



WHO PAYS CLOSING COSTS ON A NEW CONSTRUCTION HOME?

In most cases, the homebuyer is responsible for paying the closing costs on a new build home. However, sometimes new construction home builders offer incentives, such as covering a percentage of the closing cost, if the buyer agrees to use a preferred lender or purchase within a specific time frame.

TIPS ON HOW TO NEGOTIATE AND REDUCE YOUR CLOSING COSTS

- Use your Loan Estimate to comparison shop to find the best deal.
- See if you qualify for any closing cost assistance programs in your area.
- Ask your lender if you can take advantage of any discounts or incentives.

WHAT TO DO IF YOU NEED HELP PAYING FOR CLOSING COSTS ON NEW BUILDS

If you are a first-time homebuyer, you may qualify for a closing cost assistance (CCA) program. These programs are intended to help buyers reduce their financial burden by providing funds or grants to offset some or all of these closing costs. Each program has its own set of guidelines, but these funds can typically be used for both down payments and closing costs, giving buyers more flexibility in how they allocate their savings.

HOW WILL I PAY FOR CLOSING COSTS?

Although the fees can add up and even seem daunting, closing costs are a normal part of the home-buying process and your mortgage lender can walk you through estimated costs as well as different scenarios to find the best fit for you. To clear up any questions you may have, visit us at lennar.com to chat with a qualified loan officer near you.

HOW MUCH SHOULD YOU SAVE?

Closing costs are usually between 2–4 percent of the home's value, 3 percent on average. Those percentages may seem small, but when you consider the fact that you'll have to pay that amount and a down payment, the costs are higher. A \$300,000 mortgage will come with an average of \$9,000 in closing costs. Average closing costs may be 3 percent of the home value, but they vary from state to state. Several organizations track average closing costs by state. Your state average is a good starting point for how much you should save, although other factors influence the costs.

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UNDERSTANDING CLOSING COSTS

**Closing Costs and What You Need to Know When
Purchasing a New Construction Home**

WHAT ARE CLOSING COSTS ON NEW CONSTRUCTION?

Closing costs are fees associated with purchasing a new home and are a one-time expense due at your home's closing. All fees are listed on your Closing Disclosure form.

Here are fees you'll likely notice on your Closing Disclosure:

- **Appraisal and home inspection fees:**
Charged by the appraiser, these fees are for determining the home's value and issuing an appraisal report. The lender typically contacts the appraiser to perform the appraisal, and the buyer pays the fees.
- **Title search and title insurance fees:**
The title search is a fee charged by the title company to search the property title for any existing liens or other potential issues.
- **Attorney fees:**
Attorney fees may be required if an attorney gets hired to review the terms negotiated in your purchase contract.
- **Mortgage application fees:**
The lender charges a mortgage application fee to process your loan application.
- **Homeowners association fees:**
Since your closing date may not align with the homeowner's association (HOA) period, a prorated HOA fee may be applied to help ensure neither party overpays.
- **Property taxes and insurance fees:**
Property tax is a fee charged by the county or city and depends on the location of the property and its assessed value.
- **Escrow deposits:**
You can make this deposit to your lender to cover property taxes and insurance if you are required to or choose to open an escrow account.



WHAT ARE THE BIGGEST DIFFERENCES FOR CLOSING COSTS ON NEW CONSTRUCTION VS. RESALE HOMES?

Let's explore the most significant differences in closing costs between new construction and resale homes. This way, you can make the best decision for your budget and homebuying needs.

- **Builder Fees in New Construction Closing Costs:**
Builders typically charge fees for items and services, such as architectural services, land surveying, engineering, and construction management. These fees are not typically included in the home's purchase price and are usually added to the new build closing costs. When buying a resale home, there are no builder fees, so the costs generally revolve around the transfer of ownership.
- **Title Insurance in New Construction Closing Costs:**
With a new construction home, title insurance can be more expensive as it covers the lender's and the owner's interest in the home. That means two separate title policies are needed, making title insurance service fees slightly higher for new construction homes.
- **Prorated Property Taxes in New Construction Closing Costs:**
When you purchase a new construction home, the property taxes are often prorated based on the land's value and any improvements made during the construction process. With a resale home, the seller pays property taxes up to the closing date, and the buyer then pays the taxes for the rest of the year based on the purchase price.
- **Inspection Costs in New Construction Closing Costs:**
Since a new construction home does not require the same level of inspection as a resale home, this can lead to lower inspection costs at closing. A resale home is more likely to have hidden problems, which can increase inspection fees and the overall cost.
- **Loan Origination Fees in New Construction Closing Costs:**
New home builders often have relationships with lenders and have the power to negotiate lower origination fees on behalf of the buyer. When purchasing a resale home, the buyer typically has to search for a lender that best fits their budget.
- **Average Closing Costs on New Construction:**
Closing costs on a new construction home are calculated based on several factors, such as the purchase price, the loan type, and the home's location. Typically, closing costs can range from 2-6% of the home's purchase price, but your lender will provide an exact breakdown of the expected closing costs on your Loan Estimate.

