

Closing Costs Explained

Understanding the Costs of Buying a Home

Closing costs are the fees and expenses paid when finalizing the purchase of your home. Understanding these costs ahead of time helps you budget with confidence.

Closing Cost	What It Covers
Lender Fees	Loan origination, underwriting, processing, credit reports, and lender services.
Appraisal Fee	Professional appraisal to verify the home's market value.
Title & Escrow	Title search, title insurance, escrow services, document preparation, and secure transfer of funds.
Recording Fees	County fees to officially record the transfer of ownership.
Prepaid Expenses	Homeowners insurance, prepaid interest, property taxes, and required escrow reserves.
Home Inspection	Optional but strongly recommended inspection of the home's condition.
HOA Fees	Transfer fees, document fees, or prepaid dues when applicable.

Budget Tip: Many buyers should plan for approximately **2%–5%** of the purchase price in closing costs, depending on the loan program, location, and any negotiated seller credits.

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