

SETTLEMENT STATEMENT PROBLEM (S-6)

The parties negotiated the sale of a home in a gated community. The contract sale price is \$800,700 with a due diligence period of 30 days. The buyer paid a due diligence fee of \$500 and an initial earnest money deposit of \$1,500 on Oct 12th when they made the offer. The buyer also paid an additional earnest money deposit of \$3,500 on Nov 11th, when the due diligence period expired. The seller has agreed to provide a homeowner's warrantee for a premium of \$565. The buyer scheduled settlement with the attorney for Nov 26th.

The lender has agreed to fund an 85% conventional loan at a rate of 5.75% and is charging the normal loan origination fee and 1/4 point.

The lender is requiring the prepayment of the first year's premium of PMI at a rate of .5% of the loan principal. Interim interest will be due at settlement.

The listing firm is charging a brokerage fee of 4.5%.
The seller is paying off his loan of \$569,878.

The combined annual premiums for the Hazard, Flood, and Wind/Hail policies on the property are \$3,700 and will be paid at settlement.

The city property taxes of \$2,200 and the county property taxes of \$3,450 have not yet been paid, and the property is in the city. The attorney will have the parties pay their taxes at settlement using the double debit method. The entries will be made on the back page of the settlement statement.

Advance Escrow Deposits Required by the Lender:
4 months real property taxes
2 months hazard / flood / wind & hail insurance
2 months PMI, based on a renewal rate of .35% of loan amount

R.O.C. } The lender collected the \$60 credit report fee at the initial interview; issuing a GFE for the borrowers review. The appraisal fee of \$575 was collected at the time of formal loan application.

Miscellaneous Expenses:
Deed Preparation - \$125
Attorney Fee - \$485
Title Insurance - \$395
Recording Fees: - \$35 for the Deed; \$25 for the Deed of Trust
Survey - \$635
Termite Inspection - \$85
Home Inspection - \$515
Excise Tax
Fed Ex fee to each party of \$38