

PROBLEM (Book One)

Closing Statement 1 Runyon To Holden

Mr. Dick Runyon is selling his home to Ms. Sally Holden located at 123 Lee Street. Sally has agreed to pay \$116,000 for the property and has given the broker \$1,000 as earnest money. Mr. Runyon will pay the 7% real estate brokerage commission, the buyer's title insurance in the amount of \$849, the \$100 wood-destroying organism inspection fee, and the documentary stamp tax on the deed.

The buyer will assume the seller's mortgage in the amount of \$92,576 and will pay the transfer fee of \$250. Ms. Holden will pay required taxes on the assumed loan and will pay the \$16.50 recording fees for the deed. She will also pay \$250 for the survey. Closing will be August 20. Ad valorem taxes are \$980 and will be prorated, with the day of closing charged to the buyer.

The monthly interest (paid in arrears) on this loan is \$655.55 and should be prorated between the parties. Use the 365 day method for prorations.

Prorations Worksheet

Prorating Taxes

A. Amount	B. Days in Period	C. Daily Rate (A ÷ B)	D. # of Days	E. Proration (C x D)

Prorating Interest

A. Mortgage Balance	B. Monthly Int. (Given)	C. Days in Month	D. Daily Rate (B ÷ C)	E. # of Days	F. Proration (D x E)
1 st Mortgage					

Closing Statement 1

Seller:

Buyer:

Seller's Side		Date of Closing:	Buyer's Side	
Debit	Credit	Item	Debit	Credit
		Total Purchase Price		
		Earnest Money Deposit		
		First Mortgage		
		Second Mortgage		
		Other		
		Prorations and Prepayments		
		Rent		
		Interest 1st mortgage		
		Interest		
		Insurance		
		Property Taxes		
		Other		
		Expenses		
		Broker's Commission \$116,000 x .07		
		Abstract continuation		
		Title insurance		
		Attorney's fee		
		Documentary stamps:		
		Deed 1,160 hundreds x .70		
		Note 926 hundreds x .35		
		Intangible tax-mortgage		
		Recording fees:		
		Deed		
		Mortgage		
		Assumption Agreement		
		Survey		
		Credit Report		
		Assumption Fee		
		Processor Initiative		
		Settlement/Closing Fee		
		Abstract/Title Search		
		Title Examination		
		Attorney's Fee		
		Title Insurance		
		Courier Fee - Assumption Package		
		Pest Inspection		
		Transfer fee		
		Wood-Destroying Organisms Inspection		
		Total Debits and Credits		
		Balance TO Seller--FROM Buyer		
		Grand Totals		

Closing Statement 1 Broker's Statement

Item	Receipts	Disbursements
Binder Deposit		
New mortgage proceeds		
Check from buyer at closing		
Old mortgage payoff		
Brokerage fee		
Check to seller at closing		
Seller's expense		
Buyer's expense		
Other		
Grand totals		

Questions

1. **What is the amount due to the seller at closing?**
 - a. \$105,096.99
 - b. \$13,620.99
 - c. \$13,520.99
 - d. \$12,520.99

- 2.. **What is the grand total on the Broker's Statement?**
 - a. \$115,818.59
 - b. \$23,242.59
 - c. \$22,242.59
 - d. \$22,224.59

3. **What are the total expenses to the buyer?**
 - a. \$116,840.60
 - b. \$1,025.75
 - c. \$840.60
 - d. \$590.60

4. **What is the amount due from the buyer?**
 - a. \$116,818.59
 - b. \$24,224.59
 - c. \$23,242.59
 - d. \$22,242.59

5. **What is the subtotal of the debits to the seller?**
 - a. \$116,840.60
 - b. \$116,000.00
 - c. \$103,479.01
 - d. \$1,761.00

SOLUTION (Book Two)

Closing Statement 1 Runyon To Holden

Mr. Dick Runyon is selling his home to Ms. Sally Holden located at 123 Lee Street. Sally has agreed to pay \$116,000 for the property and has given the broker \$1,000 as earnest money. Mr. Runyon will pay the 7% real estate brokerage commission, the buyer's title insurance in the amount of \$849, the \$100 wood-destroying organism inspection fee, and the documentary stamp tax on the deed.

The buyer will assume the seller's mortgage in the amount of \$92,576 and will pay the transfer fee of \$250. Ms. Holden will pay required taxes on the assumed loan and will pay the \$16.50 recording fees for the deed. She will also pay \$250 for the survey. Closing will be August 20. Ad valorem taxes are \$980 and will be prorated, with the day of closing charged to the buyer.

The monthly interest (paid in arrears) on this loan is \$655.55 and should be prorated between the parties. Use the 365 day method for prorations.

Prorations Worksheet

Prorating Taxes

A. Amount	B. Days in Period	C. Daily Rate (A ÷ B)	D. # of Days	E. Proration (C × D)
\$980.00	365	2.68493	231	\$620.22

Prorating Interest

A. Mortgage Balance	B. Monthly Int. (Given)	C. Days in Month	D. Daily Rate (B ÷ C)	E. # of Days	F. Proration (D × E)
1 st Mortgage	\$655.55	31	21.14677	19	\$401.79

Closing Statement 1 SOLUTION

Seller: Runyon

Buyer: Holden

Seller's Side		Date of Closing:	Buyer's Side	
Debit	Credit	Item	Debit	Credit
	\$ 116,000.00	Total Purchase Price	\$ 116,000.00	
		Earnest Money Deposit		\$ 1,000.00
\$ 92,576.00		First Mortgage		\$ 92,576.00
		Second Mortgage		
		Other		
		Prorations and Prepayments		
		Rent		
\$ 401.79		Interest 1st mortgage		\$ 401.79
		Interest		
		Insurance		
\$ 620.22		Property Taxes		\$ 620.22
		Other		
		Expenses		
\$ 8,120.00		Broker's Commission \$116,000 x .07		
		Abstract continuation		
\$ 849.00		Title insurance		
		Attorney's fee		
		Documentary stamps:		
\$ 812.00		Deed 1,160 hundreds x .70		
		Note 926 hundreds x .35	\$ 324.10	
		Intangible tax-mortgage		
		Recording fees:		
		Deed		
		Mortgage		
		Assumption Agreement		
		Survey	\$ 250.00	
		Credit Report		
		Assumption Fee		
		Processor Initiative		
		Settlement/Closing Fee		
		Abstract/Title Search		
		Title Examination		
		Attorney's Fee		
		Title Insurance		
		Courier Fee - Assumption Package		
		Pest Inspection		
		Transfer fee	\$ 250.00	
\$ 100.00		Wood-Destroying Organisms Inspection		
\$ 103,479.01	\$ 116,000.00	Total Debits and Credits	\$ 116,840.60	\$ 94,598.01
\$ 12,520.99		Balance TO Seller--FROM Buyer		\$ 22,242.59
\$ 116,000.00	\$ 116,000.00	Grand Totals	\$ 116,840.60	\$ 116,840.60

Closing Statement 1 - Solution Broker's Statement

Item	Receipts	Disbursements
Binder Deposit	\$1,000.00	
New mortgage proceeds		
Check from buyer at closing	\$22,242.59	
Old mortgage payoff		
Brokerage fee		\$8,120.00
Check to seller at closing		\$12,520.99
Seller's expense		\$1,761.00
Buyer's expense		\$840.60
Other		
Grand totals	\$23,242.59	\$23,242.59

Questions

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