Closing Costs
What You Can & Can't Control

A buyer-friendly guide to comparing fees, credits, and cash to close

SHOP
Title services
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NEGOTIATE
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Closing Costs: What You Can and Can't Control

Closing costs can feel confusing because they are not one single fee. They are a mix of lender charges, third-party services, government fees, prepaids, escrow setup, and sometimes negotiated credits. The goal of this worksheet is to help you know where you have options - and where you mostly need to plan ahead.

Use this guide to separate costs you can compare, negotiate, or plan around from costs that are mostly set by timing, taxes, or third parties.

Most controllable	Some control	Limited control	Mostly fixed

Start with the Loan Estimate

When you apply for a mortgage, your lender provides a Loan Estimate. Page 2 breaks costs into sections, including loan costs, services you cannot shop for, services you can shop for, taxes/government fees, prepaids, and initial escrow payment at closing.

The big idea

You usually do not control every cost, but you may have more options than you think. Some costs can be compared between lenders. Some can be changed by your rate choice. Some can be negotiated through seller credits. Others are driven by taxes, insurance timing, escrow rules, or third-party providers.

1. Cost Categories and Buyer Control

Cost category	Control level	What to know
Lender charges	Higher control	Origination fees, discount points, lender credits, and rate options may vary by lender and loan structure. Compare Loan Estimates carefully.
Services you cannot shop for	Limited control	These are required services selected by the lender, such as appraisal or credit report-type items. You generally cannot pick the provider, but you can compare total lender packages.
Services you can shop for	Some control	Your Loan Estimate identifies services you are allowed to shop for. This can include certain title or settlement-related services, depending on the lender and transaction.
Homeowners insurance	Higher control	You usually choose the insurance carrier. Price, coverage, deductible, roof details, and claim history can affect the premium and cash to close.
Taxes and government fees	Mostly fixed	Recording fees, transfer-related charges, and other government fees are usually not negotiable by the buyer or lender.
Prepaids	Limited control	Prepaid interest, first year of insurance, and certain tax items are timing-based. Closing date and insurance premium can affect the amount.
Escrow setup	Limited control	Lenders may collect initial reserves for taxes and insurance. This is not the same as a junk fee; it is money set aside for future bills.
Seller credits	Negotiable	Seller-paid closing costs may reduce your cash needed, but they depend on offer strategy, market conditions, seller agreement, and loan limits.

Buyer tip

Do not ask only, "What are my closing costs?" Ask, "Which parts can I shop, which parts are lender-controlled, which parts are timing-based, and what could change before closing?"

2. What to Ask Your Lender

Use these questions when reviewing a Loan Estimate or comparing lenders. The lowest rate is not always the lowest-cost option, and the lowest cash to close is not always the best long-term structure.

- [ ] What is the estimated cash to close, and what assumptions are included?
- [ ] Which costs are lender fees versus third-party fees?
- [ ] Are there discount points included in this rate?
- [ ] Is there a lender credit? If yes, how does it affect the rate?
- [ ] Which services can I shop for on my Loan Estimate?
- [ ] Which costs are expected to stay the same and which may change?
- [ ] How would my numbers change with a different interest rate option?
- [ ] How would seller-paid closing costs affect my offer and cash needed?
- [ ] How much of this is prepaids or escrow setup rather than true fees?
- [ ] What could delay closing or change my final cash to close?

Compare apples to apples

When comparing lenders, ask each one to quote the same purchase price, down payment, credit profile, closing date, rate-lock period, and loan type. Otherwise, two estimates may look different because the assumptions are different.

Mini worksheet

Question	Your notes
Estimated cash to close	
Lender fees	
Discount points or lender credit	
Services I can shop for	
Seller credit strategy	
Biggest unknown before closing	

3. Ways Buyers May Reduce Cash Needed

Not every option fits every buyer, and some options involve tradeoffs. Use this page as a conversation starter with your lender and realtor.

Option	Potential benefit	Tradeoff or caution
Compare lenders	May reveal differences in fees, rate, credits, and loan structure.	Quotes must use the same assumptions to be meaningful.
Shop eligible services	May reduce certain third-party costs.	Only applies to services listed as shoppable on your Loan Estimate.
Request seller credits	Can reduce cash needed at closing.	May affect offer strength and must fit loan program limits.
Use lender credits	Can lower upfront cash to close.	Usually comes with a higher interest rate or different pricing.
Adjust rate/points	Can balance monthly payment versus upfront cost.	Paying points may not make sense if you will move or refinance soon.
Close later/earlier in month	Can affect prepaid interest and timing-related items.	Does not eliminate costs; it changes timing and cash flow.
Review insurance early	May avoid last-minute surprises and help compare premium/deductible options.	Cheapest policy is not always the best fit for the home or lender requirements.

Final reminder

Closing costs are not just "extra fees." Some are true fees, some are prepaid future expenses, some are escrow reserves, and some are negotiable strategy items. The best buyer understands the difference before making an offer.

Sources: Consumer Financial Protection Bureau Loan Estimate and Closing Disclosure education; Fannie Mae closing cost education. This guide is educational and should be reviewed with a licensed mortgage professional before relying on it for a specific purchase.