

Kelowna Mortgage Closing Costs

Who's Duty Is It To Pay For The Closing Costs

There are a few extra charges when buying real estate that add to the overall purchase price of the property. These expenses are often called closing costs. Usually, closing costs are the responsibility of the buyer and need to be paid prior to closing a real estate contract. Nevertheless, the seller could choose to pay for some of the closing costs in an attempt to make the sale move quicker or to make the property look more appealing.

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

Points are a different common expense. The advantage to buying points is that the more you have, the lower your interest rate is. Some of the other costs that may be covered under closing costs are attorney's fees, fees for surveying the property, property tax, origination fees and sales tax.

Separate from the application fee are the original fees. Lenders would issue these fees as an offset to incurred administrative expenses. Before it is disbursed to the borrower, the original fees are automatically deducted from the loan. Usually, origination fees vary from 1% - 3% of the total mortgage. Closing fees represent approximately 6% of the mortgage amount. If the loan is backed by the government, the amount is given to them. With different types of loans, the administrator of the loan collects the fees.

The costs of closing a deal can add up fast and are not just limited to the abovementioned. Buyers must get an estimation of the total costs of the property. This would ensure that all the fees and things are fully disclosed before a deal is struck. If the closing costs are very high, you have three options; You can try to bargain with your lender, look for a different lender, or attempt to bargain with the seller to see if they would pay for some of the expenses.