

Student _____

Date _____

Class _____

Instructor _____

SECTION 10-3 Closing Costs

At the time you sign the documents to transfer ownership of your new home, you must pay any closing costs that the lender charges. Your closing costs may include fees for lawyers, credit checks and title searches, taxes, and the preparation of the documents.

Closing Costs = Sum of Bank Fees

Use the list of closing costs at the right to solve Problems 1 and 2.

- Al and Viola Speer were granted an \$80,000 mortgage. At the closing, they will have to pay the closings costs shown plus real estate taxes of \$1,230. What are the total costs?

Credit report:	\$ 55.00
Appraisal report:	425.00
Title search:	230.00
Survey:	325.00
Recording & transfer fee:	120.00
Legal fees:	360.00
Loan origination fee:	2% of mortgage

- Pablo and Maria Rivera were granted a \$128,000 mortgage. At the closing, they will have to pay the closing costs shown plus real estate taxes of \$1,920. What are the total costs?

- Joy and John MacAllister have agreed to purchase a house for \$79,900. First National Savings & Loan is willing to lend the money at 10.75 percent for 25 years, provided the MacAllisters can make a \$19,900 down payment. The total closing cost is 3.5 percent of the amount of the mortgage. What is their total closing cost?

- You are interested in purchasing a \$144,000 home. You plan to make a 25 percent down payment and obtain a 12 percent mortgage for 20 years for the remaining amount through City Savings and Loan. Complete the form below to determine the total closing cost.

CITY SAVINGS AND LOAN ASSOCIATION DISCLOSURE OF CLOSING COSTS	
AMOUNT OF MORTGAGE: _____	DATE: 3/1/20____
Appraisal report	\$ 455.00
Credit report	65.00
Loan origination fee: 2% of mortgage	_____
Recording costs	145.85
Survey and photos	345.60
Title search & insurance	160.00
Legal fees	425.00
Property taxes	857.25
Interest on the mortgage from 1st of the month to the closing date 3/16 (exact interest)	_____
Total	_____