



REAL ESTATE TERMS & DEFINITIONS

- **AMORTIZATION SCHEDULE:** *A schedule showing the principal and interest payments throughout the life of the loan.*
- **APPRAISAL FEE:** *Cost for professional evaluation of the property's market value based on comparable sales, location, and improvements to the property. Fee is usually set by the Appraiser.*
- **APPRAISED VALUE:** *An opinion of the value of a property at a given time, based on facts regarding the location, improvements, recent similar sales, etc of the property and surroundings.*
- **ASSUMPTION TRANSFER FEE:** *Fee charged to the buyer and assessed by the lender for buyer to assume an existing loan.*
- **CREDIT REPORT:** *A report on the past ability of a loan applicant to pay installment payments.*
- **DISCOUNT POINTS:** *Fees lender may charge to increase the investor's yield. May be paid by either buyer or seller. The number of discount points depend on the rate quoted and current market rates. Typically, a "point" is equal to 1% of the loan amount.*
- **DOCUMENT PREPARATION:** *A charge by an attorney for preparing legal documents for a transaction.*
- **ESCROW ACCOUNT:** *Funds held by the lender for payment of taxes and insurance when due. Usually does not include maintenance fees.*
- **ESCROW FEE:** *A fee charged by the title company to carry out contract instructions, execution of the closing documents, recording of necessary documents, escrowing monies, and disbursing sale proceeds. Usually split between buyer and seller.*
- **FILING FEES/RECORDING FEES:** *Fees for recording documents in Public Records. Fee is determined by the number of pages filed per document.*
- **HAZARD/HOMEOWNER'S INSURANCE:** *Fire and extended coverage casualty insurance to protect property and contents in case of loss. Required by lender for at least the loan amount or for 80% of the value of the improvements, whichever is greater.*
- **INSPECTIONS:** *An examination of the property for various reasons such as mechanical inspections, termite inspections, roof inspections, etc. Parties may also require followup inspections after required repairs are completed and before closing.*
- **INTEREST:** *Cost of loan funds usually paid in arrears. Interest due on the seller's existing mortgage is through the date of pay-off received. 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 lender for formal determination whether a buyer will qualify for a loan. Fee varies per lender.*
- **MAINTENANCE FEE:** *Charge by a homeowner's association as set out in subdivision restrictions.*



REAL ESTATE TERMS & DEFINITIONS

- **MISCELLANEOUS LENDER FEES:** *May include fees for underwriting, processing, tax services, warehousing, etc. Varies with each lender. Check with lender for disclosure and explanation.*
- **MORTGAGEE'S TITLE POLICY:** *Policy insuring lender of validity and priority of its lien. Does not protect the buyer.*
- **MORTGAGE INSURANCE PROTECTION (MIP):** *Insurance against a loss by a lender (mortgagee) in the event of default by the borrower (mortgagor) with an FHA Loan.*
- **ORIGINATION FEE:** *Fee the buyer pays the lender to originate or to process a new loan.*
- **OWNERS TITLE POLICY:** *Policy that indemnifies the buyer against losses for covered defects in title. Premium is set by the State Board of Insurance.*
- **POINT:** *1% of loan amount.*
- **PREPAYMENT PENALTY:** *Charged by lender for premature payment of loan balance. If penalty applies, it will be stated in existing mortgage instruments.*
- **PRIVATE MORTGAGE INSURANCE (PMI):** *Insurance against a loss by a lender (mortgagee) in the event of default by the borrower (mortgagor) with a Conventional Loan.*
- **PRORATED TAXES:** *Percentage of tax responsibility based on closing date. Seller pays taxes from January 1 to closing date and credits buyer for that amount. Buyer has entire tax responsibility at year end. 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 for real estate services agreed upon in the property listing agreement or buyer representation agreement.*
- **RECORDING FEES:** *Fees charged by the County Clerk to record documents in the public records.*
- **RESTRICTIONS:** *Recorded documents that restrict and limit the use of a defined property.*
- **SURVEY:** *A drawing showing corners, distances and directions of boundaries of a tract of land along with easements, encroachments, restriction violations, etc.*
- **TAX SEARCH CERTIFICATES:** *Certificate obtained to determine any unpaid property taxes or assessments that may constitute liens against the property.*

