

I'm the Seller – What do I Pay at Closing?

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Whenever a home is purchased, there are buyer's expenses and seller's expenses. These fees are usually spelled out in a Sales Contract so that each party to the transaction is aware and in agreement as to which costs they are covering. If a Realtor is involved in the transaction, the real estate agent is probably utilizing a boilerplate sales contract which provides language that covers buyers' costs in conjunction with their loan for the purchase. But the selling party also usually has some cost involved in the transaction.

In the case of a realtor's participation in the sale, the seller is almost always responsible for the sales commission cost, especially if they listed the home through an agency. There are some fees which are considered "reasonable and customary" expenses of the seller in a transaction as well. For instance, in Oklahoma, the seller typically furnishes an abstract of title ownership, which is brought up to date by a title company so that the buyer's attorney may read the abstract to determine the marketability of the title. The abstract is a compilation of copies of the recorded instruments of ownership for the entire history of the property. Since it takes quite a bit of time to look up and photocopy recorded instruments from the records, an abstract built from scratch can be quite expensive to reproduce. That's also why we recommend that abstracts be stored in safety deposit boxes or fire-proof vaults.

Depending on the type of transaction, the seller may also be responsible for the documentary stamp taxes which are assessed at an amount commensurate with the sales price. If the ownership is transferring between family members, the stamp tax can be waived. However, there may also be fees related to preparation of the transfer deed and the settlement or closing fee for the actual agent who is closing the sales transaction.

In all cases, the closing costs of a transaction are governed by the sales contract and all can be negotiated as a part of the transaction. For instance, we have seen transactions where the sellers offer to pay a portion of the buyer's closing fees as an incentive to seal the deal. This frequently occurs when buyers need some assistance in qualifying for a down payment in order to finance their purchase. However, some government loan programs have limitations on the amount or percent of fees which can be paid by the seller.

The range of fees for services can run from just a few dollars to several hundred dollars. If a survey is to be provided by the seller or repairs as a result of an inspection report, such as termite treatments, the expenses can be a significant amount and are usually withheld from the seller's profit on the closing statement.

All closing fees are negotiable in a sales transaction, but they should be delineated and in writing as a part of the sales contract so that all parties are in agreement and the closing agent has a clear direction for use in calculating the final settlement statement for the sales closing. Whenever a sale is a cash transaction between two parties without the involvement of a realtor, the distribution of costs is clearly whatever can be agreed upon between the parties. If a lender is involved, the lender will be expecting written assurance for payment of all fees clearly understood before a transaction is even initiated.

So the seller will probably have some expenses at the closing table unless a written agreement with the buyer says that all closing fees are the responsibility of the buyer, and there is no realtor in the transaction, and the property is owned by the seller free and clear. That's the only scenario where the seller truly pays no closing expenses and walks away with a check for the full sales price. Otherwise, at

the very least, the seller is going to pay a pro-rata portion of the property taxes and have those funds withheld at closing from their profit. Just remember, it's all negotiable.