



# Closing Terminology

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**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.