Mortgage Closing Costs Explained: A Complete Guide to Every Fee

April 12, 2026 Closing Costs

Typical Closing Costs:

2%–5% of Loan Amount

On a $500,000 loan, that's $10,000-$25,000 - understanding each component can save you thousands.

Closing costs are one of the biggest surprises for first-time homebuyers - and even experienced borrowers. Understanding exactly what you're paying for, and why, puts you in control at the closing table. In the U.S., mortgage closing costs are organized into four major categories. This guide breaks down every fee, with real 2026 cost ranges and state-specific government tax rules for California, Virginia, Florida, and Georgia.

The 4 Categories of Closing Costs

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Origination Fee	**Lender Charges**	**Escrow & Title**	**Government Fees**
0~2%+ of loan	$1,800 - $2,500	$1,000 - $5,000	$100 - $2,750+
Points paid to your broker or lender for your rate	Underwriting, appraisal, and lender-specific fees	Third-party closing agent + title insurance policies	Recording fees + state mortgage taxes (varies widely)

Category 1 - Origination Fee (Discount Points)

0~2%+ of loan

The origination fee - also called a discount point or rate point - is an upfront charge paid to your mortgage broker or lender. One point equals 1% of the loan amount. This fee is directly tied to the interest rate you choose: paying points buys down your rate, while choosing a higher rate may result in a lender credit that offsets other costs.

A "zero-point loan" means no origination fee is charged - the lender is compensated through the interest rate instead. For most borrowers, a zero-point loan is the standard. If you plan to stay in the home long-term, buying down your rate with points may save money over time.

> Tip: Always ask your loan officer for a side-by-side comparison of zero-point vs. one-point options and the break-even timeline.

Category 2 - Lender's Charges

$1,800 - $2,500

These are fees charged directly by the lender to process, underwrite, and close your loan. Unlike origination points which are rate-related, these are operational fees.

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Fee	Amount	Details
Underwriting / Administrative Fee	**$1,300 - $1,500**	The lender's cost to review your file, verify income/assets, and make a credit decision. This is the largest lender fee in most transactions.
Appraisal Fee	**$500 - $900+**	Primary Residence: $500-$600 | Investment Property: $750-$900 (Form 1007 + Form 216) | Rush Fee: +$150-$200
Tax Service Fee	**$80-$100+ / often bundled**	Verifies the property has no delinquent property taxes. Some lenders bundle this into the underwriting fee.
Flood Certification Fee	**~$8-$15+ / often bundled**	Checks whether the property is in a FEMA-designated flood zone. Required for all federally-backed loans.

Pro tip: Compare lender fees across at least 3 lenders using the Loan Estimate (provided within 3 business days of application). Section A shows origination charges; Section B shows services you cannot shop for.

Category 3 - Escrow & Title Charges (3rd-Party Charges)

Purchase: $3,000-$5,000+ | Refinance: $1,500-$2,000+

In the U.S., real estate closings are handled by a neutral third party: the escrow company (also called a settlement or closing agent). They are licensed and strictly regulated by state governments. The escrow company holds all funds and documents in trust, following the purchase contract to the letter, and only releases them when all conditions are met.

Title insurance protects against hidden defects - undisclosed liens, forged deeds, unpaid taxes from prior owners, boundary disputes, and more. There are two types:

- Owner's Title Policy - protects the buyer; typically paid by the seller in many markets; lasts as long as you own the property
- Lender's Title Policy - protects the lender; always required for a mortgage; paid by the borrower; expires when the loan is paid off

Your Right to Shop for Title Insurance

By law, the buyer has the right to choose their own title insurance company for the Lender's Policy. Don't accept the escrow company's default title insurer without getting competitive quotes.

Watch out for junk fees: Some escrow companies charge extras like an E-Doc Fee ($75+) just to print your loan documents. When possible, negotiate the right to select your own escrow company.

Category 4 - Government Charges

$100 - $2,750+ (varies significantly by state)

Government fees are non-negotiable - they are the same regardless of which lender or escrow company you use. They include recording fees charged by the county, and in some states, additional mortgage taxes.

Recording Fee (All States)

After signing, your mortgage documents must be recorded with the county government to be legally enforceable. Most counties charge $100-$150, based on the total page count of the documents.

State	Tax Type	Rate	$300K Loan	$500K Loan	Notes
California	Recording Fee only	~$100-$150 flat	**~$125**	**~$150**	No recordation tax on refinances

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State	Tax Type	Rate	$300K Loan	$500K Loan	Notes
Virginia	Grantee Tax (Stamp Tax)	0.333% of loan	~$999	~$1,665	Applies to both purchase and refinance
Florida	Doc Stamp Tax on Note	$0.35 per $100	$1,050	$1,750	Both purchase and refi
Florida	Nonrecurring Intangible Tax	$2 per $1,000	$600	$1,000	Both purchase and refi
Florida Total	Both taxes combined	-	~$1,650	~$2,750	Plus recording fee
Georgia	Intangible Recording Tax	$3 per $1,000 (0.3%)	$900	$1,500	Paid to county clerk at closing

Florida Mortgage Taxes - Detail

Florida imposes two separate mortgage taxes. The Documentary Stamp Tax is $0.35 per $100 of the loan amount - on a $500,000 mortgage, that's $1,750. The Nonrecurring Intangible Tax is 2 mills ($2 per $1,000) - another $1,000. Both apply to purchases and refinances. Budget approximately $2,750 in state taxes on a $500K loan.

Georgia Intangible Recording Tax - Detail

Georgia charges $1.50 per $500 (or fraction thereof) of the loan amount - effectively $3 per $1,000 (0.3%). This tax is paid to the county clerk at closing. On a $500,000 loan, Georgia borrowers pay $1,500 in this tax.

Frequently Asked Questions

Q: Are closing costs the same at every lender?
No. Sections 1 (origination fees) and 2 (lender charges) vary widely - this is where you can save the most by shopping around. Section 4 (government fees) is fixed by law and identical regardless of lender.

Q: Can closing costs be rolled into the loan?
Sometimes. On refinances, some lenders offer no-closing-cost options where fees are rolled into the loan balance or covered via a higher rate. Rolling costs into the loan increases your balance and monthly payment.

Q: Who pays closing costs - buyer or seller?
The buyer typically pays Sections 1-4. The seller often pays the Owner's Title Insurance premium in many markets. In a buyer's market, sellers may also offer closing cost credits.

Q: How do closing costs differ between a purchase and a refinance?
A purchase requires both Owner's and Lender's Title Policies ($3,000-$5,000). A refinance only needs a new Lender's Policy ($1,000-$2,000). Escrow fees are also lower on refinances since there's no property transfer.

Q: Are closing costs tax-deductible?
Origination points paid on a purchase loan are often fully deductible in the year paid if they meet IRS criteria. On a refinance, points must typically be amortized over the life of the loan. Consult a qualified tax advisor.

Quick Summary

Category 1 - Origination Fee	0~2%+ of loan amount. Zero-point loans are standard; paying points buys a lower rate.
Category 2 - Lender Charges	$1,800-$2,500. Underwriting, appraisal, and service fees. Compare across lenders on your Loan Estimate.
Category 3 - Escrow & Title	$1,000-$5,000. Third-party closing agent + title insurance. You have the right to shop for title insurance.
Category 4 - Government Fees	$100-$2,750+. Recording fees + state taxes. FL and GA carry significant mortgage taxes - budget accordingly.
Total typical range	2%-5% of loan amount. On a $500K loan: $10,000-$25,000 before any seller credits or lender credits.

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