



# CLOSING GLOSSARY

## IMPORTANT MORTGAGE CLOSING TERMS

### Appraisal Fee:

Fee set by the appraiser to provide a written estimate or opinion of a property's value based on comparable sales, improvements on the property and location.

**Lender's Title Insurance:** Fee paid to the title company for issuance of lender's title insurance policy that protects the lender in the event that clear ownership of property is challenged by the discovery of faults in the title.

**Loan Discount Points:** A form of pre-paid interest, equaling a percentage of the loan amount, paid to reduce the interest rate on a mortgage for the life of the loan. One "point" is usually 1% of the loan amount.

**Miscellaneous Lender Fees:** May include fees for underwriting, processing, tax service fee, warehousing, etc. Varies with each lender.

**Origination Fee:** Fee charged by the lender or broker as compensation for providing origination services associated with the loan.

**Owner's Title Premium:** Fee paid to title company for protection of owner's title insurance policy in the event that ownership of property is challenged by the discovery of faults in the title.

### Private Mortgage Insurance (PMI) Premium/ Mortgage Insurance Protection (MIP)

**Premium:** Insures the lender against loss in the event of defaults by borrower. Often required by lender if borrower puts less than 20% down.

**Pro-rated Taxes:** Contract terms dictate, but taxes are usually pro-rated between seller and buyer at closing. Figures are usually based on latest available taxes. Any shortages or overages due at the end of the existing year are between buyer and seller per the contract.

**Real Estate Commission:** An amount paid to the brokerage firm representing the buyer or seller for real estate services agreed upon in the property listing agreement, buyer representation agreement, or by contract.

**Recording Fee/Filing Fee:** Fees for recording documents in public records.



**Settlement Fee/Escrow Fee:** Fee paid for settlement service provider to conduct the loan settlement and/or real estate closing transaction. Services may include carrying out contract instructions, obtaining execution, disbursing sales proceeds, etc.

**Tax Search Certificate:** Certificate obtained to determine any unpaid property taxes or assessments that may constitute liens against the property.

CONTACT US FOR ANY QUESTIONS REGARDING YOUR UPCOMING CLOSING



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