

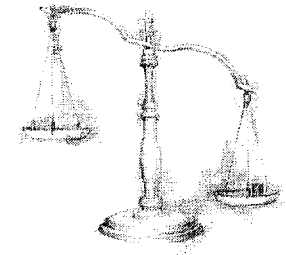
company.

Next week I will discuss the “mountain” of papers typically generated by the mortgage company or lender in a transaction.

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CLOSING COSTS... WHAT ARE THEY?

**“THE LEGAL CORNER”
By Sam A. Moak**



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The information in this column is not intended as legal advice but to provide a general understanding of the law. Any readers with a legal problem, including those whose questions are addressed here, should consult an attorney for advice on their particular circumstances.

Last week I explained what to expect from a cost stand point at closing when selling, buying or refinancing a home. This week I will try to prepare you for the mountain of documents you will be asked to sign at closing.

I am not exaggerating when I say a mountain of documents. Apparently nobody mentioned the move towards a paperless society to the mortgage companies and lenders. If you are the buyer or borrower in a real estate transaction you will have to sign more documents than the seller or lender.

What is often frustrating for the person signing is that the title company closer does not explain everything that you are signing. This is due to the fact they can only explain the title company generated documents. Most of what is signed at a closing is generated by the lender.

Your title company will normally prepare the following for a standard buy -sell transaction:

- HUD-1 Settlement Statement
- Affidavit of All Bills Paid
- Waiver of Inspection

The HUD-1 Settlement Statement is typically a three page instrument and is the balance sheet for the transaction. If it is a buy-sell transaction

involving financing or a refinance of property, the Settlement Statement breaks down the charges the lender requires to make the loan. The settlement statement also lists the attorney fees for document preparation, title insurance premium, escrow fee, courier fee, document recording fee, and the fee for obtaining a tax certificate from the taxing authority. The settlement statement, depending on the type of transaction, may also list the real estate agent's commission, surveyor's fee, termite inspector's fee, taxes due, tax proration, payoff amount for any previous loans on the property and any other fees as part of the transaction. Of course it also shows any credits made toward the purchase or refinance such as amount deposited into escrow and loan proceeds for the new loan.

The Affidavit of All Bills Paid is a two page document that does what its name implies. The seller or borrower (Affiant) signs this document before a notary swearing that in regards to the property the subject of the sale or refinance there are:

- No past due Federal or State taxes owed on the property;
- No Federal or State assessments nor liens which have been filed on the property;
- No delinquent State, County, City, School District, Water District or other governmental agency taxes due or owing on the property;
- All labor and material used in construction of improvements to the property have been paid and no Mechanic's or Materialmen's liens have

been filed on the property;

- No paving assessment or lien has been filed against the property and no paving charges are due;
- No judgment liens have been filed against the Affiant;
- No suits are pending against the Affiant in Federal or State Court;
- Affiant knows of no adverse claim to the described property;
- Affiant does not know of any encroachments or boundary conflicts;
- No outstanding home improvement loans, recorded or unrecorded, exist; and
- Affiant has not sold, contracted to sell or conveyed any part of the property except in connection with the current transaction

If the seller or borrower knows of any unpaid debts for electric, plumbing fixtures, water heaters, floor furnaces, air conditioners, radio or television antennae/satellite, carpeting, rugs, lawn sprinkling systems, venetian blinds, window shades, draperies, electric appliances, fences, paving or any other personal property or fixture, then he must list the dept and who is owed said amount. Additionally, the seller or borrower must list any loans made on the property they are aware of.

The Waiver of Inspection is a one page document signed by the buyer or borrower. Since the title company examines only the record title this document waives the property from being visually inspected by the title