



Closing Costs

Definition of What the Costs Are

COST	CHARGED BY	DESCRIPTION
ESCROW FEES		
Escrow Fee	Escrow; to buyer and seller	Covers time and effort, as well as standard costs, incurred in processing the escrow.
Demand Fee	Escrow to seller	Charge to request a statement and process involved in getting a payoff figure to escrow on the outstanding amount of the current loan. One demand fee per loan.
Process HOA docs and Transfer Fee	Escrow; to buyer and seller	Fee for processing documents to assign membership for HOA and copying all governing documents, if necessary. NOTE: Sellers are required to pay for the HOA charge to provide a copy of the governing documents by Civil Code Section 4525.
Document Fee	Escrow	Covers the expense for drawing legal documents for official records.
Loan Tie-in Fee	Escrow	Covers the cost of all processing required to meet new lender requirements, including downloading and printing loan documents.
Overnight Mail or Courier	Overnight Mail Service Vendor	For document packages that require expedited delivery.
TITLE FEES		
Owner's Title Policy	Title Company	Fee to issue an owner's title policy. Calculated using the sales price. May be reduced if home was purchased or refinanced in the last 5 years—usually paid by seller.
Lender's Title Policy for Buyer's Loan	Title Company	Title policy issued to lender to cover the amount of the loan. Based on the loan amount. Negative amortization loans may require a slightly higher amount of insurance—usually paid by buyer.
Sub-Escrow Fee	Title Company; split between buyer and seller	Fee to administer the payoff of loans or property taxes of the seller and collection of funds from the new lender.
Documentary Transfer Tax	County Recorder's Office (some cities charge an additional transfer tax)	Fee charged on all properties that transfer title—based on sales price.
Record Release/Reconveyance	County Recorder's Office	Charge to record the release/reconveyance.
Wire Handling Fee	Banking Institution	Charge to wire funds to and from escrow, seller, lender, etc.
Electronic Recording (shipping & handling)	County Recorder's Office	Charge to electronically record the documents.
Record Grant Deed	County Recorder's Office	Charge to record the Grant Deed.
Record Trust Deed	County Recorder's Office	Charge to record the Trust Deed.
Messenger	Messenger Service	Charge to special messenger documents during the course of escrow. Fee varies with distance.
Lender's Endorsement	Title Company	Charge for endorsements required by lender to cover "outside the normal" risk circumstances.

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Closing Costs cont.

Definition of What the Costs Are

COST	CHARGED BY	DESCRIPTION
LENDER FEES		
Origination Fee	Lender	Charge for lending money as a point or percentage of the loan amount.
Documentation Preparation	Lender	Paid to Lender for preparation of final loan documents.
Tax Service	Tax Service	Fee charged to buyer to have lender notified in case of non-payment of taxes.
Flood Certificate	Lender	Fee for investigation to determine if the subject property is located in a flood hazard zone.
Underwriting	Lender	Fee to direct lender for the process of reviewing the application and approving the loan.
Tax Impounds	Lender	Collected to create an impound reserve account for the lender to pay property taxes twice a year, if required by the lender or requested by the borrower.
Insurance Impounds	Lender	2 months Hazard Insurance collected for impound reserve account, if required by the lender or requested by the borrower.
Appraisal	Fee Appraiser	Paid directly to Fee Appraiser for appraisal of property.
Credit Report	Lender	Paid to Credit Bureau for report containing 3 repositories—TRW, TU and Equifax.
Processing	Lender	Paid to mortgage broker for processing loan package from application to closing.
DISBURSEMENTS		
HOA Transfer Fee	HOA Management Group	To transfer ownership and handle new accounting set-up.
HOA Dues	HOA Management Group	Paid through month of closing.
Fire Insurance	Insurance Agency	1 year prepaid premium for Homeowner's Insurance.
Notary	Notary	Charge to seller for notarizing signature on grant deed or other documents. Buyers need notary for signing loan documents.
PAYOFFS		
Recording Fee	Existing Lender	Charge for having reconveyance recorded.
Statement/ Forwarding Fee	Existing Lender	Charge for issuing a payoff statement.
CREDITS AND PRORATIONS		
HOA Dues	Seller to Buyer	Calculated from date of close of escrow through month-end.
County Property Taxes	Seller to Buyer	Calculated from date of closing through end of period paid for. (e.g., COE = 5/30. Calculate as 5/31—6/30 times the cost of taxes per day)

