

# BUYING A HOME GUIDE

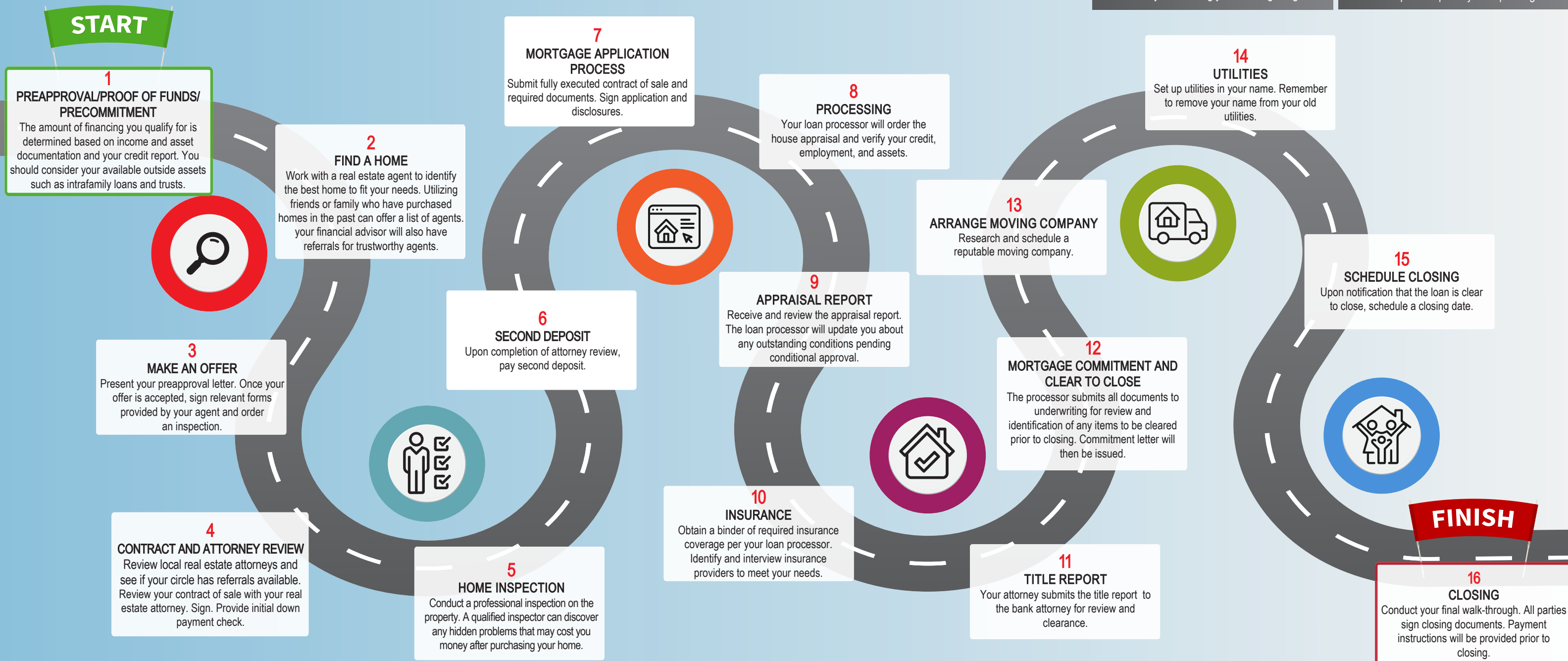


**DOS:**

- Do save and submit all future paystubs and bank statements (complete with all pages)
- Check your credit scores
- Do carefully considering your housing budget

**DON'TS:**

- Don't apply for any credit
- Don't change your credit
- Don't make any large purchases
- Don't end up house poor by overspending



# HOW CLOSING COSTS WORK

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**DID YOU KNOW?**

Federal law requires that sellers and buyers receive a copy of a HUD-1, or settlement statement form, outlining all charges in real estate transaction.

**DO YOUR HOMEWORK**

Don't be shocked at closing! Ask your lender, agent, or title representative to explain all of your costs well before going in to sign your final papers.



## CLOSING COSTS

### SELLER

**1/2 of titles & escrow fees**

- Fees such as transfer taxes, title insurance, notary fees, etc.

**Commissions**

- Average real estate commission is between 5% and 6%

**Loan Payoff**

- Outstanding mortgage balances will be satisfied at closing

### BUYER

**1/2 of titles & escrow fees**

- Fees such as transfer taxes, title insurance, notary fees, etc.

**Lender Fees**

- For obtaining a mortgage, including the appraisal

**Homeowners Insurance**

- Typically one year of your hazard or homeowner's insurance is paid up front at closing
- In addition to your homeowners insurance you should consider if you need flood insurance, earthquake insurance or any other type of insurance



## ADDITIONAL COSTS

### SELLER

- Home warranty (optional)
- Property taxes (prorated)
- Real estate brokerage administrative fees
- Pest or septic inspection
- HOA fees (prorated, if required)

### BUYER

- Owner's title insurance
- Inspection fees (in escrow)
- Earnest money (credit at close)
- Real estate administrative fee (if applicable)
- Credit report fee

### ADDITIONAL TIPS & INFORMATION

- Most fees and charges can be negotiated
- Be prepared to budget for necessary repairs based on inspection
- Tax prorations vary by state and you should consult a professional
- You can ask for closing cost assistance from the seller as part of the offer
- A \$1,000 increase in purchase price usually equates to less than \$10 per month



## SELLER AND BUYER

### GOOD FAITH ESTIMATE (GFE)

Request a copy of this estimate from your agent or lender. You're legally entitled to receive one within a few days of applying for a loan.

Note that this is an estimate.

### SETTLEMENT STATEMENT (HUD-1)

You should be able to receive a copy of this document within a few days of closing.

Review the charges, compare your GFE, and be sure to ask any questions that you have!

10%

These two documents are identical on everything except the price. Any difference in charge should always be within 10% of the GFE value. Ask your attorney/agent to explain any changes.