

Title:

Keep Your Closing Costs Low

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520

Summary:

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Article Body:

Closing costs can surprise many homeowners if they aren't prepared for them and can seriously deplete savings at a time when most people need money the most. It seems that lenders are constantly finding new and creative ways to tack on a few dollars here, and a few dollars there to the tune of thousands. However, by taking a few simple steps you can keep your closing costs low and know when to tell your lender that enough is enough!

First, you should always be a savvy consumer when it comes to title work. You have the right to select any title company you want and not the one that the mortgage company wants to force upon you. Of course, the mortgage company they want you to use always turns out to be one of the more expensive ones (because they are getting kickback fees). Shop around for a title work company and you can often save 30% right off the bat, and if you are willing to really work at it, save upwards of 50%. It's not chump change either - a title company can easily charge \$1,200 for basic title services.

Next, be on the lookout for junk fees. Lenders love to pile on the document preparation fees, interest locking fees and anything else they can think of. Often times they throw these fees onto mortgages that have no points attached to them. Make sure that you ask your lender for a full disclosure of all the fees and then ask them about any that seem out of line. If you aren't happy with what they quote you, tell them you are looking around at other lenders. The last thing a lender wants to do is lose 30 years worth of interest because of a \$200 junk fee!

If you aren't going to be in the house for more than a few years, ask the seller

to pay the closing costs. Sure, you'll end up paying a higher interest rate, but if you plan on moving in a few years then the cost of the interest won't match the closing costs you would have to pay up front. Plus, you pay the extra interest off in small chunks each month rather than being out a lot of money up front.

Watch out for lenders who try to sell you add-on products with your mortgage. They love to try and get you to buy credit insurance (a total waste of money) and some lenders even try and sell you services such as "plumbing protection" or "whole house appliance protection". Just say no!

Remember, you have the power to say no thanks at any time before you sign on the dotted line. If you don't like the figures your lender is talking about for closing costs, shop around - in fact, you should around and get several mortgage offers before you even consider one. Don't be afraid to get up and walk away from the table. After all, it's your money - don't let a greedy lender try to squeeze another \$1000 out of you when you have enough stress taking place buying a home in the first place!