

Guide to Settlement



M

Mid-States® Title of Southwest Virginia is a settlement agency dedicated to being a knowledgeable and practical resource for all parties involved in the real estate closing process. By custom, it is your choice to select the closing agent. We want you to find comfort knowing that our associates are comprised of motivated and experienced title professionals who bring years of cumulative title experience to each and every transaction. We pride ourselves in providing the best possible service at competitive pricing.

Upon receipt of the ratified contract, our office will begin the process of conducting a title search and coordinating settlement. A few weeks prior to closing, we will schedule a date with the lender and a time with all parties involved. We will also clear the title and issue Title Insurance commitments to the respective parties. A few days prior to the closing date, the lender will provide us final loan instructions and upon receipt, we will prepare the final settlement statement (HUD-1) and provide it to you to review prior to closing. Generally, the actual closing involves an explanation of documents and acquiring of signatures which takes approximately one hour.

The settlement process can be confusing and stressful; knowing what to expect can reduce the anxiety that can come with the homebuying process. And, understanding the costs associated with buying and protecting your home, will not only ease your stress—it can save you money.

Mid-States® Title has provided this Settlement Statement Guide to help explain the HUD-1 Settlement Statement, in an easy to understand, line by line fashion. Please review this information and feel free to contact us with any questions or concerns. We are here to provide you a smooth transaction from contract to closing.



Explanation of Page One of Settlement Statement

Below are explanations of key items on the settlement statement. Note that the number listed first corresponds to the line number on the settlement statement. The settlement officer or attorney will explain this form in detail at the time of closing.



OMB No. 2502-0265

A. Settlement Statement (HUD-1)

B. Type of Loan			
1. ● FHA 4. ● VA 7. ● Cash Sale.	2. ● RHS 5. ● Conv Ins.	3. ● Conv Unins 6. ● Seller Fin	6. File Number
			7. Loan Number
			8. Mortgage Ins Case Number
C. Note: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(p.o.c.)" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.			
D. Name & Address of Borrower		E. Name & Address of Seller	
G. Property Location		H. Settlement Agent Name	
		I. Settlement Date	
		Fund:	
Place of Settlement			
J. Summary of Borrower's Transaction		K. Summary of Seller's Transaction	
100. Gross Amount Due from Borrower		400. Gross Amount Due to Seller	
101. Contract sales price		401. Contract sales price	
102. Personal property		402. Personal property	
103. Settlement charges to borrower		403.	
104.		404.	
105.		405.	
Adjustments for items paid by seller in advance		Adjustments for items paid by seller in advance	
106. City property taxes		406. City property taxes	
107. County property taxes		407. County property taxes	
108. Assessment Taxes		408. Assessment Taxes	
109. School property taxes		409. School property taxes	
110. Ground Rent Taxes		410. Ground Rent Taxes	
111. Front Foot Benefit Taxes		411. Front Foot Benefit Taxes	
112.		412.	
113.		413.	
114.		414.	
115.		415.	
116.		416.	
120. Gross Amount Due From Borrower		420. Gross Amount Due to Seller	
200. Amounts Paid By Or in Behalf Of Borrower		500. Reductions in Amount Due to Seller	
201. Deposit or earnest money		501. Excess deposit (see instructions)	
202. Principal amount of new loan(s)		502. Settlement charges to seller (line 1400)	
203. Existing loan(s) taken subject to		503. Existing loan(s) taken subject to	
204.		504. Payoff of first mortgage loan	
205.		505. Payoff of second mortgage loan	
206.		506.	
207. Closing Cost Credit		507.	
208.		508.	
209.		509.	
Adjustments for items unpaid by seller		Adjustments for items unpaid by seller	
210. City property taxes		510. City property taxes	
211. County property taxes to		511. County property taxes to	
212. Assessment Taxes		512. Assessment Taxes	
213. School property taxes		513. School property taxes	
214. Ground Rent Taxes		514. Ground Rent Taxes	
215. Front Foot Benefit Taxes		515. Front Foot Benefit Taxes	
216.		516.	
217.		517.	
218.		518.	
219.		519.	
220. Total Paid By/For Borrower		520. Total Reduction Amount Due Seller	
300. Cash At Settlement From/To Borrower		600. Cash At Settlement To/From Seller	
301. Gross Amount due from borrower (line 120)		601. Gross Amount due to seller (line 420)	
302. Less amounts paid by/for borrower (line 220)		602. Less reductions in amt. due seller (line 520)	
303. Cash From Borrower		603. Cash To Seller	

SUMMARY OF BORROWER'S TRANSACTION

Gross Amount Due From Borrower (Costs to you the buyer)

101. **Contract Sales Price**—The full purchase price as stated in the sales contract.
103. **Settlement Charges to Borrower**—Total charges, carried from line 1400 of page 2.
- 106–112. **Adjustments for Items Paid by Seller in Advance**—You will reimburse the seller for taxes, HOA/COA dues and special assessments that were paid in advance by the seller. The adjustment is typically from the date of settlement to the end of the fiscal period.

Amounts Paid By or on Behalf of the Borrower (Credits to You the Buyer)

201. **Deposit or Earnest Money**—All monies you deposited in good faith and submitted with your sales contract.
202. **Principle Amount of New Loan(s)**—The amount of your loan, a.k.a., mortgage amount.
203. **Existing Loan(s) Taken Subject to**—On assumption or wrap loans, the outstanding principle balance of the seller's loan which is being assumed by you, the buyer.
207. **Empty Line**—This is where the closing cost credit will show up if seller has provided this as incentive to you with re-sale contract.
- 210–219. **Adjustments for Items Unpaid by the Seller**—Typically, you, the buyer, are responsible for paying all bills received after closing. It is here that the seller reimburses you for those charges he/she incurred but was not required to pay at the time of settlement, such as real estate taxes and homeowner association dues. You, the buyer, are credited for the period from the last payment due date through the date of settlement.

SUMMARY OF SELLER'S TRANSACTION

Gross Amount Due To Seller (Credits to You the Seller)

401. **Contract Sales Price**—The full purchase price as stated in the sales contract.
- 404–412. **Adjustments for Items Paid by Seller in Advance**—The buyer will reimburse you, the seller, for taxes, special assessments, homeowner dues or other charges that the seller has paid for in advance. The adjustment is typically from the date of the settlement to the end of the fiscal period.

Reductions in Amount Due to Seller (Costs to You the Seller)

502. **Settlement Charges to the Seller**—The seller's, total charges, carried from line 1400 from page 2.
503. **Existing Loan(s) Taken Subject to**—On assumptions or wrap loans, the outstanding principal balance of your, the seller's, loan which is being assumed by the buyer.
- 504–505. **Payoff of First and Second Mortgages**—The costs include: 1) Outstanding principal balance of the loan; 2) Interest from the date of the last payment due date through the date the lender receives the payoff check; and, 3) Attorney's release fee, if applicable. Some lenders require that a separate fee be paid directly to their attorney for preparation of the release. Please note: 1) FHA payoffs may include interest through the end of the month in which the loan will be paid. 2) Many lenders release the balance in the escrow account after the loan has been paid and satisfied. The lender will forward the escrow funds directly to the seller, usually within 30 to 45 days.

Explanation of Page Two of Settlement Statement

The second page of the settlement statement itemizes all settlement fees assessed to the buyer and seller. Note: At settlement you may notice “P.O.C items;” this denotes “Paid Outside of Closing.”

L. Settlement Charges						
700. Total Real Estate Broker Fees					Paid From	Paid From
Division of Commission (line 700) as follows:					Borrower's	Seller's
701	to Listing Agent Company				Funds at	Funds at
702	to Selling Agent Company				Settlement	Settlement
703. Commission Paid at Settlement						
800. Items Payable in Connection with Loan						
801.	Our origination charge			(from GFE #1)		
802.	Your credit or charge (points) for the specific interest rate chosen			(from GFE #2)		
803.	Your adjusted origination charges to			(from GFE A)		
804.	Appraisal Fee to			(from GFE #3)		
805.	Credit report to			(from GFE #3)		
806.	Tax service to			(from GFE #3)		
807.	Flood certification to			(from GFE #3)		
900. Items Required by Lender To Be Paid in Advance						
901.	Daily interest charges from to @			(from GFE #10)		
902.	Mortgage Insurance Premium for months to			(from GFE #3)		
903.	Homeowner's insurance for years to			(from GFE #11)		
1000. Reserves Deposited With Lender						
1001.	Initial Deposit for your escrow account			(from GFE #9)		
1002.	Homeowner's insurance months @ per month					
1003.	Mortgage insurance months @ per month					
1004.	City property taxes months @ per month					
1005.	County property taxes months @ per month					
1006.	Assessment Taxes months @ per month					
1007.	School property taxes months @ per month					
1008.	Ground Rent Taxes months @ per month					
1009.	Front Foot Benefit Taxes months @					
1010.	Other taxes months @					
1011.	Aggregate Adjustment					
1100. Title Charges						
1101.	Title services and lender's title insurance to			(from GFE #4)		
1102.	Settlement or closing fee to					
1103.	Owner's title insurance to			(from GFE #5)		
1104.	Lender's title insurance to					
1105.	Lender's title policy limit					
1106.	Owner's title policy limit					
1107.	Agent's portion of the total title insurance premium to					
1108.	Underwriter's portion of the total title insurance premium to					
1109.	Accommodation Fee to			(from GFE #4)		
1110.	Document Preparation to					
1111.	Additional Release Service Fee to					
1200. Government Recording and Transfer Charges						
1201.	Government recording charges			(from GFE #7)		
1202.	Deed ; Mortgage , Release to Clerk of the Court					
1203.	Transfer taxes			(from GFE #8)		
1204.	City/County tax/stamps Deed ; Mortgage					
1205.	State tax/stamps Deed ; Mortgage					
1206.	MD Cty Transfer Tax to			(from GFE #8)		
1300. Additional Settlement Charges						
1301.	Required services you can shop for			(from GFE #6)		
1302.	Survey Fee to					
1303.	Pest Inspection to					
1304.	Transfer Fee to					
1400. Total Settlement Charges (enter on lines 103, Section J and 502, Section K)						

- 506. Deposit or Earnest Money**—All monies deposited by the buyer in good faith, to be applied against the purchase price of the property. Typically the broker holds the buyer's deposit; it is applied toward payment of the commission due from you, the seller (see line 703).
- 510–519. Adjustments for Items Unpaid by Seller**—Typically, the buyer is responsible for paying all bills received after closing. It is here that you, the seller, will reimburse the buyer for those charges he/she incurred but did not pay, such as real estate taxes and homeowner assessments. The buyer is credited for the period from the last payment due date through the date of settlement.

SETTLEMENT CHARGES

- 703. Commission Paid at Settlement (Seller to pay)**—Real estate commission disbursed by the settlement agent.
- 704. Earnest Money Deposit to Selling Agent's Company POC**—See lines 201/506—balance of commission paid outside closing from deposit held by broker.

Items Payable in Connection with Loan (for the Buyer)

- 801. Our Origination Charge**—Total lender/mortgage broker fees for processing and underwriting to originate your loan. Each point is 1 percent of the loan amount and will appear here as well.
- 802. Your Credit or Charge (points) for the Specific Interest Rate Chosen**—May be a credit or a charge for "Points" (each point is 1 percent of the loan amount) and any mortgage broker credits.
- 803. Your Adjusted Origination Charges**—Net adjusted loan origination charge (sum of lines 801 and 802).
- 804–807.** Fees charged for other services required to prepare your loan.

Items Required by Lender to Be Paid in Advance

- 901. Daily Interest Charges**—Prepaid interest usually collected from the date of settlement to the end of the month. First mortgage payment will be due the 1st day of the following month. Example: Settlement date occurs on September 7, 2010, upfront interest will be collected based on the loans per diem amount from September 7, 2010 thru September 30, 2010 making the first mortgage payment due November 1, 2010.
- 902. Mortgage Insurance Premium**—Up front amount paid to Federal Housing Association to secure your loan.
- 903. Homeowner's Insurance for Years**—Up front annual insurance payment needed to secure loan.

Reserves Deposited With Lender

- 1001. Initial Deposit for You Escrow Account**—Total of all section 1000 escrow items, including any aggregate adjustment credit, line 1011.
- 1002. Hazard Insurance**—In addition to your principal and interest payment, each month you will pay a set amount into your lender's escrow account.
- 1003–1010.** Depending on the local county and state, some of these other sections will apply and be a part of your monthly amount deposited into your lender's escrow account.
- 1011. Aggregate Adjustment**—Lender credit to you at settlement for any overages collected in establishing initial escrow account.

Title Charges

- 1101. Title Services and Lender's Title Insurance**—This may vary from state to state, and includes all charges required to issue title insurance (e.g., title search and examination, binder fee, courier fees for documents to and from your lender and for recording), cost of the lender's title insurance and fee for preparing closing documents and conducting settlement.
- 1102. Settlement or Closing Fee (Seller Charge)**—Seller charge for preparing the closing documents and conducting settlement.
- 1103. Owners Title Insurance**—Cost of Owner's coverage title insurance premium. Unlike most insurance, you only pay for the title insurance once. This premium amount is based on the contract sales price of your home.
- 1109. Document Preparation Fee**—This is the fee to prepare the legal documents required for closing.
- 1110. Delivery/Handling Service (Seller Charge)**—Fee to deliver papers to and from your lender to the court for recording. We send the payoff overnight delivery or wire. This way interest stops on the loan as soon as possible.
- 1111. Prepare/Obtain Release Fee (Seller Charge)**—Fee for obtaining the release of any loan not secured by the property, this may differ from state to state.
- 1112. File Archive Fee (Seller Charge)**—Permanent digital record of all your closing documents.

Government Recording and Transfer Charges

- 1201. Government Recording Charges**—Charge for recording the deed of conveyance and mortgage or deed of trust in the county land records.
- 1202. County Tax/Stamps**—A one-time assessment imposed by the county on property transfers and/or mortgage. Typically these are known as "documentary stamps."
- 1203. Transfer Taxes**—A one-time assessment by the state and most counties on the transfer of property.
- 1204. Lien Certificate**—A one-time assessment may be imposed by counties in some states on property transfers and/or mortgage. Typically these are known as documentary stamps.
- 1206. Grantors Tax**—This amount is \$1.00 per every thousand dollars of the sales price. (Only applicable in Virginia)

Additional Settlement Charges

- 1301. Required Services You Can Shop for**—This is the total of lender services you can quote out yourself usually included in this would be tax service fee and flood determination fee.
- 1302. Survey Fee**—A house location survey is recommended and may be required by your lender. Mid-States Title will order the survey for you.
- 1303. Pest Inspection**—Depending on the contract terms, the buyer or seller can agree to pay for this inspection. This is a fee for having the property inspected for termites.
- 1400. Total Settlement Charges**—These amounts are shown on line 103 for the buyer and line 502 for the seller on page 1.

Page Three of the HUD-1 Settlement Statement

The third page of the HUD-1 is divided into two sections—the first being the comparison chart and the second the loan terms. The comparison chart is broken down into three different buckets within itself.

Comparison of Good Faith Estimate (GFE) and HUD-1 Charges	
Charges That Cannot Increase	HUD-1 Line Number
Our origination charge	# 801
Your credit or charge (points) for the specific interest rate chosen	# 802
Your adjusted origination charges	# 803
Transfer taxes	# 1203

Charges That in Total Cannot Increase More Than 10%	
Government recording charges	# 1201

Total Increase between GFE and HUD-1 Charges	
---	--

Good Faith Estimate	HUD-1

Good Faith Estimate	HUD-1

or	

Charges That Can Change	
Initial deposit for your escrow account	# 1001
Daily interest charges	# 901 /day
Homeowner's insurance	# 903

Good Faith Estimate	HUD-1

Loan Terms

Your initial loan amount is	
Your loan term is	
Your initial interest rate is	
Your initial monthly amount owed for principal, interest, and any mortgage insurance is	<input type="checkbox"/> Principal <input type="checkbox"/> Interest <input type="checkbox"/> Mortgage Insurance
Can your interest rate rise?	<input type="checkbox"/> No. <input checked="" type="radio"/> Yes, it can rise to a maximum of 0%. The first change will be on and can change again every after . Every change date, your interest rate can increase or decrease by 0%. Over the life of the loan, your interest rate is guaranteed to never be lower than 0% or higher than 0%.
Even if you make payments on time, can your loan balance rise?	<input type="checkbox"/> No. <input checked="" type="radio"/> Yes, it can rise to a maximum of \$0.00
Even if you make payments on time, can your monthly amount owed for principal, interest, and mortgage insurance rise?	<input type="checkbox"/> No. <input checked="" type="radio"/> Yes, the first increase can be on and the monthly amount owed can rise to \$0.00 The maximum it can ever rise to is \$0.00
Does your loan have a prepayment penalty?	<input type="checkbox"/> No. <input checked="" type="radio"/> Yes, your maximum prepayment penalty is \$0.00
Does your loan have a balloon payment?	<input type="checkbox"/> No. <input checked="" type="radio"/> Yes, you have a balloon payment of \$0.00 due in 0 years on
Total monthly amount owed including escrow account payments	<input checked="" type="radio"/> You do not have a monthly escrow payment for items, such as property taxes and homeowner's insurance. You must pay these items directly yourself. <input type="checkbox"/> You have an additional monthly escrow payment of that results in a total initial monthly amount owed of . This includes principal, interest, any mortgage insurance and any items checked below: <div><input type="checkbox"/> Property taxes<input type="checkbox"/> Homeowner's Insurance <input type="checkbox"/> Flood insurance<input type="checkbox"/> <input type="checkbox"/></div>

Note: If you have any questions about the Settlement Charges and Loan Terms listed on this form, please contact your lender.



BUCKET 1

Comparison of the Good Faith Estimate (GFE) and HUD-1 Charges

This specifically compares the fees quoted to you the buyer on the final good faith estimate to the actual charges listed on the HUD-1 settlement statement. These figures have to be exact.

BUCKET 2

Charges That in Total Cannot Increase More Than 10 percent

These charges include services needed to process your loan, title insurance and all government recording charges. This is a comparison again with the quote provided on your good faith estimate and the actual charges on the HUD-1 settlement statement. If any of these charges differ more than a 10 percent variance, the lender will need to remedy the difference, most often with a credit to you, the buyer, either at the time of closing or within 30 days.

BUCKET 3

Charges That Can Change

These are services that are needed to complete the loan process but you, the buyer, may choose the company they want to use to perform the work. In most cases this will be a survey and termite inspection.

LOAN TERMS

This section clearly sets forth all of the terms of your (the buyer's) loan, including loan amount, loan terms, interest rate, monthly mortgage payment broken down into principal, interest, insurance, taxes and mortgage insurance if applicable. It will also explain the type of mortgage you have locked into whether you have a 30-year, 15-year loan or an adjustable-rate loan. If your rate adjusts, this information will be itemized for you. If your loan has a pre-payment penalty or a balloon payment (most commonly seen with second trusts/mortgages), this will also be itemized. Make sure you look at this section carefully and that the terms listed in this section are exactly what was set forth to you in your Good Faith Estimate. If these terms differ in any way, do not sign the documents and contact your lender immediately.

[illegible]

Branch Offices

ROANOKE

3922 Electric Road, SW
Roanoke, VA 24018
Office: 540-774-5554
Fax: 866-665-7128

FOREST

1019 Vista Park Drive, Suite D
Forest, VA 24551-4253
Office: 434-385-4707
Fax: 434-385-4708

DALEVILLE

1638 Roanoke Rd
Daleville, VA 24018-2919
Office: 540-966-3776
Fax: 540-966-3866

BLACKSBURG

3601 Holiday Lane
Blacksburg, VA 24060
Office: 540-552-0888
Fax: 540-552-0837