

# Closing Costs: The Seller

**Here is a list of the expenses typically incurred by a seller of residential property:**

**1. Legal Fees:**

Lawyers' fees vary. It is an issue for each seller to raise at the time he/she engages the lawyer to close the deal.

**2. Mortgage Discharge Fee:**

If you have a mortgage, the buyer will probably not be interested in assuming it. Therefore, you will need your mortgage company to accept an early discharge of the mortgage. Mortgage companies usually charge a discharge fee of three months interest on the outstanding principal; however, the penalty can take other forms depending upon the terms of the contract. Depending upon the size of the mortgage, these penalties can amount to thousands of dollars. If you are buying another home, the mortgage company may be prepared to waive the fee as long as you take a mortgage on your new property with the same company. This is an issue that you should discuss with your mortgage company before you sell.

**3. Disbursements:**

As part of the closing process, your lawyer will incur some out-of-pocket expenses that you will have to pay. You should get an estimate of these expenses when you hire your lawyer.

**4. Adjustments:**

The annual real estate taxes will be apportioned to the seller and the buyer as of the date of closing. If you have not yet paid the property taxes, you will be billed for your pro rata share. If you have pre-paid the taxes, the buyer will reimburse you for the amount you paid for the time after closing. If the home has oil heating, you will be reimbursed for the value of the oil in the storage tank.

**5. Moving Costs:**

Moving costs vary depending upon the distance moved and the weight and volume of possessions moved. It is wise to get an estimate from more than one mover. It is also wise to book your mover well in advance of closing.

**6. Insurance Policies:**

You should contact your property insurer to discuss your moving date, and to arrange property insurance for your new home.

**7. Commission:**

The full commission that you have agreed to pay your Realtor is due and payable on closing. You must also pay GST on the commission.