

## VIRGINIA OFFICES

**ALEXANDRIA**  
515 King Street  
Suite 502  
Alexandria, VA 22314  
(703) 519-7600  
(703) 519-9471 FAX

**ANNANDALE\*\***  
7619 Little River Turnpike  
Suite 410  
Annandale VA 22003  
(703) 642-6100  
(703) 642-6142 FAX

**ARLINGTON**  
3319 Lee Highway  
Arlington, VA 22207  
(703) 351-0300  
(703) 351-9978 FAX

**1112. Judgment Report**—A charge to the buyer for obtaining reports from court records of any existing judgments or pending actions against any current or previous owner of the property.

**1113. Procurement of Release of Mortgage**—A charge to the seller for obtaining mortgage payoff figures and the release of mortgage from the lender. Any cost incurred in transmitting the payoff to the lender is normally included.

### Government Recording and Transfer Charges

**1201. Recording Fees**—Charges levied to the buyer or seller, where appropriate, for recording documents in the land records.

**1202. County Tax/Stamps**—A one-time assessment imposed by the county on property transfers and/or mortgages. Typically these are known as “documentary stamps.”

**1203. Transfer Taxes**—A one-time assessment by the state and most counties on the transfer of property. Note: The cost of items in lines 1202-1203 vary from county to county. Local custom or contract provisions will dictate whether buyer or seller will pay these charges.

### Additional Settlement Charges

**1301. Survey**—A house location drawing which shows the improvements on the lot. Among other things, this survey will disclose encroachments or violations of setback lines.

**1302. Pest Inspection**—A certificate issued by a licensed pest inspection company indicating that the property is free from infestation or damage by wood-boring insects. The contract will specify whether it is required and which party to the contract pays the charge.

**GAINESVILLE**  
7512 Iron Bar Lane  
Gainesville, VA 20155  
(571) 248-8777  
(571) 248-8788 FAX

**LAKE RIDGE\***  
2220 Tacketts Mill Drive  
Lake Ridge, VA 22192  
(703) 491-9600  
(703) 492-7494 FAX

**LORTON**  
8971 Ox Road  
Suite 190  
Lorton, VA 22079  
(703) 495-9600  
(703) 493-9302 FAX

**MANASSAS\***  
7702 Donegan Drive  
Manassas, VA 20109  
(703) 396-8838  
(703) 396-8809 FAX

**MCLEAN**  
1355 Beverly Road  
Suite 100  
McLean, VA 22101  
(703) 903-9600  
(703) 903-9606 FAX

**BURKE**  
6045-D Burke Centre Parkway  
Burke, VA 22015  
(703) 239-9600  
(703) 239-0605 FAX

**CENTREVILLE\*\*\***  
6101 Redwood Sq. Circle  
Suite 117  
Centreville, VA 20121  
(703) 818-8600  
(703) 803-2867 FAX

**FREDERICKSBURG**  
2015 Plank Road  
Fredericksburg, VA 22401  
(540) 372-4100  
(540) 372-4114 FAX

## MARYLAND, PENNSYLVANIA, DELAWARE & WASHINGTON, DC OFFICES

**ANNAPOLIS**  
**BEL AIR**  
**BETHESDA**  
**BOWIE**  
**CAMP SPRINGS\***  
**CATONSVILLE**  
**COLUMBIA/**  
**ELLCOTT CITY**  
**EASTON**  
**FEDERAL HILL**  
**FREDERICK**

**GAITHERSBURG**  
**GREENSPRING**  
**HAGERSTOWN**  
**HANOVER, PA**  
**HILLANDALE\***  
**OCEAN PINES**  
**OLNEY**  
**ODESSA, DE**  
**OWINGS MILLS**  
**POCOMOKE**  
**ROCKVILLE**

### SATELLITE LOCATIONS

**CHAMBERSBURG, PA**  
**LANCASTER, PA**  
**ELLCOTT CITY, MD**

**NEWARK, DE**  
**NORTH EAST, MD**  
**REHOBOTH, DE**

**RESTON\***  
1801 Old Reston Avenue  
Suite 100  
Reston, VA 20190  
(703) 742-9600  
(703) 742-9698 FAX

**SPRINGFIELD\***  
7202-B Old Keene Mill Rd.  
Springfield, VA 22150  
(703) 451-6600  
(703) 451-1181 FAX

**STAFFORD**  
45 Doc Stone Road  
Suite 103  
Stafford VA 22556  
(540) 288-1747  
(540) 288-1797 FAX

**WARRENTON**  
(540) 341-7700  
(540) 341-8574 FAX

**WINCHESTER**  
500 West Jubal Early Dr.  
Suite 100  
Winchester, VA 22601  
(540) 723-0662  
(540) 723-0664 FAX

**WOODBIDGE**  
13875 Hedgewood Drive  
Suite 210  
Woodbridge, VA 22193  
(703) 583-2222  
(703) 583-2233 FAX

**REALTORS HOTLINE**  
1-877-660-5150

\* designates Spanish capability  
\*\* designates Spanish and Korean capability  
\*\*\* designates Spanish and Italian capability

**ROLAND PARK**  
**SALISBURY**  
**SEVERNA PARK**  
**SILVER SPRING\***  
**STEWARTSTOWN, PA**  
**TIMONIUM**  
**TOWSON**  
**WASHINGTON, DC**  
**WESTMINSTER**  
**WHITE MARSH**

**WILMINGTON, DE**  
**YORK, PA**

## COMMERCIAL OFFICES

**CHANTILLY, VA**  
(703) 263-2648  
(703) 263-7125 FAX

**CLINTON, MD**  
(301) 877-1100  
(301) 877-8141 FAX

**COLUMBIA, MD**  
(410) 715-7600  
(410) 715-7676 FAX



## Title Charges

**1101. Settlement or Closing Fee**—A charge for processing necessary paperwork and/or conducting the settlement.

**1102–1103. Abstract or Title Search and Title Examination**—This includes the fee for performing the necessary research of the land records in the jurisdiction where the property is located, in order to establish the seller’s right to convey the property to the buyer. A thorough title examination is performed to determine if the seller has clear and marketable title to the property. The examination also discloses any matters of record that could adversely affect the buyer, the lender, or others with an interest in the property. Examples of these problems include unpaid mortgages, judgments, tax liens, bankruptcy, or a right-of-way that could limit the buyer’s use and enjoyment of the real estate.

**1104. Title Insurance Binder**—A fee for issuing title insurance commitments protecting both the lender and the buyer.

**1105. Document Preparation**—The title company or attorney’s fee for preparation of the Deed, Deed of Trust or Mortgage, and other related documents.

**1106. Notary Fees**—Fee for notarization of documents.

**1107. Attorney’s Fees**—A fee charged for services provided for preparation of additional documents required at closing, such as a power of attorney, subordination agreement, etc.

**1108. Title Insurance**—This is a one-time premium, paid at settlement, protecting the buyer and the lender against other claims of ownership as a result of forgeries, recording errors, or other title problems. A policy insuring a corporate lender is required; a second policy protecting the buyer’s equity is optional but highly recommended. If a competing claim to title is found to be valid, the title underwriter guarantees against loss to the extent of the purchase price of the property if an owner’s policy is purchased.



- We are the leader in our industry having settled over 300,000 residential transactions!
- Each of our offices is fully computerized with the latest technology designed specifically for our business. This insures prompt and accurate services for all our clients.
- No company in the Mid-Atlantic region has received more awards for outstanding customer service than RGS TITLE LLC.
- We are able to conduct settlements in English, Spanish and Korean—see back for designate locations.
- The vast majority of our business is referred to us either by previous clientele or by Real Estate Professionals who have used our services in the past. Ask your Realtor® or friends—chances are, they’ll say ‘RGS.’

## The RGS Guarantee:

Our commitment to quality service is paramount. Our fees are among the most competitive in our industry. If however, you find a genuine discount or coupon offered by another settlement service provider, we GUARANTEE to honor that discount whilst charging the competitors’ fees.\*

Our reputation for service and integrity has been earned over more than 30 years and cannot be equalled. It is no wonder we are known as “The most trusted name in Real Estate Settlements!”

Please visit our unique website at [www.RGSTITLE.com](http://www.RGSTITLE.com) or call any of our locations for fees or simply to discuss your transaction. We look forward to serving you.

*Diligence. Experience. Convenience. Integrity.*

# Settlement GUIDE



[www.RGSTITLE.com](http://www.RGSTITLE.com)

**RGS  
TITLE**  
*Diligence. Experience.  
Convenience. Integrity.*

[www.RGSTITLE.com](http://www.RGSTITLE.com)

With over 30 years of service, RGS TITLE LLC the most preeminent agency specializing in residential and commercial real estate closings for northern Virginia, Maryland, Pennsylvania, Delaware and Washington, D.C. properties.

Initially, when engaged to handle a closing, RGS TITLE LLC will have the appropriate land records searched. Upon review of the title examination, the law firm of Shreves Schudel DeVol Saunders Jackson & Clarke and Parello, PLLC, general counsel to RGS TITLE LLC, determine the validity of the title to be transferred. Prior to settlement, an attorney from Shreves Schudel DeVol Saunders Jackson & Clarke and Parello, PLLC will review the legal terms and obligations of the parties pursuant to the sales contract, review the house location survey required by the lender and prepare the Deed. Our counsel provides legal interpretation and counseling services for our customers on our behalf. Should any party require independent legal counsel, RGS TITLE LLC will provide a list of qualified attorneys. RGS TITLE LLC will then prepare any documents necessary for settlement, liaise with all parties to the transaction to obtain all relevant information and forward the title insurance binder to the mortgage lender. At settlement, the closing documents will be reviewed, explained and signed. Copies will be given to all parties and the purchaser's down payment collected.

Following the closing, RGS TITLE LLC will have the necessary legal documents recorded in the land records of the appropriate jurisdiction, return certified copies of loan papers signed by the Purchasers at settlement to the Purchaser's lender, pay off the Seller's loan, and make all other disbursements pursuant to the settlement statement. Additionally, RGS TITLE LLC will issue to the Purchaser and the Purchaser's lender a final title insurance policy and release any prior liens or mortgages recorded against the property.

Is there a difference between one title company and another? We think so—you decide for yourself.



## Your Guide to the Settlement Statement

A real estate transaction involves a series of exchanges, not only between the buyer and seller, but also with lenders, brokers, and state and local governments. The settlement statement accounts for all these exchanges, totaling the credits and debits to buyer and seller.

A. Settlement Statement		U.S. Department of Housing and Urban Development		OMB Approval No. 2502-0265 (expires 11/30/2006)	
<b>B. Type of Loan</b>					
1. <input type="checkbox"/> FHA	2. <input type="checkbox"/> FmHA	3. <input type="checkbox"/> Conv. Unins.	6. File Number:	7. Loan Number:	8. Mortgage Insurance Case Number:
4. <input type="checkbox"/> VA	5. <input type="checkbox"/> Conv. Ins.				
<b>C. Note:</b> 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:		E. Name & Address of Seller:		F. Name & Address of Lender:	
G. Property Location:			H. Settlement Agent:		I. Settlement Date:
			Place of Settlement:		
<b>J. Summary of Borrower's Transaction</b>			<b>K. Summary of Seller's Transaction</b>		
<b>100. Gross Amount Due From Borrower</b>			<b>400. Gross Amount Due To Seller</b>		
101. Contract sales price			401. Contract sales price		
102. Personal property			402. Personal property		
103. Settlement charges to borrower (line 1400)			403.		
104.			404.		
105.			405.		
<b>Adjustments for items paid by seller in advance</b>			<b>Adjustments for items paid by seller in advance</b>		
106. City/town taxes	to		406. City/town taxes	to	
107. County taxes	to		407. County taxes	to	
108. Assessments	to		408. Assessments	to	
109.			409.		
110.			410.		
111.			411.		
112.			412.		
<b>120. Gross Amount Due From Borrower</b>			<b>420. Gross Amount Due To Seller</b>		
<b>200. Amounts Paid By Or In Behalf Of Borrower</b>			<b>500. Reductions In Amount Due To Seller</b>		
201. Deposit or earnest money			501. Excess deposit (see instructions)		
202. Principal amount of new loan(s)			502. Settlement charges to seller (line 1400)		
203. Existing loan(s) taken subject to			503. Existing loan(s) taken subject to		
204.			504. Payoff of first mortgage loan		
205.			505. Payoff of second mortgage loan		
206.			506.		
207.			507.		
208.			508.		
209.			509.		
<b>Adjustments for items unpaid by seller</b>			<b>Adjustments for items unpaid by seller</b>		
210. City/town taxes	to		510. City/town taxes	to	
211. County taxes	to		511. County taxes	to	
212. Assessments	to		512. Assessments	to	
213.			513.		
214.			514.		
215.			515.		
216.			516.		
217.			517.		
218.			518.		
219.			519.		
<b>220. Total Paid By/For Borrower</b>			<b>520. Total Reduction Amount Due Seller</b>		
<b>300. Cash At Settlement From/To Borrower</b>			<b>600. Cash At Settlement To/From Seller</b>		
301. Gross amount due from borrower (line 120)			601. Gross amount due to seller (line 420)		
302. Less amounts paid by/for borrower (line 220)	(	)	602. Less reductions in amt. due seller (line 520)	(	)
<b>303. Cash</b> <input type="checkbox"/> From <input type="checkbox"/> To Borrower			<b>603. Cash</b> <input type="checkbox"/> To <input type="checkbox"/> From Seller		

Section 5 of the Real Estate Settlement Procedures Act (RESPA) requires the following: • HUD must develop a Special Information Booklet to help persons borrowing money to finance the purchase of residential real estate to better understand the nature and costs of real estate settlement services; • Each lender must provide the booklet to all applicants from whom it receives or for whom it prepares a written application to borrow money to finance the purchase of residential real estate; • Lenders must prepare and distribute with the Booklet a Good Faith Estimate of the settlement costs that the borrower is likely to incur in connection with the settlement. These disclosures are mandatory.

Section 4(a) of RESPA mandates that HUD develop and prescribe this standard form to be used at the time of loan settlement to provide full disclosure of all charges imposed upon the borrower and seller. These are third party disclosures that are designed to provide the borrower with pertinent information during the settlement process in order to be a better shopper. The Public Reporting Burden for this collection of information is estimated to average one hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number. The information requested does not lend itself to confidentiality.

Previous editions are obsolete Page 1 of 2 form HUD-1 (3/86) ref Handbook 4305.2

SAMPLE PAGE ONE OF A SETTLEMENT STATEMENT

## Explanation of Page One of Settlement Statement

Below are explanations of key items on the settlement statement. Note that the number next to each explanation corresponds to the line number on the settlement statement. The settlement officer or attorney explains all items on this form in detail at the time of closing.

### SUMMARY OF BORROWER'S TRANSACTION

#### Gross Amount Due From Borrower (Costs to Buyer)

**101. Contract Sales Price**—The full purchase price as stated in the contract.

**103. Settlement Charges to Borrower**—Buyer's total charges, carried from page 2, line 1400.

**106-112. Adjustments for items Paid by Seller in Advance**—The buyer reimburses the seller for taxes, special assessments, homeowner dues or other charges that the seller has paid in advance. The adjustment is typically from the date of the settlement to the end of the fiscal period.

#### Amounts Paid By Or On Behalf Of Borrower (Credits to Buyer)

**201. Deposit or Earnest Money**—All monies deposited by the buyer in good faith, to be applied against the purchase price of the property.

**202. Principal amount of New Loans(s)**—The amount of the buyer's new loans(s).

**203. Existing Loan(s) Taken subject to**—On assumptions or wrap loans, the outstanding principal balance of the seller's loan which is being assumed by the buyer.

**210-219. Adjustments for Items Unpaid by Seller**—Typically, the buyer is responsible for paying all bills received after closing. It is here that the seller reimburses the buyer for those charges he/she incurred but was not required to pay at the time of settlement, such as real estate taxes and homeowner association dues. The buyer is credited for the period from the last payment due date through the date of settlement.

### SUMMARY OF SELLER'S TRANSACTION

#### Gross Amount Due To Seller (Credits to Seller)

**401. Contract Sales Price**—The full purchase price as stated in the contract.

**404-412. Adjustments for Items Paid by Seller In Advance**—The buyer reimburses the seller for taxes, special assessments, homeowner dues or other charges that the seller has paid in advance. The adjustment is typically from the date of the settlement to the end of the fiscal period.

#### Reductions In Amount due To Seller (Costs to Seller)

**502. Settlement Charges to Seller**—Seller's total charges, carried from page 2, line 1400.

**503. Existing Loan(s) Taken Subject to**—On assumptions or wrap loans, the outstanding principal balance of the seller's loan which is being assumed by the buyer.

#### 504-505. Payoff of First and Second Mortgages

The costs include: 1) Outstanding principal balance of the loan; 2) Interest from the date of the last payment due date through the date the lender receives the payoff check; and, 3) Attorney's release fee, if applicable. Some lenders require that a separate fee be paid directly to their attorney for preparation of the release. Note: **1) FHA payoffs may include interest through the end of the month in which the loan will be paid.** 2) Many lenders release the balance in the escrow account after the loan has been paid and satisfied. The lender will forward the escrow funds directly to the seller, usually within 30 to 45 days.

**506. Deposit or earnest Money**—All monies deposited by the buyer in good faith, to be applied against the purchase price of the property. Typically the broker holds the Buyer's deposit; it is applied toward payment of the commission due from the seller (see line 703). **510-519. Adjustments for Items Unpaid by Seller**—Typically, the buyer is responsible for paying all bills received after closing. It is here that the seller reimburses the buyer for those charges he/she

## Explanation of Page Two of Settlement Statement

The second page of the settlement statement itemizes all settlement fees assessed to the buyer and seller. Note: 'At settlement you may notice' items labeled "P.O.C." This denotes 'Paid Outside Closing,' are items that have been prepaid.

L. Settlement Charges				Paid From Borrower's Funds at Settlement	Paid From Seller's Funds at Settlement
700. Total Sales/Broker's Commission based on price \$	@	% =			
Division of Commission (line 700) as follows:					
701. \$	to				
702. \$	to				
703. Commission paid at Settlement					
704.					
<b>800. Items Payable in Connection With Loan</b>					
801. Loan Origination Fee		%			
802. Loan Discount		%			
803. Appraisal Fee		to			
804. Credit Report		to			
805. Lender's Inspection Fee					
806. Mortgage Insurance Application Fee to					
807. Assumption Fee					
808.					
809.					
810.					
811.					
<b>900. Items Required By Lender To Be Paid in Advance</b>					
901. Interest from	to	@ \$	/day		
902. Mortgage Insurance Premium for			months to		
903. Hazard Insurance Premium for			years to		
904.			years to		
905.					
<b>1000. Reserves Deposited With Lender</b>					
1001. Hazard insurance		months @ \$	per month		
1002. Mortgage insurance		months @ \$	per month		
1003. City property taxes		months @ \$	per month		
1004. County property taxes		months @ \$	per month		
1005. Annual assessments		months @ \$	per month		
1006.		months @ \$	per month		
1007.		months @ \$	per month		
1008.		months @ \$	per month		
<b>1100. Title Charges</b>					
1101. Settlement or closing fee		to			
1102. Abstract or title search		to			
1103. Title examination		to			
1104. Title insurance binder		to			
1105. Document preparation		to			
1106. Notary fees		to			
1107. Attorney's fees		to			
(includes above items numbers:		)			
1108. Title insurance		to			
(includes above items numbers:		)			
1109. Lender's coverage	\$				
1110. Owner's coverage	\$				
1111.					
1112.					
<b>1200. Government Recording and Transfer Charges</b>					
1201. Recording fees: Deed \$	:	Mortgage \$	:	Releases \$	
1202. City/county tax/stamps: Deed \$	:	\$ Mortgage			
1203. State tax/stamps: Deed \$	:	ge \$ Moriga			
1204.					
1205.					
<b>1300. Additional Settlement Charges</b>					
1301. Survey		to			
1302. Pest inspection		to			
1303.					
1304.					
1305.					
<b>1400. Total Settlement Charges (enter on lines 103, Section J and 502, Section K)</b>					

Previous editions are obsolete

Page 2 of 2

form HUD-1 (3/86) ref Handbook 4305.2

SAMPLE PAGE TWO OF A SETTLEMENT STATEMENT

incurred but did not pay, such as real estate taxes and homeowner assessments. The buyer is credited for the period from the last payment due date through the date of settlement.

### SETTLEMENT CHARGES

#### Total Sales/Broker's Commission

**703. Commission Paid at Settlement**—Commission due the broker, minus any deposit the broker is holding. Lines 506 and 703 will equal the total commission due from the seller.

#### Items Payable in Connection With Loan

**801. Loan Origination Fee**—This fee, a percentage of the amount of the new loan, compensates the lender for the expense of processing the loan.

**802. Loan Discount**—These are the "points" charged by the lender to increase its yield on a loan with a below market interest rate. One point is equal to one percent of the loan amount. The number of points will vary according to market conditions. The responsibilities of buyer and seller for paying the points should be stipulated in the sales contract.

**803-804. Appraisal Fee and Credit Report**—These are charged to the buyer and are usually paid when the buyer applies for the loan.

**805. Lender's Inspection Fee**—This charge applies when a lender must re-inspect the property after repairs have been made. The seller typically pays this fee.

**806. Mortgage Insurance Application Fee**—No longer a customary charge.

**807. Assumption Fee**—On assumptions or wrap loans, the lender usually assesses a fee to the buyer for processing the paperwork necessary to transfer the existing loan to the new buyer.

**808. VA Funding Fee**—A loan guarantee fee charge by the Veterans Administration to the veteran buyer. This fee is typically financed with the loan.

#### Items Required By Lender to Be Paid in Advance

**901. Interest**—"Per Diem" (per day) interest on the new loan from the date of settlement to the end of the month in which the loan closes. Keep in mind

that interest is paid in arrears. For example, if you close in September, the first payment, due November 1, includes interest owed for the month of October. The "per diem" interest would cover interest due from the date of settlement through the end of September. Lender regulations determine whether payment is due at closing or on the first day of the following month.

**902. Mortgage Insurance Premium**—On an FHA loan, Buyers will be required to pay a one-time up front mortgage insurance premium in addition to the monthly mortgage insurance. This insures the lender against loss if the buyer defaults on the loan. FHA will generally allow the buyer to finance all or most of the premium. On conventional loans, most lenders require mortgage insurance when the loan amount exceeds 80% of the purchase price. Typically, mortgage insurance is paid on a monthly basis.

**903. Hazard Insurance Premium**—The hazard (homeowner's) insurance premium, if not already paid, is collected at settlement. The buyer should contact the lender for specific requirements concerning policy coverage prior to settlement.

#### Reserves Deposited With Lender

**1001-1008. Insurance, Taxes, Assessments**—Funds to cover these items are collected in advance from the buyer and held by the lender in an account to pay future obligations as they become due. This is referred to as an escrow. The amounts collected at settlement depend on the number of monthly payments to be made between settlement and the date each charge is due. There is a maximum two-month cushion of taxes and insurance that a lender may require. An initial analysis of the escrow is made by the lender to verify that sufficient funds have been collected for projected payments throughout the first year of the loan and to further verify that an excess beyond the allowable two month cushion would not occur. Any additional adjustment made to the escrow account would be called an "aggregate adjustment".