

FEBRUARY 3, 2022

UNDERSTANDING THE ALTA & SELLER NET SHEET

A Realtor's Guide to a Winning Settlement



The Settlement Statement

Settlement statement is an itemized list of fees and credits summarizing the finances of an entire real estate transaction. It's a line by line record of the money that changes hands as part of closing.



The Settlement Statement

HUD-1

Statement of actual charges and adjustments paid by the borrower and seller in connection with settlement. The HUD-1 is the mother of all settlement statements that is rarely used today. You may see the HUD-1 used now in reverse mortgage, cash and non-government loan transactions that are not RESPA compliant.

Closing Disclosure

Closing Disclosure (CD) is a document that provides final details about each mortgage loan in the real estate transaction. The CD includes key loan terms, projected monthly payment and an itemization of fees and costs. As of October 3, 2015, this document replaced the HUD-1 and Truth and Lending Disclosure Statement (TILA) for most closed-end secured credit transactions secured by real estate.

ALTA

The ALTA is a model settlement statement developed by the American Land Title Association. Often used in addition to the CD, this form itemizes all the fees and charges that both the buyer and seller must pay during the settlement process of a housing transaction. It is similar to the HUD-1, allows for an easy review of itemized settlement charges, but is not required under combined TILA RESPA rule.

Closing Disclosure *This form is a statement of final loan terms and closing costs. Compare this document with your Loan Estimate.*

Closing Information	Transaction Information	Loan Information
Date Issued 4/15/2013	Borrower Michael Jones and Mary Stone	Loan Term 30 years
Closing Date 4/15/2013	123 Anywhere Street	Purpose Purchase
Disbursement Date 4/15/2013	Anytown, ST 12345	Product Fixed Rate
Settlement Agent Epsilon Title Co.	Seller Steve Cole and Amy Doe	Loan Type <input checked="" type="checkbox"/> Conventional <input type="checkbox"/> FHA
File # 12-3456	321 Somewhere Drive	<input type="checkbox"/> VA <input type="checkbox"/>
Property 456 Somewhere Ave	Anytown, ST 12345	Loan ID # 123456789
Sale Price \$180,000	Lender Ficus Bank	MIC # 000654321

Loan Terms	Can this amount increase after closing?
Loan Amount \$162,000	NO
Interest Rate 3.875%	NO
Monthly Principal & Interest \$761.78 <i>See Projected Payments below for your Estimated Total Monthly Payment</i>	NO

Prepayment Penalty	Does the loan have these features?
	YES • As high as \$3,240 if you pay off the loan during the first 2 years

File No./Escrow No.:	Title Company Name	Title Company Logo
Print Date & Time:	ALTA Universal ID	
Officer/Escrow Officer:	Title Company Address	
Settlement Location:		

Property Address:	Years 8-30
Buyer:	\$761.78
Seller:	—
Lender:	206.13
Settlement Date:	\$967.91
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)		

Years 8-30

In escrow?
YES
YES
NO

You must pay for other property

IS in Other Costs – \$0

to Close on page 3 for details.

PAGE 1 OF 5 - LOAN ID # 123456789





ALTA SETTLEMENT STATEMENT

MAIN SECTIONS

Financial

Prorations/Adjustments

Loan Charges

Impounds

Title Charges & Escrow

Commission

Government Recording/Transfer

Payoffs

Miscellaneous

FINANCIAL SECTION

Details the price your buyer is paying, and then lists items that are debited against that price.

Seller		Description	Borrower/Buyer	
Debit	Credit		Debit	Credit
		Financial		
	\$617,000.00	Sales Price of Property	\$617,000.00	
		Deposit		\$2,500.00
		Loan Amount		\$586,150.00
\$4,500.00		Seller Credit		\$4,500.00

Sales Price of the Property: The final sales price, from which everything else will be deducted

Personal Property: Any furnishings or personal property being sold at closing

Earnest Money Deposit: The amount the buyer put down in good faith toward the home after the offer was accepted

Loan Amount: Amount the lender is financing toward the sale

Existing Loan(s) Assumed or Taken Subject to: Used if buyer is taking over the seller's existing mortgage

Seller Credit: Any seller credits toward buyer's closing costs

Excess Deposit: The buyer's EMD minus the commission (any remaining funds will go to the settlement agent)

PRORATIONS/ADJUSTMENTS SECTION

Prorations are credits and debits between the buyer and seller at closing that ensure each party is only paying costs for the time that they owned the home.

		Prorations/Adjustments		
		Assessments from 1/14/2022 to 1/31/2022	\$207.87	
		County Taxes from 1/14/2022 to 6/30/2022	\$3,733.58	
	\$207.87	Assessments from 1/14/2022 to 1/31/2022		
	\$3,733.58	County Taxes from 1/14/2022 to 6/30/2022		

Assessments: If a seller has not yet paid homeowner association/condo dues, they will be paid from the seller's proceeds, and the seller will receive a credit for the unused portion.

Property Taxes: If the taxes are prepaid, seller will receive a credit and buyer will be debited. If taxes are not yet due, sellers will receive a debit and buyers a credit proration. VA-taxes are paid in arrears. DC-taxes are paid in arrears. MD-taxes are paid in advance.

Front Foot Benefit Fee (FFB): Fees assessed against real property by private developers who pay for and install water and sewer infrastructure for new housing developments. Also called deferred water. It will show as a debit or credit for the unused portion.

Rent prorations: Rent is generally paid in advance. Buyers who purchase an investment property should receive a credit for the portion of rent paid for the month which covers the period the buyer will own the property. Security deposits held by the seller are also transferred to the buyer as a credit to the buyer and a debit to the seller.

LOAN CHARGES SECTION

Loan charges details what the buyer's mortgage lender is charging to provide the loan.

		Loan Charges to		
		Lender Credits to		\$10,237.00
		Other Loan Charges		
		Broker Fees to		\$6,594.19
		Underwriting Fee to		\$1,095.00
		Appraisal Fee to \$560.00 POC-Borrower		
		Credit Report Fee to Advantage Credit		\$31.00
		Flood Cert Fee to ServiceLink		\$8.50
		Tax Service Fee to Corelogic		\$68.00
		Abstract to		\$312.00
		Prepaid Interest to		\$939.45

Mortgage Points: Sometimes known as discount points, are fees a buyer pays to the lender in exchange for a reduced interest rate.

The buyer pays some interest up front in exchange for a lower interest rate over the life of your loan. Each point costs 1 percent of the total loan amount.

Appraisal Fee: Appraisal to determine the property value required by the lender. It is often paid prior to or outside of closing (POC).

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

IMPOUNDS SECTION

Buyer's lender sets up an impound/escrow account that allows the buyer to bundle the cost of their mortgage principal and interest, taxes and insurance into one payment.

Seller		Description	Borrower/Buyer	
Debit	Credit		Debit	Credit
		Impounds		
		Aggregate Adjustment		\$0.03
		Homeowner's Insurance 3 mo @ \$ 97.18/mo	\$291.54	
		Property Taxes 3 mo @ \$ 670.42/mo	\$2,011.26	

Aggregate Adjustment: Calculation to prevent the buyer's lender from collecting more money from the buyer than is allowed by RESPA for payment of taxes and insurance. The lender can collect escrow amounts at closing for each month they will not have a mortgage payment, plus two month's cushion.

Insurance/Property Taxes: Shows the frequency at which the line item is due and the amount owed prior to payment.

TITLE CHARGES SECTION

All the fees charged by the title company for clearing title, preparing documents and conducting settlement.

		Title Charges & Escrow / Settlement Charges		
		Closing Prot Ltr with F.A.T.I.C.O.	\$45.00	
		Courier, Scanning, Lien Cert	\$150.00	
		Deed Preparation	\$200.00	
		Lender's Policy with F.A.T.I.C.O.	\$1,649.00	
		Settlement or Closing Fee	\$700.00	
\$22.50		File Store/Scan with		
		Owner's Policy with F.A.T.I.C.O.	\$1,739.00	
\$425.00		Title Clearing/Administration		

Owner's Title Insurance: Provides insurance coverage to the buyer in the event that unknown issues with the title emerge after closing.

Settlement Fee: Charges for conducting the settlement and disbursing funds to the appropriate parties.

COMMISSION SECTION

Real estate agent commissions are based upon the sale price of the home. Commission fees are typically the responsibility of the seller, but the total commission is split between the buyer's broker and listing broker.

		Commission		
\$14,375.00		Real Estate Commission Sellers Broker to		
\$14,375.00		Real Estate Commission Buyers Broker to Exit Landmark Realty		

GOVERNMENT RECORDING/TRANSFER SECTION

Government recording and transfer charges are fees levied by the county, state, or municipality for recording the deed and deed of trusts (mortgage) of the new owner.

Government Recording and Transfer Charges				
\$1,437.50		FTHB State Transfer Tax to Clerk of the Circuit Court		
		Recording Fees (Deed) to Clerk of the Circuit Court	\$60.00	
		Recording Fees (Mortgage) to Clerk of the Circuit Court	\$60.00	
\$2,875.00		State Recordation Tax to Clerk of the Circuit Court	\$2,875.00	

Recording Fees: Generally the recording fee for the deed as well as the buyer's deed of trust (mortgage) payable to the clerk's office. Could also include a recording fee paid by the seller to record a mortgage release.

Transfer Tax: Charged by local/state governments when a property changes hands. There may be multiple transfer taxes payable to city, county and/or state based on the sales price or loan amount.

PAYOFF SECTION

Section of the closing statement that details the amounts and associated fees and charges with satisfying the seller's mortgage.

		Payoff(s)		
\$278,116.57		Lender: Payoff of First Mortgage Loan to M&T Bank Principal Balance as of 11/1/2021 \$278,116.57 Interest on Payoff Loan: -18 days @ \$0.00/day for \$0.00		

Principal Balance: Generally the amount of loan remaining unpaid, minus interest and other charges. Sometimes this represents the full payoff. It must be compared with the payoff statement to ensure accuracy and sufficient funds collected.

Interest on Payoff Loan: Any interest owed through the day the loan is paid off. Often this will include additional days interest to allow time for lender to receive funds. Any overage will be returned to the seller after settlement by their payoff lender.

MISCELLANEOUS SECTION

Miscellaneous fees are any remaining transaction fees and charges not included elsewhere.

		Miscellaneous		
		Property Taxes to Calvert Co: \$2431.14 POC-Seller		
		Homeowner's Insurance Premium to Inrsurance	\$1,918.00	
\$15.00		eRecording fee to Clerk of the Court/	\$15.00	
		Admin Fee to Exit Landmark Realty	\$495.00	
\$320.00		Admin Fee to		
\$150.00		Existing HOA dues to Home Owner's Association		
\$300.00		Water Escrow		
\$25.00		Wire Payoff/Seller Funds		

Admin Fees: Fees for brokerage services rendered in addition to real estate commission.

Water Escrow: Funds held in escrow to pay final water bill through date of settlement.



ALTA SETTLEMENT STATEMENT

THINGS TO LOOK OUT FOR PRIOR TO SETTLEMENT

Deposit

Commission (total, split & payee)

Admin Fee

Home Warranty (amount, who pays, payee)

Invoices (make sure all included & correct payee)

Seller Closing Cost Credit

Wood Destroying Insect Report invoice

Front Foot Benefit Fee

First Time Homebuyer Discounts

Buyer Cash to Close

Seller Net

Rent Back

1234 Main Street, Clinton, MD

Sales Summary

Contract Sales Price	\$453,000.00
Settlement Reductions / Charges to Seller	- \$371,299.25
Sellers's Credits	\$2,977.55
Seller's Estimated Net	\$84,678.30

Itemized Settlement Reductions and Credits

1st Mortgage Payoff Amount	- \$332,355.00
Prorated FFB & Condo Fees	\$46.56
Real Estate Property Tax Proration	\$2,930.99
Seller Closing Cost Credit to Buyer / Seller Subsidy	- \$9,060.00
Commission to Real Estate Company	- \$22,650.00
Termite Inspection (VA Buyer)	- \$50.00
Home Warranty	- \$600.00
Water Escrow	- \$300.00
Settlement Fee	- \$550.00
Mortgage Release Fee	- \$150.00
Courier / Overnight / Wire Fees	- \$35.00
County / City Transfer Tax	- \$1,245.75
County / County Transfer Tax	- \$3,171.00
City / State Transfer Tax	- \$1,132.50

SELLER NET SHEET

THINGS TO CONSIDER

- Payoff (# of loans, forbearance, modification)
- Commission
- Admin Fee
- Home Warranty
- Front Foot Benefit Fee
- Seller Closing Cost Credit
- Liens/Judgments
- HOA/Condo Dues

Oh Baby! It's Closing Day

WHO DO YOU IDENTIFY WITH?

HOW I LOOK WHEN MY CLIENT



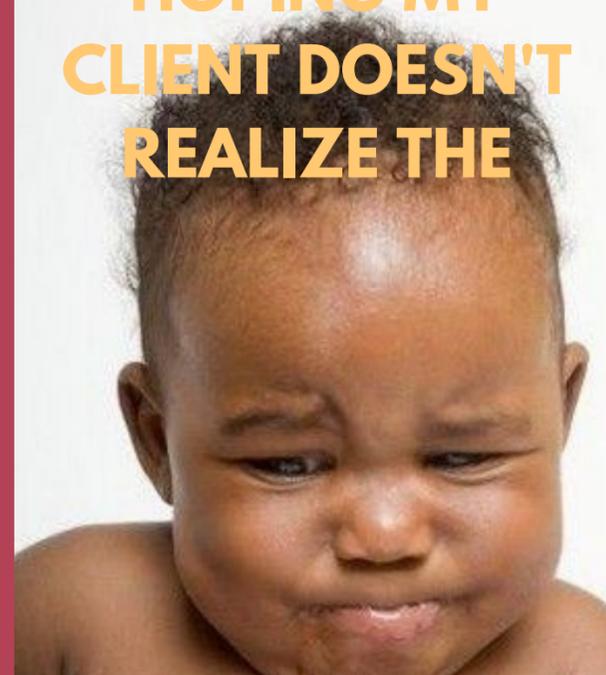
ASKS ME TO EXPLAIN THE SETTLEMENT STATEMENTNT

WHEN I REALIZE MY

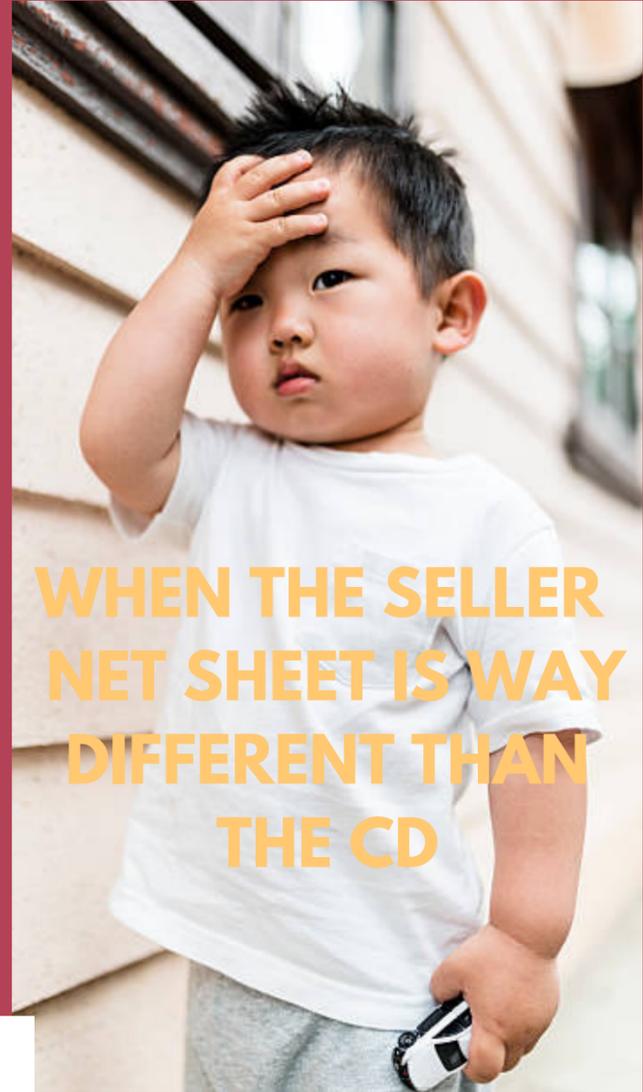


ADMIN FEE IS MISSING

HOPING MY CLIENT DOESN'T REALIZE THE



WARRANTY IS NOT ON THE CD



WHEN THE SELLER NET SHEET IS WAY DIFFERENT THAN THE CD

WATCHING LIKE...



YOU MEAN TO TELL ME



I CAN'T BELIEVE...



Oh Baby! It's Closing Day





QUESTIONS?

**STRIVE NOT TO BE A SUCCESS,
BUT RATHER TO BE OF VALUE.**

ALBERT EINSTEIN



THANK YOU!

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