

How to read and understand the closing statement



Here's a line-by-line breakdown of the Closing Statement:

- **File No./Escrow No.**

Think of the escrow number like your bank account number-it's a series of digits specific to a single transaction between a buyer and seller.

- **Date & Time:**

Date and time of the closing, such as July 15, 2019 at 10 a.m

- **Officer/Escrow Officer:**

The name of the officer facilitating the closing.

- **Settlement Location:**

The physical location where the closing is happening, such as an escrow firm or title company office.

- **Property Address:**

The address of the property being sold.

- **Buyer:**

First and last name of the buyer(s).

- **Seller:**

First and last name of the seller(s).

- **Lender:**

The name of the company financing the loan for the buyers.

- **Settlement date:**

Aka closing date.

- **Disbursement Date:**

The date when funds will be disbursed into your bank account. Closing day is usually payday, and in most cases, you'll be able to collect your home sale profit as soon as the ink dries on the final documents.

- **Additional dates per state requirements:**

Such as the tax payoff date or recording date (which sets the timer for ownership of the property).

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Debits vs. credits on the closing statement

Like your typical budget balancing sheet, the seller's closing statement is organized into Debits (expenses) and Credits (deposits or increases) to the account. Other forms might have columns labeled as "Seller Charge" and "Seller Credit," which mean the same thing.

"Financial"

The first part of the form, labeled "Financial," details the price your buyer is paying, and then lists items that are debited against that price.

- **Sales Price of the Property:**

The final sales price, from which everything else will be deducted.

- **Personal Property**

Any furnishings or personal property the buyer is paying for and you have agreed to sell them.

- **Deposit including earnest money**

The amount the buyer put down in good faith toward the home as "earnest money" after the seller accepted their offer.

- **Loan Amount**

How much the lender is financing toward the sale.

- **Existing Loan(s) Assumed or Taken Subject to**

Only applicable in the case that the buyer is taking over the seller's existing mortgage.

- **Seller Credit**

Any repair credits or buyer's closing costs the seller has agreed to pay.

- **Excess Deposit**

Any amount in escrow over what you and the buyer agreed to pay.

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"Prorations/ Adjustments"

Under Prorations/Adjustments section, you'll see how much you might owe in property taxes (school or county taxes) or homeowner association dues for the period leading up to the time you hand over the keys.

- **School Taxes from (date) to (date)**

Depending on your closing date and local school tax schedule.

- **County Taxes from (date) to (date)**

Depending on your closing date and local county tax schedule.

- **HOA dues from from (date) to (date) (Home Owners Association)**

Depending on your closing date and HOA dues payment schedule.

- **Seller Credit**

Any money the buyer owes you for prepaid taxes or payments.

"Loan Charges to (lender co.)"

The next subhead, "Loan Charges" details what the buyer's mortgage lender is charging. You, the seller, may have agreed to pay some or none of these costs. It all depends on what you negotiated with the buyer during the closing process.

- **Points**

Mortgage "points" are additional fees due at closing in the event that the lender offered the borrower a lower interest rate in exchange for upfront costs.

- **Application Fee**

Charged to the buyer for processing an application for a loan.

- **Origination Fee**

Charged to the buyer for preparing and evaluating the loan.

- **Underwriting fee**

Charged to the buyer for preparing the loan and any associated paperwork.

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- **Mortgage Insurance Premium**

Mortgage insurance is typically necessary when the buyer is putting less than 20% down on the home.

- **Prepaid Interest**

Daily interest accrued between the the closing date and the date of the buyer's first monthly mortgage payment is due from the buyer at closing.

Other Loan Charges:

- **Appraisal Fee**

Fees required by the lender for a home appraisal (usually covered by the buyer).

- **Credit Report Fee**

Charged for pulling the buyer's credit report (usually covered by the buyer or in some cases, the lender).

- **Flood Determination Fee**

Charged to the buyer to get the government-obtained document showing whether the property is located in a flood plain.

- **Flood Monitoring Fee**

Charged to the buyer for keeping tabs on a property's flood status.

- **Tax Monitoring Fee**

Paid to tax service agency to notify lender if new owner falls behind on property tax payments.

- **Tax Status Research Fee**

For agency to check in on and report any late tax payments to the lender.

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"Impounds"

At closing the buyer sets up an impound account that allows them to bundle the cost of their mortgage principal, taxes, mortgage insurance, and other monthly costs into one payment. The lender likes this because they can make sure the new owner will keep up to date with all the payments associated with the home.

A buyer might be required to pay some charges, like homeowners insurance premiums or county taxes, in advance at closing.

- **Homeowners insurance _mo @ \$ _/mo**

The frequency at which homeowners insurance is due, and how much is owed.

- **Mortgage insurance _mo @ \$ _/mo**

The frequency at which mortgage insurance is due, and how much is owed.

- **City/town taxes _mo @ \$ _/mo**

The frequency at which city/town taxes are due, and how much is owed.

- **County taxes _mo @ \$ _/mo**

The frequency at which county taxes are due, and how much is owed.

- **School taxes _mo @ \$ _/mo**

The frequency at which school taxes are due, and how much is owed.

- **Aggregate adjustment**

A calculation to prevent the buyer's lender from collecting more money from the buyer than is allowed by RESPA (They can't hold onto more than % of the new homeowner's property tax and insurance payments).

American Land Title Association

ALTA Settlement Statement - Seller
Adopted 05-01-2015

File No./Escrow No.:
Print Date & Time:
Officer/Escrow Officer:
Settlement Location:

Title Company Name
ALTA Universal ID
Title Company Address

Title Company
Logo

Property Address:

Buyer:

Seller:

Lender:

Settlement Date:

Disbursement Date:

Additional dates per state requirements:

Description	Seller	
	Debit	Credit
Financial		
Sales Price of Property		
Personal Property		
Deposit including earnest money		
Loan Amount		
Existing Loan(s) Assumed or Taken Subject to _____		
Seller Credit		
Excess Deposit		
Prorations/Adjustments		
School Taxes from (date) to (date)		
County Taxes from (date) to (date)		
HOA dues from (date) to (date)		
Seller Credit		
Loan Charges to (lender co.)		
Points		
Application Fee		
Origination Fee		
Underwriting Fee		
Mortgage Insurance Premium		
Prepaid Interest		

Other Loan Charges		
Appraisal Fee to _____		
Credit Report Fee to _____		
Flood Determination Fee to _____		
Flood Monitoring Fee to _____		
Tax Monitoring Fee to _____		
Tax Status Research Fee to _____		
Impounds		
Homeowner's Insurance _____ mo @ \$ _____ /mo		
Mortgage Insurance _____ mo @ \$ _____ /mo		
City/town taxes _____ mo @ \$ _____ /mo		
County Taxes _____ mo @ \$ _____ /mo		
School Taxes _____ mo @ \$ _____ /mo		
Aggregate Adjustment _____		
Title Charges & Escrow / Settlement Charges		
Owner's Title Insurance (\$ amount) to _____		
Owner's Policy Endorsement(s) _____		
Loan Policy of Title Insurance (\$ amount) to _____		
Loan Policy Endorsement(s) _____		
Title Search to _____		
Insurance Binder to _____		
Escrow / Settlement Fee to _____		
Notary Fee to _____		
Signing Fee to _____		
Commission		
Real Estate Commission to _____		
Real Estate Commission to _____		
Other _____		
Government Recording and Transfer Charges		
Recording Fees (Deed) to _____		
Recording Fees (Mortgage/Deed of Trust) to _____		
Recording Fees (Other) to _____		
Transfer Tax to _____		
Transfer Tax to _____		
Payoff(s)		
Lender: Payoff Lender Co.		
Principal Balance (\$ amount)		
Interest on Payoff Loan (\$ amount/day)		
Additional Payoff fees/Reconveyance Fee/Recording Fee/Wire Fee		
Lender: Payoff Lender Co.		
Principal Balance (\$ amount)		

	Debit	Credit
Miscellaneous		
Pest Inspection Fee to _____		
Survey Fee to _____		
Homeowner's insurance premium to _____		
Home Inspection Fee to _____		
Home Warranty Fee to _____		
HOA dues to _____		
Transfer fee to Management Co. _____		
Special Hazard Disclosure _____		
[Utility] Payment to _____		
Assessments _____		
School Taxes _____		
City/town taxes _____		
County Taxes/County Property taxes _____		
Buyer Attorney fees to _____		
Seller Attorney fees to _____		
Subtotals		
Due From/To Borrower _____		
Due From/To Seller _____		
Totals		

Acknowledgement

We/I have carefully reviewed the ALTA Settlement Statement and find it to be a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction and further certify that I have received a copy of the ALTA Settlement Statement. We/I authorize _____ *title company name* to cause the funds to be disbursed in accordance with this statement.

Seller _____