

## ESTIMATED COSTS EXPLANATION

1. Down Payment	The difference between the purchase price and that portion of the purchase price being financed. Most lenders require the down payment to be paid from the buyer's own funds.						
2. Escrow Fee (VA-Buyer cannot pay)	A fee charged by the escrow company as a neutral third party to carry out the procedures necessary to transfer ownership of property.						
3. New Loan Escrow Fee (VA-Buyer cannot pay)	A fee charged by the escrow company to carry out the additional procedures necessary when a new loan is created by a lender in connection with a purchase.						
4. Owner's Title Policy	An insurance premium charged by the title company to insure the buyer that the title is free from defects up to the date the conveying instrument is recorded. Buyer is the insured.						
5. ALTA Loan Policy	An insurance premium charged by the title company to insure lender that encumbrance is a first lien on the property. Fee based on loan amount, refer to rate charge. "Combination ALTA Rate". Lender is the insured.						
6. ALTA Loan Endorsements (i.e. 8.1, PUD, etc.)	Additional insurance premium(s) charged by the title company to provide additional coverage(s) as required by lender. Most common are the 8.1 (Environmental protection liens), PUD (certain violations of HOA covenants & encroachments), 102.5 (Foundation), 103.5 (Water rights) and 6.0 (variable interest rate mortgage).						
7. Recording Fees	Fees charged by the County Recorder's Office for recordation of appropriate instrument(s).						
8. Account Servicing Setup Fee	A one-time fee charged by a company acting on behalf of the lender and borrower to setup the servicing of the loan according to the Note and mutual written instructions. May also be setup to impound for taxes/insurance. NOTE: Collection setup fees do not include monthly service fees or close-out costs.						
9. Interest Adjustment (existing loans)	An estimated amount of interest due at closing. Interest is collected in arrears and therefore must be collected from the last monthly loan payment to closing or payoff.						
10. Payoff Statement Fee	A fee charged by the lender or collection company for payoff information.						
11. Payoff Penalty - Existing Loan(s)	A prepayment penalty under a Promissory Note imposed by the lender when the loan is paid off before it is due.						
12. Reconveyance/Satisfaction Fee	A fee charged by the lender/trustee to execute the Deed of Reconveyance, or Satisfaction, when the existing note is paid off.						
13. Tracking Fee	A fee charged by the escrow company to ensure that the releases of the seller's existing liens are recorded.						
14. Appraisal	A fee charged by an appraiser to render an opinion of value as of a specific date. Required by most lenders to obtain a loan.						
15. Application Fee (i.e. credit report, etc.)	A fee charged by the lender to start the formal loan application. This may include charges such as a credit report, submission fee, etc.						
16. Origination Fee	A loan processing fee charged by the lender for originating a new loan.						
17. VA Funding Fee	A fee charged by the Veteran's Administration to guarantee the loan of a qualified veteran.						
18. Loan Discount Points	A fee charged by the lender to make a loan at a given interest rate. One point equals one percent of the total loan amount and fluctuates depending on the interest rate and availability of money for loans.						
19. FHA/VA Loan Costs	To be used only in conjunction with the lines in the Financing area of the Contract under "Other Loan Costs". Fees charged by the lender that cannot be paid by the buyer to process an FHA/VA loan. These costs could include, but are not limited to: tax service, document preparation, underwriting, bringdown endorsement, warehousing, assignment fees, etc. VERIFY COSTS WITH LENDER.						
20. Miscellaneous Loan Costs	Fees charged by the lender to process the loan. See #19 above for examples.						
21. Flood Certification	A fee charged by the lender to certify the flood plain status of the property. Normally, this report will determine if the lender will require flood insurance to obtain a loan on the property.						
22. Prepaid Interest (_____ days)	The amount of interest to cover the period from close of escrow until the beginning of the first payment.						
23. Tax Impound (see chart)	An amount for taxes required and collected by the lender/account servicing agent and held in the impound account to ensure adequate funds are available to pay the taxes. The amount varies according to the closing month.  BELOW IS A GUIDELINE, BUT CHECK WITH YOUR LENDER FOR EXACT NUMBER.						
	<table style="width: 100%; border: none;"> <tr> <td style="width: 33%;">JAN &amp; JUL - 4 MONTHS</td> <td style="width: 33%;">FEB &amp; AUG - 5 MONTHS</td> <td style="width: 33%;">MAR &amp; SEP - 0 MONTHS</td> </tr> <tr> <td>APR &amp; OCT - 1 MONTH</td> <td>MAY &amp; NOV - 2 MONTHS</td> <td>JUN &amp; DEC - 3 MONTHS</td> </tr> </table>	JAN & JUL - 4 MONTHS	FEB & AUG - 5 MONTHS	MAR & SEP - 0 MONTHS	APR & OCT - 1 MONTH	MAY & NOV - 2 MONTHS	JUN & DEC - 3 MONTHS
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24. Hazard Insurance (1st year + 2 mo. impound)	The first annual premium, plus 2 months, for fire and extended coverage insurance to cover loss of the property. Usually called Homeowner's Insurance. In the event of a condominium property, coverage for personal property (contents) may also be needed.						
25. MIP/PMI Premium (3 mo. impound)	An insurance premium to protect the lender against loss incurred by loan default, thus enabling the lender to lend a higher percentage of the sale price. This is NOT life insurance that pays off the loan in case of death.						
26. Fire Protection Proration	An insurance premium to provide subscribers whose property is not located within a fire protection service area paid through the property taxes. This annual premium is normally paid in advance and therefore usually a charge to the buyer to reimburse the seller to continue coverage for the remaining period.						
27. Flood Insurance (1st year + 2 mo. impound)	The first annual premium, plus 2 months, for a form of hazard insurance that may be required by the lender as a condition of making the loan. NOTE: Does NOT cover personal property — additional coverage is usually available.						
28. Assumption Processing/Transfer Fee(s)	All fees, including any assumption, transfer and/or processing fees charged by the lender to process the records of the existing loan into the buyer's name.						
29. Loan Payment Due (existing loans)	The payment amount due from the seller at close of escrow and/or in the case of an assumption of the existing loan, the next payment due from the buyer.						
30. Brokerage Fee	A fee paid to a real estate broker as compensation for services rendered.						
31. Home Warranty Policy	A fee charged by a private company to cover specified defects. Coverage and deductibles vary with the provider and plan. Both new and resale homes may be warranted.						
32. Property Inspection Fee(s)	Fee(s) charged by a private company(s) or individual(s) to examine and report on the condition of a property.						
33. Wood Infestation Report	A fee for a wood infestation report.						
34. Environmental Inspection Fee(s)	Fee(s) charged by a qualified entity to inspect and tender a report addressing potential environmental issues, i.e. lead-based paint, water quality, hazardous waste, radon, asbestos, etc.						
35. Homeowner's Association Proration	The amount at close of escrow that is due in payment of the Homeowner's Association Fee.						
36. HOA Transfer Fee(s)	Fee(s) charged by the HOA to transfer ownership records and/or bond.						
37. HOA Inspection/Certification Fee(s)	Any inspection and/or certification fee(s). Normally paid by the seller.						
38. Express and/or Courier Fee(s)	Fee(s) charged for the mailing and/or distribution of documents by express delivery system, i.e. Federal Express, Express Mail, or other overnight or local service.						
39. Real Estate Tax Proration	An amount due for taxes accrued but not yet due and payable. Taxes are generally prorated to the day of closing. Verification for paid/unpaid taxes can be made through the County Treasurer's Office.						