



Closing Terminology

APPRAISED VALUE - an opinion of the value of a property at a given time, based on facts regarding the location, improvements, etc. of the property and surroundings

LOAN APPLICATION FEE - paid to lender at time of application; cost varies by lender

CREDIT REPORT - a report on the past ability of a loan applicant to pay installment payments

POINT - 1% of loan amount

ORIGINATION FEE - fee buyer pays lender to originate new loan

LOAN DISCOUNT - points lender charges; may be paid by either buyer or seller on conventional loans; number of points fluctuates with mortgage money market

PHOTOS - charged by lender for photographing property

TAX CERTIFICATE - certificates issued by taxing authorities showing the current years taxes and the last year that taxes were paid

MORTGAGEE'S TITLE POLICY - required by lender to ensure that lender has a valid lien; does not protect the buyer

OWNER'S TITLE POLICY - insures that buyer has title to property

ESCROW FEE - charged by the title company to service transaction and to escrow money and documents; amount varies with company; usually split between buyer and seller

RESTRICTIONS - certified copy of deed restrictions required by lender

TAX PRORATION - seller credits buyer taxes from January 1st to closing

RECORDING FEES - charged by County Clerk to record documents in the public records

DOCUMENT PREPARATION - fee charged by attorney for preparing legal documents for transaction

SURVEY - confirms lot size and any encroachments and easements or restriction violations

INSPECTIONS - an examination of property for various reasons such as termite inspection; inspection to see if required repairs were made before funds are received, etc.

REAL ESTATE FEES - an amount paid to real estate broker as compensation for their services

PRIVATE MORTGAGE INSURANCE - insurance against a loss by a lender in the event of default by a borrower (mortgagor)

INTEREST - always paid in arrears

HOMEOWNER'S INSURANCE - protects property and contents in case of loss; must be for at least loan amount or for 80% of the value of the improvements, whichever is greater

ESCROW ACCOUNT - funds held by lender for payment of taxes, maintenance and insurance when due

MAINTENANCE FEE - charged by home owners association as set out in subdivision restrictions

ASSUMPTION TRANSFER FEE - fee assessed by lender to buyer to assume present loan

AMORTIZATION SCHEDULE - schedule showing principal and interest payments throughout the life of the loan

PREPAYMENT PENALTY - charged by lender for premature payment of conventional loan balance, payment of taxes, maintenance and insurance when due.