



What Closing Costs Should Consumers Expect to Pay During the Home Buying Process?

Whether you are a first-time homebuyer, or refinancing an existing mortgage, consumers should expect to pay certain costs upon closing a home loan. Mortgage transactions are covered by the Real Estate Settlement Procedures Act. All consumers are entitled to an estimate of all closing costs. The costs should be itemized on a Federal form called a Good Faith Estimate of Costs.

Florida mortgage brokers must furnish the Good Faith Estimate at the time you execute a business contract or when you deposit application funds with their company. Florida lenders must furnish a Good Faith Estimate within three days of receipt of your Residential Mortgage Loan Application. The actual closing costs will be itemized on the closing statement known as the HUD 1. The Real Estate Settlement Procedures Act allows you to inspect the closing statement one day prior to the date your loan is scheduled to close. Any difference between the initial Good Faith Estimate and HUD-1 costs should be questioned and explained to you by your broker or other originator you are working with.

If you would like further information on closing costs, please read the HUD Guide on Settlement Costs, which you are to receive at application. Brokers and lenders are not required to provide it if you are refinancing a currently-owned property, but FAMB members and other originators will do so upon request.

Some closing costs that consumers should expect to pay include the cost of appraisal, title search and endorsements, an escrow deposit for taxes and insurance, application fee, credit report, survey, pest inspection, document preparation, administrative, processing and underwriting fees. You may also expect to pay the cost of recording the mortgage, which includes stamps and tax on the mortgage deed. These recording costs are governed by state law.

Mortgage brokers receive fees for placing your mortgage with a lender. The mortgage brokerage fee will appear on the Good Faith Estimate and HUD-1. Loan Origination fees, sometimes called points are paid to the lender for their administrative costs. Loan Discount also called points is a one-time fee paid to the lender or broker to lower your interest rate. Lenders sometimes pay the broker for brokerage services. These costs will be shown as "Paid Outside of Closing" POC on the Good Faith Estimate and HUD-1. These costs are not added to the costs paid at closing, but state and federal law requires that you know the amount lenders pay for brokerage services. If consumers have questions about the costs, they should ask their mortgage broker or originator for an explanation.

Other fees that consumers might pay that are separate from normal loan costs include attorney fees, Realtor® commissions and home inspection fees. Your broker and other originators will provide a list of service companies they have used in the past and you may choose whomever you wish to provide closing services.

Members of the Florida Association of Mortgage Brokers (FAMB) have played a major role in helping consumers fulfill the American dream of homeownership, and nationwide, mortgage brokers originate two of every three home loans. It is the job of a mortgage broker to compile the borrower's loan application, and then shop around among dozens of mortgage lenders they work



with to find the loan program that suits the consumers' individual financial goals and circumstances.

“Obtaining a mortgage is the largest financial transaction that a consumer will ever make, thus it is imperative that they work with a trusted member of the Florida Association of Mortgage Brokers or other experienced originator who can properly guide the consumer during this important process,” said Patrice Yamato, CRMS, president of the FAMB.

The Florida Association of Mortgage Brokers is the oldest state trade mortgage association in the nation whose members strive to attain the highest degree of excellence and customer service available. FAMB members also subscribe to a strict code of ethics. For more information or to find a mortgage broker in your area, visit the consumer information page on the FAMB web site at www.famb.org.