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Definitions of Buyer's Estimated Charges

Appraisal Fee - Fee for lender-required appraisal to establish property value.¹

Assumption Fee - Fee assessed by lender to the buyer to assume seller's existing loan.¹

Credit Report - Fee assessed by lender for required credit information from credit bureau.¹

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.¹

Document Preparation Fee - A charge by an attorney for preparing legal documents for a transaction.²

Escrow Fee - A fee charged by the title company to service the transaction. The amount varies with company, and is usually split between buyer and seller.²

Homeowner's Association Fee - Charges by association to provide information and change ownership records.¹

Inspection Fee - The fee that a licensed property inspector charges for determining the current physical condition of the property.³

Lender's Title Policy - A title insurance policy that covers the lender for the entire amount of the loan. The coverage declines as the loan is paid down, and there is no further coverage once the loan is paid off.⁶

Messenger Fee - Re-imbusement to escrow holder for actual messenger costs incurred.⁴

Lender's Title Policy - A title insurance policy that covers the lender for the entire amount of the loan. The coverage declines as the loan is paid down, and there is no further coverage once the loan is paid off.⁶

Origination Fee - Fee buyer pays to lender to originate a new loan. Normally one percent of loan amount.¹

Recording Fee - The amount paid to the recorder's office in order to make a document a matter of public record.⁵

Tax Proration - Property tax adjustments between buyer and seller based on closing date.¹

Tax Service Fee - Fee required by lender for collection and disbursement of tax escrow by a servicing company.¹

Termite Inspection Fee - Required by lender showing property free of active termites. May be negotiated requirement on cash contract.¹

Underwriting Fee - Charge imposed by lender for the services of their underwriter.⁴

VA Funding Fee - An administrative fee charged by the Veterans Administration.¹

1. Alamo Title Company. "Buyers and Sellers Estimated Charges." Accessed June 2, 2011.
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2. Habitat Hunters. "Real Estate Glossary." Accessed June 2, 2011.
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3. Web Finance, Inc. Accessed June 2, 2011.
http://www.investorwords.com/14405/inspection_fee.html
4. Allen Erdy Escrow. "Understanding Your Closing Statement." Accessed June 2, 2011.
<http://www.allanerdyescrow.com/understanding.html>
5. Alamo Title Insurance. "Escrow Terms & Phrases." Accessed June 2, 2011.
<https://www.alamotitle.com/escrowterms.asp>
6. Web Finance, Inc. Accessed June 23, 2011.
http://www.investorwords.com/13498/lenders_title_insurance.html