



CLOSING TERMINOLOGY

Appraised Value - an opinion of the value of a property at a given time, based on facts regarding the location, improvements, etc. of the property and surroundings

Loan Application Fee - paid to lender at time of application; cost varies by lender

Credit Report - a report on the past ability of a loan applicant to pay installment payments

Point - 1% of loan amount

Origination Fee - fee buyer pays lender to originate new loan

Loan Discount - points lender charges; may be paid by either buyer or seller on conventional loans; number of points fluctuates with mortgage money market

Tax Certificate - certificates issued by taxing authorities showing the current years taxes and the last year that taxes were paid

Lender's Title Policy - required by lender to ensure that lender has a valid lien; does not protect the buyer

Owner's Title Policy - insures clear and marketable title to the property

Escrow Fee - charge for processing the escrow, which includes holding funds, documents and disbursement in accordance with written instruction from the parties

Tax Proration - allocation of taxes already paid by seller, or due from seller at time of closing

Recording Fees - charged by County Clerk to record documents in the public records

Document Preparation - fee charged by an attorney for preparing legal documents for a transaction

Survey - confirms lot size and any encroachments and easements or restriction violations

Inspections - an examination of property for various reasons such as termite inspection; inspection to see if required repairs were made before funds are received, etc.

Commission - an amount paid to real estate broker as compensation for their services

Private Mortgage Insurance - insurance against a loss by a lender in the event of default by a borrower (mortgagor)

Home Owner's Insurance - protects property and contents in case of loss

Escrow Account or Impound Account - funds held by lender for payment of taxes, maintenance and insurance when due

Maintenance Fee - charged by homeowners' association as set out in subdivision restrictions (where applicable)

Amortization Fee - schedule showing principal and interest payments throughout the life of the loan

Prepayment Penalty - charged by lender for premature payment of either all or part of the principal loan balance



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