

Completing the New HUD-1 Settlement Statement

The new HUD-1 Settlement Statement (“HUD”) is designed to correlate closely to the new GFE, allowing borrowers to see how the estimate settlement costs disclosed on the GFE compare to the actual settlement costs charged and disclosed on the new HUD. While it is customary that settlement agents prepare the final HUD, it is the mortgage originator’s responsibility to ensure that a HUD is given for all transactions covered by RESPA. The mortgage originator is also responsible to ensure that the settlement agent has all the information they need to properly complete the document.

Columns

The HUD has two columns on the right hand side of the page, one for charges paid for by the seller and another for charges paid by the borrower. There is no place to disclose seller paid items on the GFE so they are all disclosed as charged to the borrower. In order to make sure that the GFE and the HUD match, those charges will still be shown as paid for by the borrower in the HUD columns. If those charges are paid by the seller or another party, those charges will be offset by a credit to the borrower and a charge to the paying party on page one of the HUD.

P.O.C. Items

Charges that are paid outside of closing by any party must be included on the HUD, but they must be marked “P.O.C” and should not be included in the totals. P.O.C. items should be disclosed outside of the columns. The mortgage originator must also designate the identity of the party that paid the charge with the party making the payment being identified in parenthesis, such as P.O.C. (seller). Remember that indirect payments from a lender to a mortgage broker cannot be identified as P.O.C. and must be disclosed on line 802, as will be shown later.

General Information

B. Type of Loan			6. File Number:	7. Loan Number:	8. Mortgage Insurance Case Number:
1. <input checked="" type="checkbox"/> FHA	2. <input type="checkbox"/> RHS	3. <input type="checkbox"/> Conv. Unins.	123456	22222222	249-00000000
4. <input type="checkbox"/> VA	5. <input type="checkbox"/> Conv. Ins.				
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 "(p.o.c.)" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.					
D. Name & Address of Borrower: Bob Borrower 123 Main Street Anywhere, USA 00000		E. Name & Address of Seller: Samantha Seller 456 Home Place Anywhere, USA 00000		F. Name & Address of Lender: XYZ Lender 456 Main Street Somewhere, USA 00000	
G. Property Location: 456 Home Place Anywhere, USA 00000		H. Settlement Agent: Title Town USA Place of Settlement: 222 Your Corner, Any Town, USA 00000		I. Settlement Date: May 8, 2009	
Lot 12, Blk 2, Great View Subdivision					

The first section of the GFE is where the general loan information is disclosed. In this area mortgage originators will disclose, the loan type, file numbers, addresses, property locations and settlement information. Note that the settlement date disclosed in section I. should be the settlement date, not the date when a rescission period expires or a disbursement is made.

Summary of the Borrower's Transaction

J. Summary of Borrower's Transaction	
100. Gross Amount Due from Borrower	
101. Contract sales price	\$300,000.00
102. Personal property	
103. Settlement charges to borrower (line 1400)	\$14,356.85
104.	
105.	
Adjustment for items paid by seller in advance	
106. City/town taxes to	
107. County taxes to	
108. Assessments to	
109.	
110.	
111.	
112.	
120. Gross Amount Due from Borrower	\$314,356.75
200. Amounts Paid by or in Behalf of Borrower	
201. Deposit or earnest money	\$2,000.00
202. Principal amount of new loan(s)	\$294,596.00
203. Existing loan(s) taken subject to	
204.	
205.	
206. Seller credit for transfer taxes	\$1,368.00
207.	
208.	
209.	
Adjustments for items unpaid by seller	
210. City/town taxes to	
211. County taxes to	
212. Assessments to	
213.	
214.	
215.	
216.	
217.	
218.	
219.	
220. Total Paid by/for Borrower	
300. Cash at Settlement from/to Borrower	
301. Gross amount due from borrower (line 120)	\$314,356.85
302. Less amounts paid by/for borrower (line 220)	(\$297,934.00)
303. Cash <input checked="" type="checkbox"/> From <input type="checkbox"/> To Borrower	\$16,424.85

Seller's Transaction

"Summary of the Seller's Transaction." It amount for the contract sales price, and reductions in the amount due to the seller from other closing costs. The adjustments for items are disclosed and itemized, then at the bottom subtracted from the amount due to the seller

Section J. of the HUD is the Summary of the Borrower's Transaction. This section of the document is quite similar to the old HUD. It contains lines for items due from the borrower, items paid in advance by the seller and a total for the gross amount due from the borrower. The 200 series has lines for amounts paid on the borrower's behalf. Notice that in this example the seller has paid for the borrower's transfer taxes, so the credit for the payment is identified in line 206. This amount offsets the amount charged to the borrower and decreases the amount the borrower must pay at closing. We will see later in the article that the transfer tax payment is shown as a borrower paid fee on page two. There is a section for

K. Summary of Seller's Transaction	
400. Gross Amount Due to Seller	
401. Contract sales price	\$300,000.00
402. Personal property	
403.	
404.	
405.	
Adjustments for items paid by seller in advance	
406. City/town taxes to	
407. County taxes to	
408. Assessments to	
409.	
410.	
411.	
412.	
420. Gross Amount Due to Seller	\$300,000.00
500. Reductions in Amount Due to Seller	
501. Excess deposit (see instructions)	
502. Settlement charges to seller (line 1400)	\$18,228.00
503. Existing loan(s) taken subject to	
504. Payoff of first mortgage loan	\$247,000.00
505. Payoff of second mortgage loan	
506. Earnest money deposit	\$2,000.00
507. Seller credit for transfer taxes	\$1,368.00
508.	
509.	
Adjustments for items unpaid by seller	
510. City/town taxes to	
511. County taxes to	
512. Assessments to	
513.	
514.	
515.	
516.	
517.	
518.	
519.	
520. Total Reduction Amount Due Seller	
600. Cash at Settlement to/from Seller	
601. Gross amount due to seller (line 420)	\$300,000.00
602. Less reductions in amount due seller (line 520)	(\$286,596.00)
603. Cash <input checked="" type="checkbox"/> To <input type="checkbox"/> From Seller	\$13,404.00

adjustments for items unpaid by the seller as well as totals that are disclosed at the bottom of the column.

Summary of the

Section K is the contains the discloses the previous liens or unpaid by the seller the reductions are and the total

amount to be paid to or from the seller is itemized. Please note that the amount the seller paid for the borrower's transfer taxes is disclosed on line 507 in this example and this amount is a reduction to the amount due to the seller. This along with the credit in the 200 series is how seller paid fees are reconciled on the new HUD.

Page Two – Settlement Charges, Real Estate Broker Fees

L. Settlement Charges				
700. Total Real Estate Broker Fees				
Division of commission (line 700) as follows:				
701. \$ 9,360.00	to RE #1		Paid From Borrower's Funds at Settlement	Paid From Seller's Funds at Settlement
702. \$ 9,360.00	to RE #2			
703. Commission paid at settlement				\$16,720.00
704. Earnest money deposit held by RE #2 \$2,000 P.O.C.				

“Section L” starts the disclosure of the settlement charges. The 700 series of lines is for disclosure of the real estate broker fees. Line 700 is for the disclosure of the total real estate broker fees. 701 and 702 are to show the division of the commission paid to each agent where there are two or more real estate brokers. The amount of the commission paid at settlement is disclosed on line 703 and any other charges are disclosed on subsequent lines.

Items Payable in Connection with Loan

800. Items Payable in Connection with Loan				
801. Our origination charge	ABC Broker/XYZ Lender	\$ 6,250	(from GFE #1)	
802. Your credit or charge (points) for the specific interest rate chosen	\$ 3,000		(from GFE #2)	
803. Your adjusted origination charges	ABC Broker/XYZ Lender		(from GFE A)	\$3,250.00
804. Appraisal fee to	Appraisal Company		(from GFE #3)	\$250.00
805. Credit report to	Credit Report Company		(from GFE #3)	\$40.00
806. Tax service to	Tax Service Company		(from GFE #3)	\$76.00
807. Flood certification	Flood Certification Company		(from GFE #3)	\$12.00
808.				

The 800 series is for disclosing the items payable in connection with the loan. Line 801 is where the origination charge is disclosed. This is the charge that was disclosed on the GFE in block 1. This charge cannot change between the GFE and the HUD. This charge is the total of all charges received by the loan originator except for any charge for the interest rate chosen (points). Previously origination charges such as processing or administration fees were disclosed on the HUD, but now they must all be grouped on line 801. Line 802 is used to disclose the credit or charge for the interest rate chosen. A charge would appear on this line if points are being charged, a credit would appear if a yield spread premium is being charged by a mortgage broker. The sum of lines 801 and 802 is disclosed on line 803 and labeled as the adjusted origination charge. None of these charges may change from the amounts disclosed on the GFE. Lines 804 through 808 and additional lines in the 800 series are used to disclose required services selected by the lender. These fees are subject to the overall 10% tolerance.

Items Required by Lender to be Paid in Advance

900. Items Required by Lender to Be Paid in Advance				
901.	Daily interest charges from 5/8 to 5/31 @ \$39.59/day		(from GFE #10)	\$910.57
902.	Mortgage insurance premium for 12 months to FHA		(from GFE #3)	\$5,066.25
903.	Homeowner's insurance for 1 years to Insure-It		(from GFE #11)	\$600.00
904.				

The 900 series is for items that are required by the lender to be paid in advance, but are not paid to the lender. Daily interest is disclosed on line 901, this is an amount that can change from what was disclosed on the GFE. 902 is for disclosing the mortgage insurance premium, this is a fee that is subject to the 10% overall tolerance. The Homeowner's insurance is disclosed on line 903, this amount is not subject to tolerance. The additional lines are used to record additional items required by the lender including flood or other types of insurance. As you can see the detail breakdown for each of the charges is given outside of the columns and the totals are listed in the columns in the borrower's column.

Reserves Deposited with Lender

1000. Reserves Deposited with Lender				
1001.	Initial deposit for your escrow account		(from GFE #9)	\$516.03
1002.	Homeowner's insurance 1 months @ \$50.00 per month	\$ 50.00		
1003.	Mortgage insurance 1 months @ \$132.69 per month	\$ 132.69		
1004.	Property taxes 3 months @ \$166.67 per month	\$ 500.01		
1005.	months @ \$ per month	\$		
1006.	months @ \$ per month	\$		
1007.	Aggregate Adjustment	-\$ 166.67		

The 1000 series is for disclosing the escrow items associated with the loan. These are items that will be held in the escrow account for the future payment of obligations, such as taxes and insurance, as they come due. Line 1001 is where the total amount will be listed and this amount must be listed inside the columns. This amount is the sum of all the items listed outside the columns. The remaining lines shows the itemized breakdown of the escrow charges with the amounts for each charge disclosed outside the columns. The total initial escrow deposit should correlate with GFE box 9, but there is no tolerance requirement.

Title Charges

1100. Title Charges				
1101.	Title services and lender's title insurance		(from GFE #4)	\$925.00
1102.	Settlement or closing fee Title Town USA	\$		\$125.00
1103.	Owner's title insurance Title Town USA/Title Underwriter		(from GFE #5)	\$725.00
1104.	Lender's title insurance Title Town USA/Title Underwriter	\$ 175.00		
1105.	Lender's title policy limit \$ 294,566			
1106.	Owner's title policy limit \$ 300,000			
1107.	Agent's portion of the total title insurance premium	\$ 720.00	to Title Town USA	
1108.	Underwriter's portion of the total title insurance premium	\$ 180.00	to Title Underwriter	

The 1100 series covers title charges. These are charges from closing agents and attorneys as well as any charges associated with title. Line 1101 is for the title services and lender's title insurance, this amount must be listed in the columns. Line 1102 is for the settlement or closing fee. Line 1103 is for the owners title insurance and must be listed inside the columns. Line 1104 is for the lender's title insurance. Lines 1105 and 1106 are for disclosure of the Lender's and Owner's title policy limits, these are informational disclosures only and are not included in the totals. Lines 1107 and 1108 are for disclosure of the Agent's and Underwriter's portion of the title insurance premium. These title services and title insurance could either fall into a 10% overall tolerance, if the borrower selected a provider from the lender's list, or a tolerance would not apply if the borrower selected a provider that was not recommended by the lender.

Government Recording and Transfer Charges

1200. Government Recording and Transfer Charges					
1201. Government recording charges	(from GFE #7)			\$50.00	
1202. Deed \$ 25.00	Mortgage \$ 25.00	Releases \$ 15.00			15.00
1203. Transfer taxes	(from GFE #8)			\$1,368.00	\$1,368.00
1204. City/County tax/stamps	Deed \$ 684.00	Mortgage \$ 684.00			
1205. State tax/stamps	Deed \$ 684.00	Mortgage \$ 684.00			
1206.					

The 1200 series discloses the government recording and transfer charges. Line 1201 is the total government recording charges and must be disclosed inside the columns. Line 1202 discloses the itemized recording charges outside the columns. The government recording charges are subject to the 10% overall tolerance level. The amount of the transfer taxes is disclosed in line 1203. Lines 1204 and 1205 are for disclosed in the local and state transfer taxes and stamps. These amounts are disclosed outside of the columns. The amounts for the transfer taxes are subject to the zero tolerance levels. The remaining lines in the 1200 series are for disclosing any third party charges for government recording charges and transfer taxes and must be listed outside the columns.

Additional Settlement Charges and Totals

1300. Additional Settlement Charges					
1301. Required services that you can shop for	(from GFE #6)			\$270.00	
1302. Survey to Measure-It	\$225.00				
1303. Pest inspection to Rid-A-Bug	\$45.00				
1304. Home warranty to Home Warranty Company			\$300.00		
1305.					
1400. Total Settlement Charges (enter on lines 103, Section J and 502, Section K)				\$14,358.85	\$18,228.00

The 1300 series is for disclosing the required services for which the borrower was able to shop. Line 1301 would show the total of the itemized charges that are disclosed outside the columns on the subsequent lines. Generally fees such as survey, pest inspection or other types of inspections would be included in this series. These lines may also be used to disclose items that would not be included in another specific category, these amounts must be listed

in either the borrower's or the seller's column. Tolerances are not applicable for required services that the borrower can shop for. Line 1400 states the totals settlement charges due from the borrower and seller calculated by adding the amounts within each column.