

Closing Costs, Defined:

APPRAISAL FEE: Cost for professional evaluation of the property's market value based on comparable sales, improvements on the property and location. (Fee usually set by the Appraiser.)

ASSUMPTION TRANSFER FEE: Fee is charged to the buyer, assessed by the lender for buyer to assume present loan.

CREDIT REPORT: A report of your credit history.

DISCOUNT POINTS: Points lender may charge to increase the investor's yield. May be paid by either buyer or seller. The number of discount points depends on the rate quoted and the current market rates.

ESCROW FEE: Title company's service fee for acting as an escrow agent, carrying out contract instructions, obtaining execution, and recording of necessary documents; disbursing sale proceeds; usually split between buyer and seller.

FILING FEES/RECORDING FEES: Fees for recording documents in the appropriate county; fee is determined by the number of pages per document.

HAZARD INSURANCE: Fire and extended coverage casualty insurance protects property and contents in case of loss; required by lender for at least the loan amount.

INSPECTIONS: An examination of the property for various reasons such as termite inspections, mechanical inspections, roof inspections; parties may also require follow-up inspections after required repairs are completed.

INTEREST or PER DIEM: Interest due on Seller's existing mortgage through date of pay-off received. Interest is usually paid in arrears. Interest also includes prepaid interest on the buyer's loan for the remainder of the month in which closing occurs.

LOAN APPLICATION FEE: Fee paid to the lender at time of application; check with your lender.

MISCELLANEOUS LENDER FEES: May include fees for underwriting, processing, tax service fee, warehousing, etc.; varies with each lender. Check your lender's GFE (Good Faith Estimate) for disclosure and explanation.

MORTGAGEE'S POLICY: Policy insuring lender of validity and priority of its lien.

ORIGINATION FEE: Lender may charge purchaser a fee to originate a new loan.

OWNERS TITLE POLICY: Policy that indemnifies the buyer against losses for covered defect in title. (Premium is set by the State Board of Insurance.)

PREPAYMENT PENALTY: A fee charged for early payoff of the Seller's existing mortgage loan. If the penalty applies, it will be stated in the existing mortgage instruments of record.

PMI PREMIUM/MIP PREMIUM: (PMI-private mortgage insurance- conventional loans, MIP-mortgage insurance protection –FHA loans) Insures lender against loss in the event of default by the borrower.

PRORATED TAXES: Taxes are prorated with the seller paying taxes from January 1st through the closing date, and buyer paying the remainder. Figures are usually based on actual taxes charged the previous year. Any shortages or overages due at the end of the existing year are between buyer and seller.

REALTOR FEE: An amount paid to the brokerage firm representing the consumer (buyer or seller) for real estate services agreed upon in the property listing agreement or buyer representation agreement.

RESTRICTIONS: Recorded documents that restrict and limit the use of the defined property.

SURVEY: A statement (drawing) showing the corners, distances, and directions of the boundaries of a tract of land along with easements, encroachments, etc. as may be required in the contract.

TAX SEARCH CERTIFICATES: Certificate obtained to determine any unpaid property taxes or assessments that may constitute liens against the property