

# Who Pays Closing Costs?



The home buying and selling process can be confusing for many people. A lot goes into making sure both buyer and seller are happy. On top of managing schedules, documents, and meetings, both parties are often concerned about closing. For first time home buyers and sellers, closing can be intimidating.

Our Mortgage Planners receive many questions about closing costs and what to expect at a closing. Whether you are buying or selling a home, navigating this process can feel overwhelming. This is why we will always advise you, and answer any questions you may have about closing.

## Who Pays Closing Costs and What is Included?

First, it's important to note that there are two kinds of closing costs: buyer closing costs and seller closing costs. Closing costs is the dollar amount that's due when you close on your home. Most are a combination of fees and taxes.

### Seller Closing Costs

If you are a seller, closing costs will typically range from 8-10%, and are taken out of the sale of the home. Some of the most common fees and taxes to be paid at closing by a seller can include:

- Agent commission
- Transfer tax
- Title insurance
- Pro-rated property taxes
- HOA fees
- Credits toward closing costs
- Seller attorney fees
- Any escrowed money promised to the buyer

One thing to consider and have a clear understanding of, is the amount you will receive from the sale of the home once all closing costs are paid. Many people will receive an offer on their home, expect to receive a certain amount from the sale, and then be surprised at closing when all the fees are deducted from the sale. Always speak with your agent and lender to have a firm grasp of the amount you will receive once everything is paid.

### Buyer Closing Costs

Closing costs for a buyer can include:

- Appraisal fee
- Application fee
- Origination fee
- Title insurance policy for the lender
- Inspection fee

- Flood certification fee (in some areas)
- Prepaid interest
- Homeowner's insurance
- Pro-rated property taxes
- Tax servicing fee
- Credit report fee
- Bank fees
- Recording fee
- Notary fee
- Loan discount points

Your lender will be able to tell you what you will owe at closing, allowing you to plan accordingly. These fees will vary by lender and who you choose to partner with. For example, here at Blackhawk Bank we do not charge an application fee for buyers, however, you may be charged an application fee at a different institution or lender.

## What Can I Expect at My Closing?

While this day can bring about some anxieties, knowing what to expect and how to navigate it will help you understand everything going on. The closing will typically be held at a title agency and will consist of:

- Reviewing all loan documents
- The buyer presenting the down payment for the loan
- The Lender distributing funds
- Setting up an escrow account

Under normal, non-pandemic circumstances, buyers can typically expect the following people at closing: a representative from your lender, your real estate agent, your attorney (if you have one), and the closing agent (usually from the title company). If you are a seller, you will have many of the same people in attendance with you, with the addition of a notary. However, due to social distancing restrictions, some title agencies are only allowing the buyer and seller to be present at closing for the time being. Either way, our Mortgage Planners will make sure you walk into closing with confidence.

The closing process is usually quick and painless. When you work with a Mortgage Planner at Blackhawk Bank, we'll walk you through the entire closing process to make sure that it goes smoothly, and you don't run into any unexpected issues. We also try to do all the heavy lifting upfront, even using our hybrid electronic closing software so that buyers can sign certain documents ahead of time.

We want you and your family to have the confidence you need to buy or sell a home - that's why we want all our clients to have a thorough understanding of the closing process. Want to learn more about how Blackhawk Bank can help you? Visit our Mortgage website or contact us today!