

Terms for Buyers and Sellers

Terms and Definitions

AIR	Adjustable Interest Rate
Amortization Schedule	A schedule showing the principal and interest payments throughout the life of the loan.
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.
CD/Closing Disclosure	This form is a statement of final loan terms and closing costs. Sometimes referred to as ICD or Integrated Closing Disclosure.
Commitment	The document by which a title insurer discloses to all parties connected with a particular real estate transaction items of recording, including title vested, exceptions to the property, including restrictions, liens, defects, burdens and obligations that affect the subject property.
Credit Report	A report on the past ability of a loan applicant to pay installment payments.
Document Preparation	A charge by an attorney for preparing legal documents for transaction.
Escrow Fee	A fee charged by the title company to service the transaction, to escrow monies. This is usually split between buyer and seller.
Escrow Account	Funds held by the lender for payment of taxes and insurance when due. Usually does not include maintenance fees.
HOA Assessment Fees	Charged by the homeowner's association as set out in subdivision restrictions.
Homeowner's Insurance	Protects the property and contents in case of loss; must be for at least the loan amount or for 80% of the value of the improvements, whichever is greater.
Inspections	An examination of property for various reasons such as termite inspections; to see if required repairs were made before funds are received, etc.
Interest	Money paid regularly at a particular rate for the use of money lent.
Loan Title Policy	Required by the lender to insure that the lender has a valid lien; does not protect the buyer.
Origination Fee	A fee the buyer pays the lender to originate a new loan.

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Owner's Title Policy	Insures that the buyer has title to the property, that there are no other claims as to ownership. Among other matters, it also insures access to the property, the right to occupy the property, good and indefeasible title, and that there are no other types of specific liens against the property.
Point	1% of the loan amount.
Prepays	Items to be paid by the buyer in advance of the first scheduled payment of the loan (Homeowner's Insurance Premium, Mortgage Insurance Premium, Prepaid Interest and Property Taxes).
Prepayment Penalty	Charged by the lender for premature payment of a loan balance.
Private Mortgage Insurance	Insurance against a loss by a lender (mortgagee) in the event of default by a borrower (mortgagor).
Realtor Fees	An amount paid to the realtor as compensation for their services.
Recording Fees	Charged by the County Clerk to record documents in the public records.
RESPA	Real Estate Settlement Procedures Act.
Restrictions	Certain limitations or conditions related to the future use of the property put on the property by a prior owner. These restrictions stay with the property until they expire or are amended as per certain procedures set forth in the restrictions.
Survey	Confirms lot size, location of any improvements in relation to the lot and any encroachments or restriction violations.
Tax Certificates	Certificates issued by taxing authorities showing the current year's taxes, the last year the taxes were paid, and any delinquencies to be collected at closing.
Tax Proration	Means that the payment of the taxes for the year of sale are divided between the Buyer and Seller, usually based on the amount of time the Seller owned the property during that year. Prorations, and how they are calculated, are typically addressed in the Contract of Sale.
TIL	Truth in Lending.
TIP	Total Interest Percentage; the total amount of interest the borrower will pay over the loan term as a percentage of the loan amount.
Total of Payments	Total amount paid after all payments of principal, interest, mortgage insurance and loan costs are scheduled.