A BUYER’S GUIDE WITH SPENCER

Buyer’s Closing Costs Explained

What you'll actually pay beyond your down payment — broken down line by line, with what's typical in Missouri.

With Spencer | Elevate Realty, LLC
St. Louis Metro - West County - St. Charles County

INTRODUCTION

The Number Buyers Forget to Budget For

Most first-time buyers plan carefully for their down payment, then get caught off guard by a second number due at closing: closing costs.

These are the fees charged by your lender, the title company, the county, and a few other parties to actually finalize the purchase — and they're separate from your down payment.

The good news is that none of it needs to be a surprise. Once you understand what's actually in that pile of fees, you can budget for it accurately, ask the right questions, and in some cases, negotiate part of it.

Ballpark to keep in mind: Buyer closing costs in Missouri commonly fall somewhere in the range of 2% to 5% of the purchase price, though your exact number depends on your loan type, lender, and the specific transaction. Your lender's Loan Estimate is always the most accurate source for your actual numbers.

SECTION ONE

Loan-Related Fees

The largest share of your closing costs is usually tied to your mortgage.

These fees cover the work your lender does to underwrite, process, and fund your loan:

- Loan origination fee — charged by the lender for processing and underwriting your loan, commonly a percentage of the loan amount
- Application fee — some lenders charge this upfront to begin processing your file
- Credit report fee — a small fee for pulling your credit during underwriting
- Discount points — optional, upfront fees you can choose to pay to lower your interest rate
- Appraisal fee — pays for the independent appraisal your lender requires to confirm the home's value supports the loan amount

> Every lender is required to give you a Loan Estimate within a few days of applying. This document lists your specific lender fees in writing — it's the fastest way to see real numbers instead of estimates.

SECTION TWO

Title, Escrow, and Recording Fees

Before your purchase can close, the title company confirms the property can legally transfer to you free of liens or ownership disputes — and handles the mechanics of getting everything signed, recorded, and funded.

- Title search — verifies the property's ownership history and checks for existing liens
- Lender's title insurance — required by your mortgage lender to protect their financial interest in the property
- Owner's title insurance — optional but recommended coverage that protects you, the buyer, if a title issue surfaces after closing
- Escrow or settlement fee — the title company's fee for managing the closing process itself
- Recording fees — charged by the county to officially record your new deed and mortgage

Good to know: Missouri does not charge a statewide real estate transfer tax, which is a cost buyers in some other states have to budget for. Who pays for owner's title insurance — buyer or seller — varies by area and title company custom, and is ultimately negotiable in your contract, so confirm it early with your agent.

SECTION THREE

Prepaid Items and Escrow Reserves

These aren't technically "fees" — they're costs you'd owe eventually anyway, just collected upfront to set up your escrow account and cover the gap between closing and your first mortgage payment.

- Prepaid interest — covers interest between your closing date and your first mortgage payment
- Homeowners insurance premium — your first year is often paid in full at closing
- Property tax reserves — your lender collects several months of property taxes upfront to seed your escrow account
- Homeowners insurance reserves — similarly, a few months are often collected upfront for your escrow account

If the home is in an HOA:

- HOA transfer or initiation fees — amounts vary widely by community, so check the HOA documents early in your search
- Prorated HOA dues — you may owe a prorated share for the remainder of the billing period

> These prepaid items can add up to a meaningful chunk of your total cash to close — often more than the lender's own fees. Ask your lender for an itemized breakdown so nothing feels like a surprise.

SECTION FOUR

How to Estimate Your Own Number

You don't have to wait until the final Closing Disclosure to get a sense of what you'll need. Here's how to build a reasonably accurate estimate early in the process:

- Start with your Loan Estimate. Once you apply with a lender, this document itemizes your specific fees — use it as your foundation, not a generic percentage
- Add in prepaid items separately. Ask your lender for their specific estimate of prepaid interest, tax reserves, and insurance reserves for your loan and closing date
- Check for HOA costs. If you're buying in a community with an HOA, ask for the transfer fee and prorated dues before you're under contract
- Ask about seller-paid closing costs. Depending on the market and how your offer is structured, some or all of your closing costs may be negotiated as a seller concession
- Compare your Closing Disclosure to your Loan Estimate. You'll receive this a few days before closing — it should closely match your Loan Estimate, with limited allowable variance on certain fees

> Bottom line: The earlier you ask for real numbers instead of rough percentages, the fewer surprises you'll have on closing day.

LET’S TALK

Want a Personalized Estimate?

Every transaction is different, and the fastest way to get real numbers is to talk it through with someone who knows the local lenders, title companies, and market you're buying in.

Call or text me at 314-947-3791 — I'd love to talk through your options.

Spencer Argueta
REALTOR® | Broker-Owner, Elevate Realty, LLC
Serving West County & St. Charles County, Missouri
Cell: 314-947-3791 · Office: 314-947-3137
WithSpencer314.com · @withspencer314