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SAGE PREMIER SETTLEMENTS, LLC

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Settlement GUIDE

The Mid-Atlantic Region





At Sage Title Group, LLC, located in Maryland, Washington, D.C. Virginia, Delaware, and Pennsylvania, and Sage Premier Settlements, LLC, located in Pennsylvania and New Jersey, are highly competent settlement service professionals that pride ourselves in knowing that the real estate professionals that recommend our services receive unparalleled service in every transaction. With more than 100 years of combined industry experience, we go the extra mile to ensure your closings go smoothly time and time again.

This settlement statement guide has been designed to give you an in-depth explanation of the settlement HUD-1 statement in terms you, the purchaser, will understand. Buying/selling a home can be a very stressful process and we want to take you through this process with very few bumps in the road.

Our job as a settlement provider is to ensure that the land records are searched and examined properly and any clouds or breaks in title are reported back to us as soon as possible for title for review and resolution. Upon the review of the title examination, it is our job to clear any and all clouds and repair breaks in the title that would hinder us from providing to you an owner's title insurance policy that is clear, insurable and marketable. Once we have clear title, we forward the title binder to the mortgage lender.

A real estate transaction has many different moving parts and our job is to facilitate the settlement process by gathering all of the necessary legal documents, settlement documents and lender paperwork, as well as building the HUD-1 settlement statement as directed in the lender's closing instructions. The settlement statement is an itemized list of settlement charges that includes: Title Insurance for both owner's and lender's policies, notary fees, title exam and title binder fees, attorney's fees if applicable, realtor commissions, transfer taxes, and all lender fees charged associated with your loan.

This statement also shows the contract sales price, purchaser's earnest money deposit, all credits and debits given to the buyers and seller as stated in your residential real estate contract and approved by the purchasers mortgage lender. At settlement, the closing documents will be reviewed and explained and signed. Copies will be given to all parties and the purchaser's down payment will be collected.

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.



A. Settlement Statement (HUD-1)

OMB No. 2502-0265

B. Type of Loan							
1. <input type="checkbox"/> FHA	2. <input type="checkbox"/> RHS	3. <input type="checkbox"/> Conv Unins	6. File Number	7. Loan Number	8. Mortgage Ins Case Number		
4. <input type="checkbox"/> VA	5. <input type="checkbox"/> Conv Ins.	6. <input type="checkbox"/> Seller Fin					
7. <input type="checkbox"/> Cash Sale.							
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			F. Name & Address of Lender		
G. Property Location		H. Settlement Agent Name			I. Settlement Date		
		Place of Settlement			Fund:		
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**—Your, 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.
- 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.

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				Paid From Borrower's Funds at Settlement	Paid From Seller's Funds at Settlement
700. Total Real Estate Broker Fees					
Division of Commission (line 700) as follows:					
701	to	Listing Agent Company			
702	to	Selling Agent Company			
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 City 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)					

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. Long & Foster Settlement Services 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		Good Faith Estimate	HUD-1
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		or	
Charges That Can Change			
Initial deposit for your escrow account	# 1001		
Daily interest charges	# 901 /day		
Homeowner's insurance	# 903		

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="checkbox"/> 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="checkbox"/> 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="checkbox"/> 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="checkbox"/> Yes, your maximum prepayment penalty is \$0.00
Does your loan have a balloon payment?	<input type="checkbox"/> No. <input checked="" type="checkbox"/> 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="checkbox"/> 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: <input type="checkbox"/> Property taxes <input type="checkbox"/> Homeowner's Insurance <input type="checkbox"/> Flood insurance <input type="checkbox"/> <input type="checkbox"/>

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.

