

# An Introduction to the Buyer's Settlement Statement

## HUD - 1 Basics

- **Page one** is a summary of the transaction.
- **Page two** itemizes transaction fees paid by you and are listed in six main sections.
  - Lender & loan fees (section 800)*
  - Pre-paid items: interest, taxes and insurances (sections 900 & 1000)*
  - Title and closing costs (section 1100)*
  - Government and additional fees (sections 1200 & 1300)*
- Your first mortgage payment will be due the 2nd month after the loan closes. Each mortgage payment includes the prior month's interest charge.
- Property Tax bills in most Texas Counties are mailed annually, usually in October. As a buyer you will always receive a credit from the seller. This credit reimburses you for the upcoming tax bill you will have to pay for a period during which you did not own the house.
- If your lender is paying your property insurance and tax bills, they will collect a "cushion" of funds at closing, typically 1-3 months to ensure complete and prompt payment when the bills become due.



**PATTEN LAW FIRM**

A CLOSING OFFICE FOR TEXAS AMERICAN TITLE COMPANY

[WWW.PATTENTITLE.COM](http://WWW.PATTENTITLE.COM)

*Raising the Bar for Closing Services*

9600 Great Hills Trail, Suite 150 E

Austin, TX 78759

P: 512.241.1818 F: 512.241.0089



# PATTEN LAW FIRM

A CLOSING OFFICE FOR TEXAS AMERICAN TITLE COMPANY  
WWW.PATTENTITLE.COM  
Raising the Bar for Closing Services

U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT

## SETTLEMENT STATEMENT

The first page of the HUD-1 settlement statement gives the buyer/borrower a quick summary of the overall transaction.

1.  FHA  VA  OTHER

6. FILE NUMBER: \_\_\_\_\_ 7. LOAN NUMBER: \_\_\_\_\_

8. MORTGAGE INS CASE NUMBER: \_\_\_\_\_

C. NOTE: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "[POC]" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.

1.0 3/98 (TESTPURCH.PFD/TESTPURCH/406)

D. NAME AND ADDRESS OF BORROWER: Mr. Buyer and Mrs. Buyer

E. NAME AND ADDRESS OF SELLER: Mr. Seller and Mrs. Seller

F. NAME AND ADDRESS OF LENDER:

Total of the closing costs that are itemized on page 2 of the settlement statement.

G. PROPERTY LOCATION: \_\_\_\_\_

H. SETTLEMENT AGENT: Title Company

I. SETTLEMENT DATE: September 22, 2005

Disburse: 09/23/05

PLACE OF SETTLEMENT: 20006 Detroit Road, Suite 2 Rocky River, OH 44116

### J. SUMMARY OF BORROWER'S TRANSACTION

100. GROSS AMOUNT DUE FROM BORROWER:		400. GROSS AMOUNT PAID BY BORROWER:	
101. Contract Sales Price	100,000.00	401. Contract Sales Price	100,000.00
102. Personal Property		402. Personal Property	
103. Settlement Charges to Borrower (Line 1400)	3,389.72	403. Settlement Charges to Borrower (Line 1400)	3,389.72
104.		404.	
105.		405.	
<i>Adjustments For Items Paid By Seller in advance</i>		<i>Adjustments For Items Unpaid By Seller</i>	
106. City/Town Taxes	to	500. City/Town Taxes	to
107. County Taxes	to	501. County Taxes	to
108. Assessments	to	502. Assessments	to
109.		503.	
110.		504.	
111.		505.	
112.		506.	
120. GROSS AMOUNT DUE FROM BORROWER	103,389.72	507. GROSS AMOUNT PAID BY BORROWER	94,871.23
200. AMOUNTS PAID BY OR IN BEHALF OF BORROWER:		600. CASH AT SETTLEMENT FROM/TO BORROWER:	
201. Deposit or earnest money	1,000.00	601. Gross Amount Due From Borrower (Line 120)	103,389.72
202. Principal Amount of New Loan(s)	93,000.00	602. Less Amount Paid By/For Borrower (Line 220)	( 94,871.23)
203. Existing loan(s) taken subject to		603. CASH ( X FROM) ( TO ) BORROWER	8,518.49
204.			
205.			
206.			
207.			
208.			
209.			
220. TOTAL PAID BY/FOR BORROWER		520. TOTAL REDUCTIONS	
	94,871.23		

The total amount of money you need to buy a home is always greater than the actual purchase price because you also have to pay closing costs.

$$\begin{aligned} &\text{Purchase price} \\ &+ \text{Closing costs} \\ &= \text{Total amount of money required to complete transaction} \\ &\quad (\text{line 120 of settlement statement}) \end{aligned}$$

The majority of money provided to purchase the house comes from:

- Earnest money payment
- First mortgage loan
- Second mortgage loan (if applicable)
- Tax pro-ration credit from seller to buyer to cover upcoming tax bills
- Occasionally, additional credits to you from other sources, typically the seller or lender

Finally, this is the balance needed from the buyer to complete the purchase. This amount is never as simple as:

$$\begin{aligned} &\text{Purchase Price} \\ &- \text{Earnest Money} \\ &- \text{Loan Amount} \\ &= \text{Balance Due} \end{aligned}$$

Why?

1. Buyer needs to pay closing costs & pre-paid items
2. Buyer always receives a credit from the seller for upcoming tax bills

The undersigned hereby acknowledge receipt of a completed copy of pages 1&2 of this statement. I HAVE CAREFULLY REVIEWED THE HUD-1 SETTLEMENT STATEMENT AND TO THE BEST OF MY KNOWLEDGE AND BELIEF IT IS AN ACCURATE STATEMENT OF ALL RECEIPTS AND DISBURSEMENTS MADE ON MY ACCOUNT. THAT I HAVE RECEIVED A COPY OF THE HUD-1 SETTLEMENT STATEMENT.

Borrower

Mr. Buyer

Mrs. Buyer

