

Closing & Escrow Definitions

Amortization Schedule	Schedule showing principal and interest payments throughout the life of the loan.
Appraisal Fee	Fee for lender-required appraisal to establish property value.
Administrative Fee	Fee charged to process the loan for approval.
Assumption Fee	Fee assessed by lender to the buyer to assume seller's existing loan.
Attorney's Fee	Charges by independent attorney for preparation of legal documents and acts of representation
Attorney's Fee (Release)	Charge for preparation of the release of lien document when seller is paying off existing loan.
Commission	Fee generally paid by seller to real estate agents for sale of property.
Credit Report	Fee assessed by lender for required credit information from credit bureaus.
Discount Points	Points lender charges to increase the investor's yield. May be paid by either buyer and/or seller as negotiated per contract. Points fluctuate with mortgage.
Escrow Balance	Buyer's purchase of seller's existing reserve account, i.e. taxes and insurance.
Flood Certificate	Required by lender to obtain information designating status of subject property regarding floodplains.
Home Warranty Fee	One-year home systems and appliance warranty.
Homeowner's Assoc. Fee	Maintenance fee assessed property owners within a condo or townhouse complex, a planned unit development or a single-family residence subdivision.
Insurance	Premium paid year in advance for buyers hazard or homeowner's policy.
Lender Inspection Fee	As required by lender to determine condition of the property.
Lender Required Reserve	Money required by lender, collected at closing, going into its escrow account. Insurance, premiums, taxes, etc... are paid from escrow account for borrower.
Messenger Fee	Covers delivery charges incurred.
Mobile Home Processing Fee	Charge by title company to process paper work with TDHCA.
Mortgagee's Title Policy	Required by lender to insure that lender has a valid lien; does not protect buyer. It is also usually required for second mortgages and seller financed transaction.
Origination Fee	Fee buyer pays to lender to originate a new loan. Normally one percent of loan amount.
Owner's Title Policy	Insures buyer against loss due to any defect of the title not expected to or excluded from the policy.
Pay Off	Amount needed to pay off existing mortgage lien on the property being sold.
Processing Fee	Charge to process loan for application submittal to underwriting.
Recording Fee	Charge by county clerk to record documents in the public records. Charges based on per page recorded.
Repairs	Any repairs required by lender and/or warranted by inspections and to be paid at closing.
Settlement or Closing Fee	Charge by title company to service transaction and to escrow money and documents.
Survey	Land survey required by lender: lot size, easements, encroachments, locations of improvements, etc. May be a negotiated requirement on a cash contract.
Tax Certificates	Issued by taxing authorities to show amount of current year's taxes and the last date that taxes were paid.
Tax Proration	Seller pays buyer from January 1 through day of closing.
Tax Service Fee	Fee required by lender for collection and disbursement of tax escrow by a serving company.
Termite Inspection Fee	Required by lender showing free of active termites. May be negotiated requirement on cash contract.
Underwriting Fee	Fee lender charges for underwriting the loans on behalf of the investor.
VA Funding Fee	An administrative fee charges by the Veterans Administration.
Wire/Funding Fee	Lender's charge for sending "good funds" to title company.