

Glossary of Terms

Administrative Fee	Fee charged to process the loan for approval
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
ARM Loan	Adjustable Rate Mortgage provided by lenders
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
Credit Report	Fee assessed by lender for required credit information from credit bureau
Discount Points	Points paid to get a mortgage at a stated interest rate
Escrow Fee	A fee charged by the title company to service the transaction and to escrow monies. The amount varies with company; usually split between buyer and seller.
Flood Certificate	Required by lender to obtain information designating status of subject property regarding flood plains
Good Funds	Funds provided for a transaction, normally in a form of a cashier's check or wire transfer
Home Warranty Fee	One-year home system and appliance warranty
Home Inspection	An inspection of the property, to determine the property condition
Homeowner's Assoc. Fee	Maintenance fee assessed to property owners within a condo or townhouse complex, a planned unit development or a single-family residence subdivision
Homeowner's Insurance	Coverage to protect the property owner against covered losses
Lender Inspection Fee	Fee to determine condition of the property by the lender
Lender Required Reserve	Money required by lender, to be collected at closing and held in an escrow account by lender. (Typically includes homeowner's insurance premiums and taxes)
Messenger Fee	Lender's delivery charges
Loan "Mortgagee" Title Policy	Required by lender to insure that lender has a valid lien and it may be required for second mortgages and seller-financed transactions. This policy does not protect buyer.
Origination Fee	A closing fee paid to the lender to originate a new loan
Owner's Title Policy	Insures buyer against loss due to any defect of the title not excepted to or excluded from the policy
Pay Off	Amount needed to pay off existing mortgage lien of subject property
Prepayment Penalty	Charged by the lender for premature payoff of a loan balance
Processing Fee	Charge to process loan for application submittal to underwriting
Recording Fee	Charge by county clerk to record documents in the public records
State Guaranty Fee	Fee charged by the State per title policy
Survey	The process of measuring land to determine lot size, easements, encroachments, locations of improvements, etc.
Tax Certificates	Issued by taxing authorities to show amount of taxes, the last date that taxes were paid and any delinquencies to be collected
Tax Proration	The proration of property taxes between the seller and buyer which is allocated for the time property is owned
Tax Service Fee	Fee required by lender for collection and disbursement of tax escrow by a servicing company
Termite Inspection Fee	Fee to perform inspection to determine if property is free and clear of active termites
Underwriting Fee	Fee lender charges for underwriting loans on behalf of the investor
VA Funding Fee	An administrative fee charged by the Veterans Administration
Wire/Funding Fee	Lender's charge for sending "good funds" to the title company