

DELAWARE VALLEY

SETTLEMENT SERVICES

EXPLANATION OF COMMON SETTLEMENT COSTS AND TERMS

SECOND PAGE OF HUD

Section 700 SALES COMMISSIONS

Lines 701 and 702: Commissions paid to Real Estate Agents

Lines 704 and 705: Broker Service fees paid to real Estate Agents

Section 800: LENDER FEES

Any figure charged by the lender and/or broker appears in this area. Examples are appraisal fee, credit report fee, doc prep fee, underwriting fee etc.

Section 900: ADDITIONAL LENDER FEES

Line 901: Interim Interest. Interest charged by the lender from day of closing to first day of next month.

Line 902: Mortgage insurance premiums (if loan is more than 80% loan to value)

Line 903: Homeowners Insurance fee. Appears as either POC (paid outside of closing) or "To Be Paid."

Section 1000 : TAX ESCROWS

Amounts collected by new lender to pay future taxes.

Section 1100: TITLE COMPANY FEES (Line numbers may change depending on number of items in each section)

Settlement Fee: For settlements during regular business hours there is no settlement charge. After hour closing can have a charge. The usual charge is \$150.00 for the fee charged by the closing agent. This fee must be disclosed prior to closing

Title Search/Title exam/Title insurance binder: Included in the title insurance fee.

Mechanics lien insurance: Insurance against liens filed by any subcontractors who have not yet been paid.

Notary Fee: The fee is included in the Clerical fee charge.

Title Insurance Premium: In Pennsylvania the charge is an all inclusive fee. That means there is one fee including the Abstract/search fee, title examination fee and title insurance fee. The PA State Insurance Commission regulates the fees charged for title insurance. For a purchase, this fee is based on the larger amount, either the sales price or the mortgage amount.

- Lenders coverage: Portion of the title insurance which protects the interests of the mortgage lender
- Owners coverage: Portion of the title insurance which protects the interests of the property Owner

Escrow Fee: There is a \$25.00 fee for setting up an escrow account. After holding the escrow for six months there can be an additional \$25.00 charged for every year after that date

Closing Protection Letter: Letter that the lender requires of the underwriter stating that the title agent is authorized to issue title insurance, and also gives the lender additional protection against fraud, misapplication of funds or failure of the agent to follow written closing instructions.

Release Service Fee: Fees charged by the title company and passed through to the Seller for recording satisfaction pieces if the mortgage payoff statement does not include such a fee.

Endorsement: Additional insurance added to the standard title insurance for specific or unusual coverage. Price varies but is usually \$50 per endorsement.

Endorsement 100: An endorsement required by lender for mortgagee title policy certifying that the building restrictions have not been violated and that a future violation will not cause forfeiture or reversion of title..

Endorsement 300: An endorsement required by lender for mortgagee title policy certifying that there are no encroachments or conflicts in boundary lines of the property. Usually called the survey endorsement (IN PA there is no survey required like other states. This endorsement takes the place of the survey

Endorsement 710: An endorsement required by lender on all adjustable rate mortgage guaranteeing the lender first lien position as the terms of the loan vary on change dates.

Endorsement 810: An endorsement required by lender on all condominiums guaranteeing the condominium was formed in accordance with all Pennsylvania laws governing condos.

Endorsement 820: An endorsement required by lender on all homeowner's association properties guaranteeing the home was formed in accordance with all Pennsylvania laws governing homeowners associations.

Endorsement 900: Environmental Protection Lien Endorsement

Endorsement 1020: Balloon Mortgage

Section 1200: GOVERNMENT FEES (Line numbers may change depending on number of items in each section)

Recording Fees: Charges by Recorder of Deeds office in the County Courthouse relative to the property for recording the Deed and Mortgage and any other recordable documents.

Deed Registration Fee: A fee which may be required by a township to record a new deed (Lower Merion Township, Upper Merion Twp. Etc.).

City/County/Tax Stamps: See Transfer Tax .

State Tax Stamps: See Transfer Tax.

Tax Certification: Fees charged to the title company and passed through to the Seller to obtain certificates from the tax collector's office listing the amount of taxes owed. *Tax adjustment:* Real estate taxes are paid for one year in advance. County and Township taxes are based on calendar year and school taxes are levied on a fiscal year. The Seller gets reimbursed at settlement for the portion of the prepaid taxes from date of settlement to end of billing period). *Tax Escrow "Reserves Deposited with Lender":* Funds held in an account by lender to assure future payment for recurring real estate taxes. An initial amount is paid at settlement to start the reserve account and 1/12th of the annual taxes will be added to the reserve account with each monthly mortgage payment.

Transfer Tax: The normal transfer tax is a 1% state transfer tax and a 1% township/school district transfer tax. The Agreement of Sale provides for the Seller and the Buyer to split the transfer tax equally.. (Exception: City of Philadelphia = 4% total transfer tax, Radnor Twp./Tredyffrin Twp/Upper Providence Twp. = 2.5% total transfer and the City of Coatesville + 3%. The transfer tax fees are located in either the 1202 or 1203 section of the settlement statement.

Section 1300: MISCELLANEOUS FEES (Line numbers may change depending on number of items in each section)

This section will vary greatly, as it is where all miscellaneous charges will appear, including survey (if required), inspections, adjustments, etc.

Overnight/Courier Fee: For documents that need to arrive immediately, Buyer and Seller will pay standard UPS charges.

Incoming Wire Fee: The title company is charged to receive incoming wires for mortgages. This fee will be passed on.

Closing Service Fee (formerly known as "Notary Fee"): A fee charged by the title for clerical work and includes the notary fees

Sewer/Water Adjustment: Applicable only if the property is served by municipal water or sewer that is not metered. Seller gets reimbursed at settlement for the portion of prepaid sewer/water rent from date of settlement to the end of billing period.

FIRST PAGE OF HUD

Section 100: BUYERS' SIDE DEBITS (OR CHARGES)

Line 101/401: Sales Price

Line 103: Total amount of buyer charges from second page of HUD (line 1400)

Lines 106 – 110: Reimbursement to seller for items already paid (i.e. taxes, Homeowners Association fees, sewer rents, trash rents, etc.)

Line 120: Total cost of purchasing property to buyer

Section 200: BUYERS' SIDE CREDITS

Line 201: Deposit monies of buyer

Line 202: Mortgage Amount

Lines 205 – 219: Any other credits to buyer (i.e. seller assist, credit for sewer rents, security deposits etc)

Line 220: Total amount of money buyers have in transaction as a credit against sales price

Section 400: SELLERS' SIDE CREDITS (OR MONEY RECEIVED BY SELLER FOR PROPERTY)

Line 401: Sales Price

Line 420: Total amount of monies received by seller for property

Section 500: SELLERS' SIDE DEBITS

Line 502: Total settlements charges for seller from second page of HUD (line 1400)

Lines 504 and 505: Mortgage payoffs

Line 506 – 509: Additional payoffs and/or seller assist

Lines 510 – 519: Any credits given to buyer

Line 520: Total amount of charges/cost to sellers for selling property

Line 300

Amount needed from buyer to purchase the property

Line 603

Amount Seller will receive from sale of property