

UNDERSTANDING RECURRING & NON-RECURRING CLOSING COSTS

There are two types of costs or expenses in an escrow: the recurring costs and the non-recurring costs. The information below will define and give examples of both.

RECURRING COSTS

Costs which the party pays at closing but will continue to occur or be repeated after the escrow closes as a cost of maintaining the property.

- Interest on the new loan
- Real property taxes
- Homeowner's association dues
- Fire insurance premium

NON-RECURRING COSTS

Costs which are charged one time only as an expense of closing the transaction.

- Escrow fees
- Notary fees
- Messenger fees
- Title company expenses such as:
 - Title insurance premium
 - Endorsements to title policies
 - Sub-escrow fee which may be due to title company
 - Reconveyance fees
 - Documentary transfer tax
- In the case of a refinance:
 - Fees associated with making an existing loan payoff
- Transfer or document fees to a homeowner's association
- In the case of a sale:
 - Real estate broker commissions
 - Fees for property disclosures or city reports
 - Transaction coordinator fee
 - Home warranty premium
- Lender's costs such as:
 - Appraisal
 - Credit report
 - Loan origination
 - Loan processing
 - Document fees
 - Tax service contract