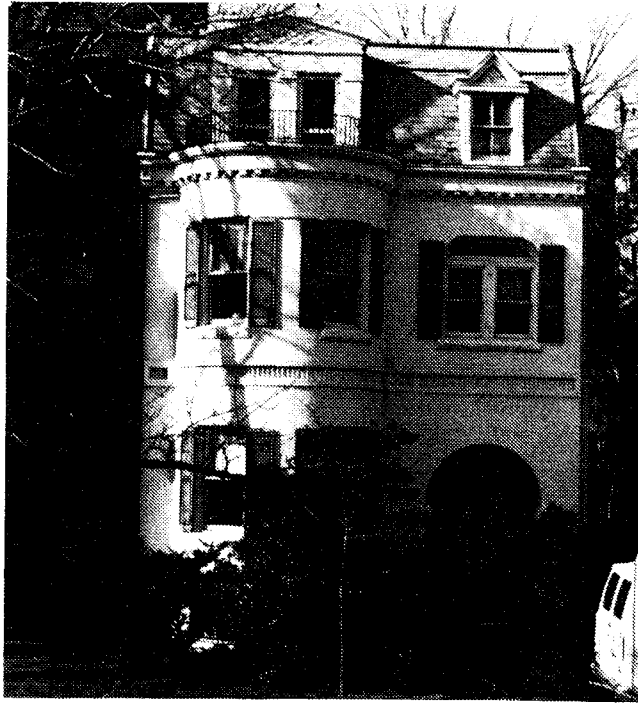


# A Guide to Settlement on Your New Home

## ✓ A CHECKLIST OF COSTS



### *A Consumer's Guide to the Costs Involved in the Settlement Process*

*Prepared by the law firm of*

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# WHY SETTLE FOR MORE WHEN YOU CAN SETTLE FOR LESS?

The law firm of Kass, Mitek & Kass, PLLC is pleased to provide this checklist to assist you in your settlement process. Benny Kass' column, *Housing Counsel*, is featured weekly in the *Washington Post*. All our settlements are conducted by attorneys. This guide and checklist has been prepared in an attempt to introduce you to the costs associated with settlement on your new home.

## CHARGES ASSOCIATED WITH PURCHASE AND SETTLEMENT

- 1. Contract Price.**

This is the total purchase price of the house.
- 2. Deposit Amount.**

At the time you signed the contract to purchase your new house or condominium unit, these funds were placed on deposit with the broker or your attorney. If at all possible, the deposit should be held by the broker or your attorney in an interest bearing account (interest to be credited to you at settlement) for your protection.
- 3. Deed of Trust or Mortgage Amount.**

This is the amount of your loan.
- 4. Second Deed of Trust or Mortgage Amount.**

In some instances the seller, or a lender, will finance a portion of the purchase price, in addition to the First Trust.
- 5. "Discount" or Points.**

Points may be charged to the purchaser or seller by the lender either as a "Loan Origination Fee" or in connection with an F.H.A. or V.A. loan. One point equals one percent of the loan amount.
- 6. Appraisal Fee.**

The lender requires that your new home be appraised by an independent appraiser to determine its full value.
- 7. Credit Report.**

This charge is paid for an independent evaluation of your creditworthiness.
- 8. Assumption or Refinancing Charge.**

In the event that your seller's lender will permit you to assume or refinance an existing loan on the property, this charge may be required.
- 9. Prepaid Interest.**

At settlement you may be required to pay your lender interest from the date of settlement until the start of the next month.
- 10. Mortgage Insurance Premium.**

If you will be borrowing in excess of 80% of the purchase price, your lender will generally require mortgage insurance to protect its investment in case of default. Customarily, the first year premium is prepaid in advance, with monthly payments thereafter.
- 11. Hazard Insurance Premium.**

All lenders require that you come to settlement with satisfactory evidence of a hazard insurance policy prepaid for one year in advance and naming the lender as an additional loss payee. This insurance will protect you—and your lender—against such risks as fire or theft or vandalism. If you are purchasing a condominium, then we strongly recommend that you purchase a "Rider" to the Master Condominium insurance policy covering your own unit.
- 12. Property Tax Adjustment.**

Taxes are pro-rated to the date of settlement. At settlement you will either be required to reimburse the seller for local real estate taxes previously paid by the seller, or you will receive a credit for unpaid taxes which you will pay when taxes next become due.
- 13. Annual Assessments (applicable to condominiums and home-owner associations).**

Condominium associations and home-owner associations frequently require the original buyer to pay 1 to 2 months' charges at settlement into a reserve account which is held by the association.

**14. Title Examination.**

This charge is for a search of public documents to provide you and your lender with a report on the title to the property and to identify title problems appearing on the land records. The charge for Title Examinations is approximately \$225.00.

**15. Notary Fee.**

This charge is the fee for a duly licensed notary public authenticating all the legal documents executed at settlement.

**16. Attorney's Fees.**

This is our legal fee to the purchaser to conduct the settlement, prepare the papers and collect and distribute the monies. Kass, Mitek & Kass, PLLC charge a fee of \$400.00 for settlements on residential property located in the District of Columbia for all legal work directly relating to the settlement of title to your house. In Maryland, the fee is \$300.00. Our fee is the same regardless of the purchase price of your home. There is an additional \$175.00 charge in Maryland and in the District to the seller for settlement service.

**17. Title Insurance Binder.**

This charge, in the amount of \$25.00 is for the commitment issued to your lender to insure title on your new home.

**18. Title Insurance.**

This type of insurance is intended to protect you and your lender from the possibility that your seller may not convey good title to you—including protection against the possibility of a forged deed, outstanding mortgages, recording errors in the title examination, appearance of missing heirs, among other things. It will insure against loss to the policy limits resulting from covered defects in title and pay for legal fees incurred on your behalf should someone challenge the validity of your title in a court of law.

**A. Lender's Coverage.**

Most lenders require that they be insured against defects in title; this charge is a one-time only charge and is paid by the borrower.

**B. Combined Owner's & Lender's Coverage.**

For a one-time premium slightly higher than that required for lender's coverage, the

purchaser will also be protected against covered title defects. This is optional coverage; discuss it with the attorney at settlement. Ask your seller if they have an existing owner's policy less than 10 years old—this will result in a lower premium to you. It is called a "Reissue Rate."

**19. Recording Fees.**

This charge covers recording of deeds and associated loan documents. These fees break down as follows:

Est. Fees	D.C.	Maryland
Deed	\$ 40.00	\$40.00
Deed of Trust	\$125.00	\$40.00

**20. City, County and State Recording and Transfer Taxes.**

The area jurisdictions have enacted various recordation taxes and transfer taxes which must be paid upon the transfer of real property:

Est. Fees	D.C.	Maryland*
Recordation and Transfer Tax	3.0% of purchase price	\$6.90/\$1,000 of purchase price
County Transfer Tax	—	1% of purchase price
State Transfer Tax	—	1/2% of purchase price**

\*May vary by County

\*\*First time MD homebuyers are exempt from State Transfer Tax.

**21. Survey.**

This charge is for the survey of your new home to determine where it sits on the property and whether there are any visible easements or other title irregularities; it is generally required by your lender. The charge for this is currently \$175.00 for properties in the District and Maryland.

Prices current as of printing date and subject to change without notice.

# KASS, MITEK & KASS, PLLC

## SETTLEMENT CHARGE CHECK LIST

	Item 1. Contract Price	\$ _____.	
<b>Less</b>	Item 2. Deposit Amount		\$ _____.
<b>Less</b>	Item 3. Deed of Trust Amount		\$ _____.
<b>Less</b>	Item 3. Second Deed of Trust Amount <i>(where applicable)</i>		\$ _____.
	<b>Subtotal</b>	<b>\$ _____.</b>	
<b>Add</b> Charges Associated With Your Loan (items 5 thru 11):			
	Item 5. Points	\$ _____.	
	Item 6. Appraisal Fee	\$ _____.	
	Item 7. Credit Report Fee	\$ _____.	
	Item 8. Assumption or Refinancing Charge <i>(where applicable)</i>	\$ _____.	
	Item 9. Prepaid Interest	\$ _____.	
	Item 10. Mortgage Insurance Premium <i>(where applicable)</i>	\$ _____.	
	Item 11. Hazard Insurance Premium	\$ _____.	
<b>Add</b>	Item 12. Property Tax Adjustment	\$ _____.	
<b>Add</b>	Item 13. Annual Assessments <i>(where applicable)</i>	\$ _____.	
	\$ _____ per month for _____ months		
<b>Add</b>	Item 14. Title Examination	\$ <u>225.00</u>	
<b>Add</b>	Item 15. Notary Fee	\$ <u>12.00</u>	
<b>Add</b>	Item 16. Attorney's Fees to Kass, Mitek & Kass, PLLC	\$ <u>400.00</u> (DC)	
		\$ <u>300.00</u> (MD)	
<b>Add</b>	Item 17. Title Insurance Binder	\$ <u>25.00</u>	
<b>Add</b>	Item 18. Title Insurance Premium (one time charge)	\$ <u>call or</u> e-mail for quote	
<b>Add</b>	Item 19. Recording Fees	\$ _____.	
<b>Add</b>	Item 20. City/County/State Charges	\$ _____.	
<b>Add</b>	Item 21. Survey	\$ <u>175.00</u>	
	<b>ESTIMATED TOTAL CHARGES</b> <i>(to be paid at settlement)</i>		<b>\$ _____.</b>