. Depending on the size of the property and what state you live in, this cost ranges from \$225 to \$350.

**Escrow Account:** Most lenders require you to pay for some items that will due after closing. These prepaid items usually include insurance premiums (for Homeowners Insurance -- also called Hazard, or Fire Insurance -- and [Private Mortgage Insurance](#)) and [Real Estate Taxes](#). The HUD regulations limit the amount of money a lender may require the borrower to hold in an escrow account.

**Flood Certification:** Some homes require flood certification fees, amounting up to \$30. It verifies that the property is not in a flood zone. If the property is located within a defined zone the lender will require a [flood insurance](#) policy.

**Recording and Transfer Charges:** A small fee (to \$150 to \$250) to cover the cost of the paperwork required to record your home purchase.

Documentary stamp tax on the mortgage is .75% of the loan amount.

**Interim interest:** Accrued interest from closing date until the end of the month.

**Lender's and Buyer's Attorney:** This fee (to \$500 to \$1500) is to pay for preparing and reviewing all of the documents needed to close your loan.

**You can divide all closing costs into two basic groups:**

- Amounts paid to state and local governments. These include city, county and state transfer taxes, recordation fees, and prepaid property taxes.
- Costs of getting a mortgage. These include title insurance, survey, appraisals, credit checks, loan origination and documentation fees, commitment and processing fees, hazard and mortgage insurance and interest prepayments.

Payments to local governments should be the same at every lender. Total costs you can expect to pay are from 3% to 6% of the amount of your mortgage loan.