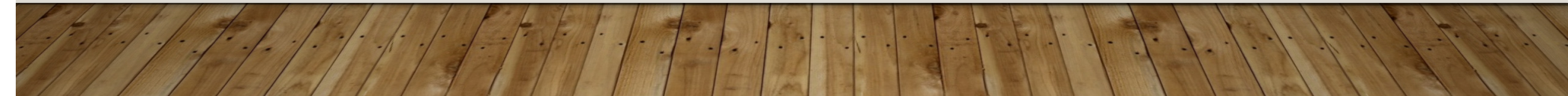




ALTA TRAINING



Seller's costs
 \$ Seller is receiving

Buyer's costs
 Credits towards
 The buyer

Seller			Buyer	
Debit	Credit		Debit	Credit
		Primary Charges & Credits		
	\$240,000.00	Sales Price of Property <i>Purchase Price</i>	\$240,000.00	
		Deposit <i>Earnest Money Deposit</i>		\$2,000.00
		Loan Amount		\$228,000.00
		Buyers' Agent Credit for closing costs <i>Real estate concession</i>		\$2,500.00
\$2,500.00		Buyers' Agent Credit for closing costs		

Negotiated Price and Credits

Seller's costs
 \$ Seller is receiving

Buyer's costs
 Credits towards
 The buyer

Seller			Buyer	
Debit	Credit		Debit	Credit
		Prorations/Adjustments		
	\$2,500.00	Buyer concession to Seller for Closing Costs	\$2,500.00	
\$1,260.38		County Taxes 01/01/2022 to 07/07/2022		\$1,260.38
\$1,065.00		Title Policy Adjustment		\$1,065.00

Buyer gave seller a credit

In FL, tax bills come out in Nov for the full Calendar year. (Ie: Nov 2022 will be the bill for Jan 1 – Dec 31, 2022.) If this bill is unpaid at the time of closing, the SELLER credits the BUYER for the # of days worth of property taxes they owned the property. It is calculated by taking the tax bill / 365 to determine the daily tax rate. Then figure out how many days there are between Jan 1 and your closing date. This determines the amount of credit the buyer receives. IF the seller already paid the tax bill, then you flip it. The BUYER will credit the seller for the number of days they own the property in that year. (ie: the closing date to 12/31.

Prorations

Let's practice tax prorations:

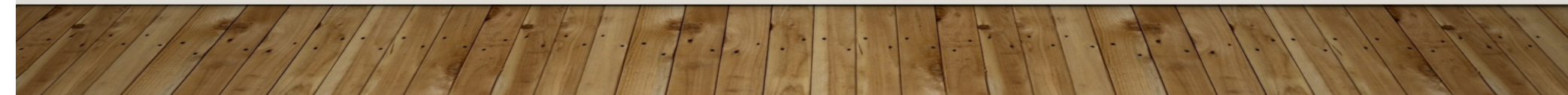
Annual tax bill is \$2800.00

Your closing date is August 15, 2022

The number of days from Jan 1 to Aug 15 is 226 days

Question 1: Who is receiving the credit for this tax proration?

Question 2: How much of a credit are they receiving?



Let's practice tax prorations:

Annual tax bill is \$2800.00

Your closing date is August 15, 2022

The number of days from Jan 1 to Aug 15 is 226 days

Question 1: Who is receiving the credit for this tax proration?

Question 2: How much of a credit are they receiving?

*Since the Nov 2022 tax bill is not out yet,
The title company will base the annual tax
Bill amount off of the 2021 bill. Regardless
Of whether the seller had homestead
Exemption applied or not*

All other prorations are handled the same way.
ie: CDD, HOA, etc

ANSWER:

$\$2800 / 365 \text{ days} = \7.67 per day

$\$7.67 \text{ per day} \times 226 \text{ days} = \1733.70

CREDIT to buyer / CHARGE to seller

Seller's costs

\$ Seller is receiving

Buyer's costs

Credits towards The buyer

Seller			Buyer	
Debit	Credit		Debit	Credit
		Loan Charges		
		0.231% of Loan Amount (Points)	\$526.68	
		Lender Comp Fee to Broker (\$5,403.60 POC by Others)		
		Appraisal Fee to Dart Appraisal (\$550.00 POC by Borrower)		
		Credit Report Fee to Advantage Credit	\$55.00	
		Flood Certification Fee to First American Flood	\$7.50	
		Tax Service Fee to First American Re Tax	\$85.00	
		Prepaid Interest (\$37.48 per day from 07/07/2022 to 08/01/2022)	\$936.99	
		Impounds		
		Homeowner's insurance \$183.05 per month for 3 mo.	\$549.15	
		Property taxes \$196.73 per month for 11 mo.	\$2,164.03	
		Aggregate adjustment		\$732.21

These costs come from the lender

This means the Lender paid the Loan officer directly The buyer did not Pay any commission To the loan officer

POC = paid outside of closing The buyer paid for this appraisal upfront

Nothing on the seller's side, because the seller isn't part of the loan

Reminder- tax and insurance escrows are to save for NEXT year's Bills, not pay what is due this current calendar year.

This is a credit the lender applies so that they meet regulatory requirements for escrow set up and they do not collect more than they need or are allowed.

Lender Fees and Escrows

Seller's costs

\$ Seller is receiving

Buyer's costs

Credits towards The buyer

Seller			Buyer	
Debit	Credit		Debit	Credit
		Government Recording and Transfer Charges		
		Recording Fees	\$156.00	
		---Deed: \$18.50		
		---Mortgage: \$137.50		
\$1,680.00		Documentary Stamp Tax (State Deed Taxes) to Clerk of Circuit Court		
		Documentary Stamp Tax (State Security Instrument Taxes) to Clerk of Circuit Court	\$798.00	
		E-recording fee to Clerk of Circuit Court	\$9.50	
		Intangible Tax (State Security Instrument Taxes) to Clerk of Circuit Court	\$456.00	

265 8. SELLER WILL PAY:

266 (A) CLOSING COSTS:

267 Deed stamps

268 Owner's title insurance policy

269 Title search

270 Closing attorney/settlement fee

271 Survey Map

272 Satisfaction of mortgage and recording fee

One-year home warranty not to exceed \$ _____

Mortgage discount not to exceed _____

Appraisal fee

Municipal lien search

These charges are calculated by the title company based on the county that the property is located in. How it is divided (buyer or seller) is spelled out in the contract.

243 7. BUYER WILL PAY:

244 (A) CLOSING COSTS:

245 Recording fees

246 Intangible tax

247 Note stamps

248 Simultaneous mortgagee title insurance policy

249 Title insurance endorsements

250 Lender's flood certification fees

251 Mortgage origination charges

252 Appraisal fee

253 Credit report (s)

254 Inspection and reinspection fee

255 Tax service fee

256 Wood-destroying organism (WDO) report

257 Other _____

258 (B) All other charges required by lender(s) in connection with the BUYER's loan(s), unless prohibited by law or regulation, **together with lender related settlement/title service fees charged to process, close and post close BUYER's loan(s).**

259

260

261 (C) Condominium and homeowners' association application/transfer fees, the cost of completion of a lender's condominium questionnaire fees, and capital contributions, if required.

262

263 (D) PREPAIDS: Prepaid hazard, flood and wind insurance, taxes, interest, and mortgage insurance premiums if required by the lender.

264

One-year home warranty _____

VA funding fee

Mortgage insurance premium

Mortgage discount not to exceed _____

Survey Map

Closing attorney/settlement fee

BUYER's courier/wire fees

Title search

Municipal lien search

Broker transaction fee \$ _____

Mortgage transfer and assumption charges

Government Taxes and Recording charges

Seller's costs
\$ Seller is receiving

Buyer's costs
Credits towards
The buyer

Seller			Buyer	
Debit	Credit		Debit	Credit
		Commissions		
\$8,400.00		Listing Agent Commission to EXP Realty, LLC		
\$3,500.00		Selling Agent Commission to Coldwell Banker Vanguard Realty		

Gross realtor commissions based on the % you have set in the contract. This does not Account for any splits you may have with your broker

Commissions

Seller's costs

\$ Seller is receiving

Buyer's costs

Credits towards The buyer

Seller			Buyer	
Debit	Credit		Debit	Credit
		Title Charges		
		Title - Lender's Title Policy to Old Republic National Title Insurance Company	\$1,457.50	
		Title - Loan Package Processing Fee to Bartlett Title Services LLC	\$350.00	
\$150.00		Title - Search Fee to Old Republic National Title Insurance Company		
\$395.00		Title - Settlement Fee to Bartlett Title Services LLC		
\$60.00		Title - Wire/Courier Fee to Bartlett Title Services LLC	\$60.00	
\$210.00		Title - Owner's Title Policy to Old Republic National Title Insurance Company		

These are the title company's charges and they are split between buyer and seller based on what was selected in the contract. How it appears here is how you customarily see it, but it is not required to be split this way. Every title company sets their own fees and they can call them similar names.

265 8. **SELLER WILL PAY:**

- (A) CLOSING COSTS:
- Deed stamps
 - Owner's title insurance policy
 - Title search
 - Closing attorney/settlement fee
 - Survey Map
 - Satisfaction of mortgage and recording fee
 - One-year home warranty not to exceed \$ _____
 - Mortgage discount not to exceed _____
 - Appraisal fee
 - Municipal lien search

243 7. **BUYER WILL PAY:**

- (A) CLOSING COSTS:
- Recording fees
 - Intangible tax
 - Note stamps
 - Simultaneous mortgagee title insurance policy
 - Title insurance endorsements
 - Lender's flood certification fees
 - Mortgage origination charges
 - Appraisal fee
 - Credit report (s)
 - Inspection and reinspection fee
 - Tax service fee
 - Wood-destroying organism (WDO) report
 - Other _____
 - One-year home warranty _____
 - VA funding fee
 - Mortgage insurance premium
 - Mortgage discount not to exceed _____
 - Survey Map
 - Closing attorney/settlement fee
 - BUYER's courier/wire fees
 - Title search
 - Municipal lien search
 - Broker transaction fee \$ _____
 - Mortgage transfer and assumption charges

Title Company Charges

Seller's costs
\$ Seller is receiving

Buyer's costs
Credits towards
The buyer

Seller			Buyer	
Debit	Credit		Debit	Credit
		Miscellaneous Charges		
		Brokerage Fee to Coldwell Banker Vanguard Realty	\$275.00	
\$299.00		Brokerage Fee to EXP Realty, LLC		
		Homeowner's Insurance Premium to Citizens	\$2,196.54	

Realtor broker fee listed in the contract

If the seller had a mortgage, The payoff would appear here

This is the 1st year premium for the insurance policy the buyer selected.

Realtor broker fee listed in the contract

Miscellaneous – HOA, Realtor, etc

Seller's costs \$ Seller is receiving

The most confusing part 😊

Buyer's costs Credits towards
The buyer

Seller			Buyer	
Debit	Credit		Debit	Credit
Seller			Buyer	
Debit	Credit		Debit	Credit
\$19,519.38	\$242,500.00	Subtotals	\$252,582.89	\$235,557.59
\$222,980.62		Due from Buyer		\$17,025.30
\$242,500.00	\$242,000.00	Due to Seller		
		Totals	\$252,582.89	\$252,582.89

Seller's total closing costs

How much the seller is walking away with

Purchase price + any credits they were receiving

This is the total cost of the transaction. Purchase price + closing costs

Loan amount + any credits they were receiving + EMD

How much the buyer has to bring to closing

Bottom Line