

# Capital Recovery Fees are a Normal Part of Real Estate Closings

*Real estate closings for an estimated eleven million properties nationwide involve some type of "transfer fee".*

AUSTIN, TEXAS, UNITED STATES, December 28, 2018 /EINPresswire.com/ -- [Real estate closings](#) for an estimated eleven million properties nationwide involve some type of "transfer fee". See [https://en.wikipedia.org/wiki/Private\\_transfer\\_fee](https://en.wikipedia.org/wiki/Private_transfer_fee) at fn 6.

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*Covenant Clearinghouse*

There are three types of transfer fees: (1) government fees (generally referred to as "flip taxes"); (2) transfer fees payable to a homeowner's association (generally referred to as "HOA Fees") and (3) capital recovery fees (sometimes called private transfer fees), first popularized by Freehold Capital Partners <http://www.freeholdcapitalpartners.com> over a decade ago, and used by real estate developers to pay for public benefits such as parks, streets and utilities.

According to [Covenant Clearinghouse](http://www.covenantclearinghouse.com), <http://www.covenantclearinghouse.com>, the servicing agent for an estimated 350,000 planned and existing homes, retail projects, and office buildings nationwide that are subject to Capital Recovery Fees originated by Freehold Capital Partners, "[a]s an Instrument filed in the public records, a [Capital Recovery Fee covenant] should appear on a properly prepared title commitment, just like other covenants, restrictions and similar encumbrances." See <http://www.covenantclearinghouse.com/faq> at 3.

As a routine part of every real estate closing the closing agent (usually a title company) obtains a title commitment that lists every lien and similar encumbrance on the real estate parcel being sold. These encumbrances include mortgages, easements, judgments, tax liens and similar encumbrances, including Capital Recovery Fees and similar assessments. As such, sums due under these various instruments are collected at closing. In the case of a Capital recovery Fee, the title company collects the fee from the seller and remits the fee to the servicing agent. (See <http://www.covenantclearinghouse.com>)

Collection of fees and payoffs due in connection with a transfer of title is a routine part of every real estate closing, and a decade of closings shows that a Capital Recovery Fee is no exception.

More information:

1. Capital recovery fees relieve burden on cities; reduce homeownership costs (Feb. 17, 2017). <https://www.prnewswire.com/news-releases/capital-recovery-fees-relieve-burden-on-cities-reduce-homeownership-costs-300409752.html>
2. Private Transfer Fee Covenants Give Buyers a Choice About How To Pay for Rising Infrastructure Costs. <http://markets.financialcontent.com/stocks/news/read?GUID=12166293>
2. Wikipedia: [https://en.wikipedia.org/wiki/Private\\_transfer\\_fee](https://en.wikipedia.org/wiki/Private_transfer_fee)
3. Covenant Clearinghouse. <http://www.covenantclearinghouse.com>

Source: Freehold Capital Partners <http://www.freeholdcapitalpartners.com>

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