



## Definition of Fees

**Appraisal fee**- Fee charged by a licensed appraiser to estimate of the value of a property.

**Attorney Fee** – The cost to obtain preparation and legal review of documents related to the settlement of a property.

**Credit Report fee** – Fee charged by a credit reporting agency to compile credit data from the credit repositories to provide a representation of the customer’s current debts, monthly payments, and payment history.

**Discount point** – A unit of measurement for various loan charges. One discount point equals 1% of the loan amount. A discount point is a one-time charge assessed at closing to lower the interest rate.

**Escrow payment** – The portion of a mortgagor’s payment held by lender to pay taxes, hazard insurance, mortgage insurance and other items as they become due.

**Flood Certification Fee** – A fee to appoint a flood determination company to verify whether or not your house is located in a flood zone.

**Flood Insurance** - Federal law requires that you obtain flood certification insurance if your property lies in a flood zone. If your home is located in a flood zone, you are required to obtain insurance against damages caused by floods.

**Home Owner’s Association – HOA** – an organization that maintains the common areas of a particular planned unit development.

**Homeowner’s Insurance Policy – Also referred to as Hazard Insurance.** A package policy that covers a residential real estate owner against financial loss from fire, theft, public liability and other common risks

**Loan Origination Fee**– A fee charged to the borrower by the lender for making a mortgage loan. The fee is usually computed as a percentage of the loan amount.

**Mortgage Insurance Premium – MIP** – A price paid by the borrower to insure the lender against loss through default with FHA loans.

**Prepaid items** – Fees collected at closing to cover items such as setting up escrow accounts for property taxes, homeowner’s insurance, and mortgage insurance premiums.



**Processing Fee** – A fee charged in obtaining documentation, verifications, or any other information necessary to process the loan in preparation for underwriting.

**Settlement/Closing Fee** – The cost for preparation and delivery of all legal documents associated with the closing of a new home. The settlement includes the delivery of your security instrument, signing of your legal documents and disbursement of the funds necessary to the sale of your home or loan transaction.

**Title Insurance Binder** – A report issued by a title insurance company setting forth the condition of title to certain property as of certain date, and also setting forth conditions which, if satisfied, will cause a policy of title insurance to be issued.

**Title Insurance** – A contract by which the insurer, usually a title insurance company agrees to pay the insured a specific amount for any loss caused by defects of title to real estate, wherein the insured has an interest as purchaser, mortgagee, or otherwise. This essentially guarantees the lender and owner (if the customer has Owner's Title Insurance) their financial interest in the property.

**Title Search** – The examination of public records relating to real estate to determine the current state of the ownership of the property.

**Transfer Tax** – Tax stamps required to be affixed to a deed by state and/or local law.

**Tax Service Fee** – A fee charged to engage a third party to monitor and/or handle the payment of your property tax bills and homeowner's insurance bills.

**Tax Transcripts** – A report ordered through a third party to verify individual and business income taxes filed with the IRS on an annual basis.

**Underwriting Fee** - Mortgage underwriting fees cover the cost of evaluating your total loan application package, including your credit report, employment history, financial documents and appraisal, to determine whether we can approve your loan request. The person who completes this risk assessment is called an underwriter.

**VA Funding Fee** – A fee paid by a buyer or seller to insure the lender against loss through default on a VA loan.