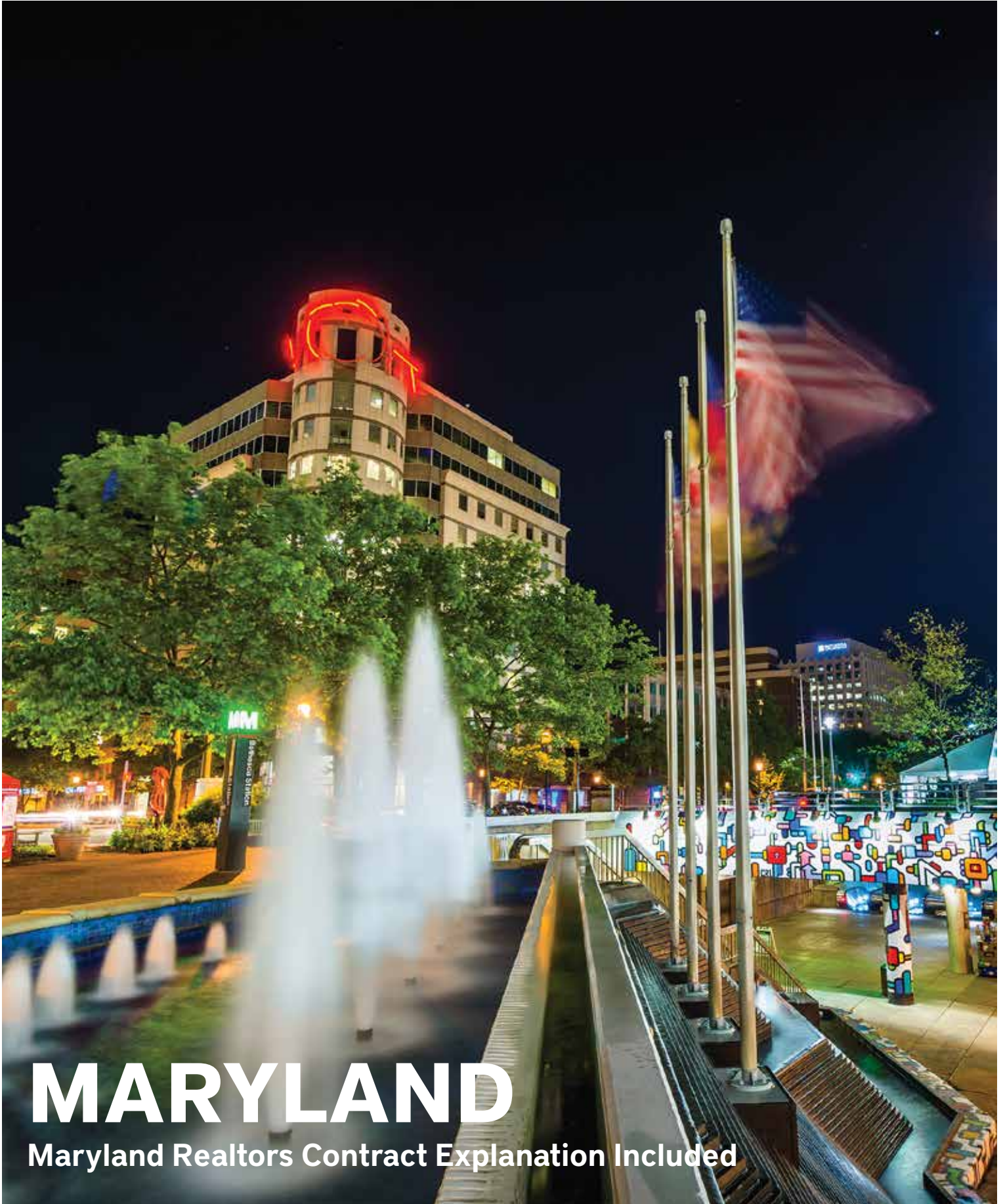


# **MBH** HOME BUYER GUIDE

*Settlement Group*  
ACRISURE® PARTNER



## **MARYLAND**

Maryland Realtors Contract Explanation Included



# Congratulations!

*Over twenty-five years' experience in working with first-time home buyers, refinancers, and commercial real estate closings has taught us a lot, but one thing has never changed,*  
**Our Clients Are Our #1 Priority.**

We're proud of being named a top Title Company in the DC Metro Area by the Washington Business Journal for 5 years. Having handled well over 200,000 settlements since opening our doors in 1994 in McLean, VA, we've learned a lot about what it takes to have a quick, error-free closing. Our customers tell us that it's our "can-do" attitude, forward thinking, and customer-oriented service that keep them coming back to MBH. Whether it's our knowledge, service, or the overall management, we're dedicated to ensuring that your experience is a positive one!

Committed to serving residential and commercial clients, MBH has a real estate settlement attorney available in each of our twenty offices throughout the District of Columbia, Maryland, and Virginia. You can trust MBH for integrity, expertise, strength, and convenience whether you desire digital, hybrid, or traditional closings.

We're focused on investing in innovation to make your closings secure and convenient, expanding our reach and expertise to provide enhanced services where you need them, and maintaining a personal commitment to our communities because it's the people who matter. From contract to keys, MBH has you covered. We look forward to working with you!

Best Regards,  
MBH Settlement Group

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# Wire Fraud

## *Safeguard your information*

To our Valued Clients,

In an effort to advise you of the rise in real estate transaction related email hacking and fraud we are providing you with this notice. At MBH, we will **NEVER** request that you use any wiring instructions other than those received in the initial and official correspondence from one of our branch offices. In an effort to further secure any funds received via wire from our offices during the course of this transaction, we will also **NOT** accept any alteration of any pre or post-closing email delivery of wiring instructions that differ from those provided in original form in the presence of an MBH Settlement Agent.

Should you ever receive an email correspondence appearing to be from an MBH representative asking you to initiate a wire to an account (either matching the account noted or not matching the account noted in this correspondence), please contact that office and representative using a number from a verified source (not one provided in the body of an email you receive) and verbally confirm the validity of the request. We understand that this may sometimes be inconvenient, however, it is for your protection. While we at MBH have taken all measures currently available to us to secure our systems, we can't confirm or be responsible for the security of any other system that parties participating in the transaction use to communicate. Below you will find a summary of our wire policy noted above that will also appear on email correspondence that you receive from an MBH representative:

### **WARNING-FRAUDULENT WIRE INSTRUCTIONS:**

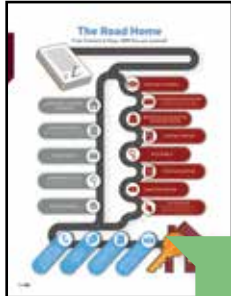
Email hacking and fraud are on the rise to fraudulently misdirect funds for real estate transactions. Please call this office immediately, using reliable contact information found from an independent source, to verbally verify any wire or funding instructions received. We are not responsible for any wires sent by you to an incorrect bank account.

**WE DO NOT ACCEPT OR REQUEST CHANGES TO  
WIRING INSTRUCTIONS VIA EMAIL OR FAX.**



# What To Expect

A lot will happen between now and your closing date. Understanding the process and what MBH Settlement Group is doing to protect you in the purchase of your new home will help ensure a smooth transaction!



## Keeping It Smooth, Secure, & Convenient

*Once MBH receives your contract, the process begins.*

The Road Home infographic, provides a summary of the general timeline and what is happening during each part of the process. You, your lender, and MBH each play a role in ensuring a smooth, secure, on-time closing.

*Process Overview The Road Home pages 6 & 7*



## STEP 1: Send Earnest Money Deposit ASAP

An earnest money deposit (EMD) is money that you put down as a good faith deposit. It shows the seller you are serious about closing the transaction. Most often your EMD money is due within 3 days of the contract! Your contract may note otherwise, check to be certain. If your contract stipulates that MBH is to hold the EMD, you have options to send to MBH: electronic deposit, wire, or check (drop off at office or overnight) .

*Electronic EMD Instructions page 8*



## STEP 2: Secure Document Portal

Within the first week, you'll receive an email inviting you to create your account in MBH's secure closing document portal. It's how we ensure all communication and transactions are safe. With the instructions provided in that email:

Create Your Account:

- ➡ Review the files in the Documents tab and complete the Tasks as outlined in the portal.
- ➡ Track your closing progress online OR in the app.

*Email hacking & fraud are on the rise to fraudulently misdirect funds for real estate. Wire Fraud Notice page 3*



## STEP 3: Gather Important Information

Take note of the information you will need to provide to MBH and what you'll need to bring to your closing. Collecting the required information, and keeping it in a safe, accessible location will help expedite the process.

*Get It Together page 9*

## STEP 4: Regularly Check Your Portal To Maintain Communication

Set deadline reminders on your calendar so you don't delay your closing!

## STEP 5: Complete the Mortgage Loan Process

There is a lot happening with your loan provider as well! Be sure to follow up regularly with your lender to ensure there is no missing information.



## STEP 6: Protect Your Investment

Your home is likely to be the biggest investment you will make. Now is the time to take action to protect it! Title Insurance and property surveys are two of the most important steps you can take. Your MBH team is available to discuss the best options for you.

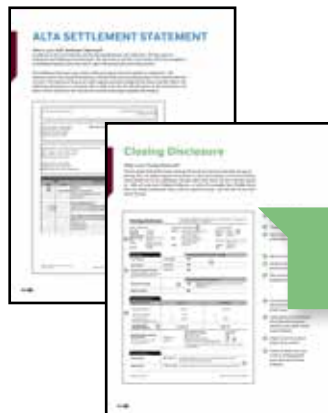
Title Insurance / Coverage Comparison pages 10 - 12  
Property Survey page 13

## STEP 7: Get Ready For Closing

It's almost closing day! One of the most important things you can do is to gather all of your documents and secure your closing funds. Your Lender will send your Closing Disclosure (CD) to you 3 business days before your scheduled closing date. Please review and acknowledge this document right away! This document includes:

- Your loan terms.
- Your projected monthly payments.
- How much you will pay in fees and other costs to get your mortgage (closing costs).

Your closing costs cannot be paid with a personal check. AHEAD of your closing date, you will need either a cashier's check or wire transfer. Your MBH representative can provide wire transfer information.



## AT YOUR CLOSING

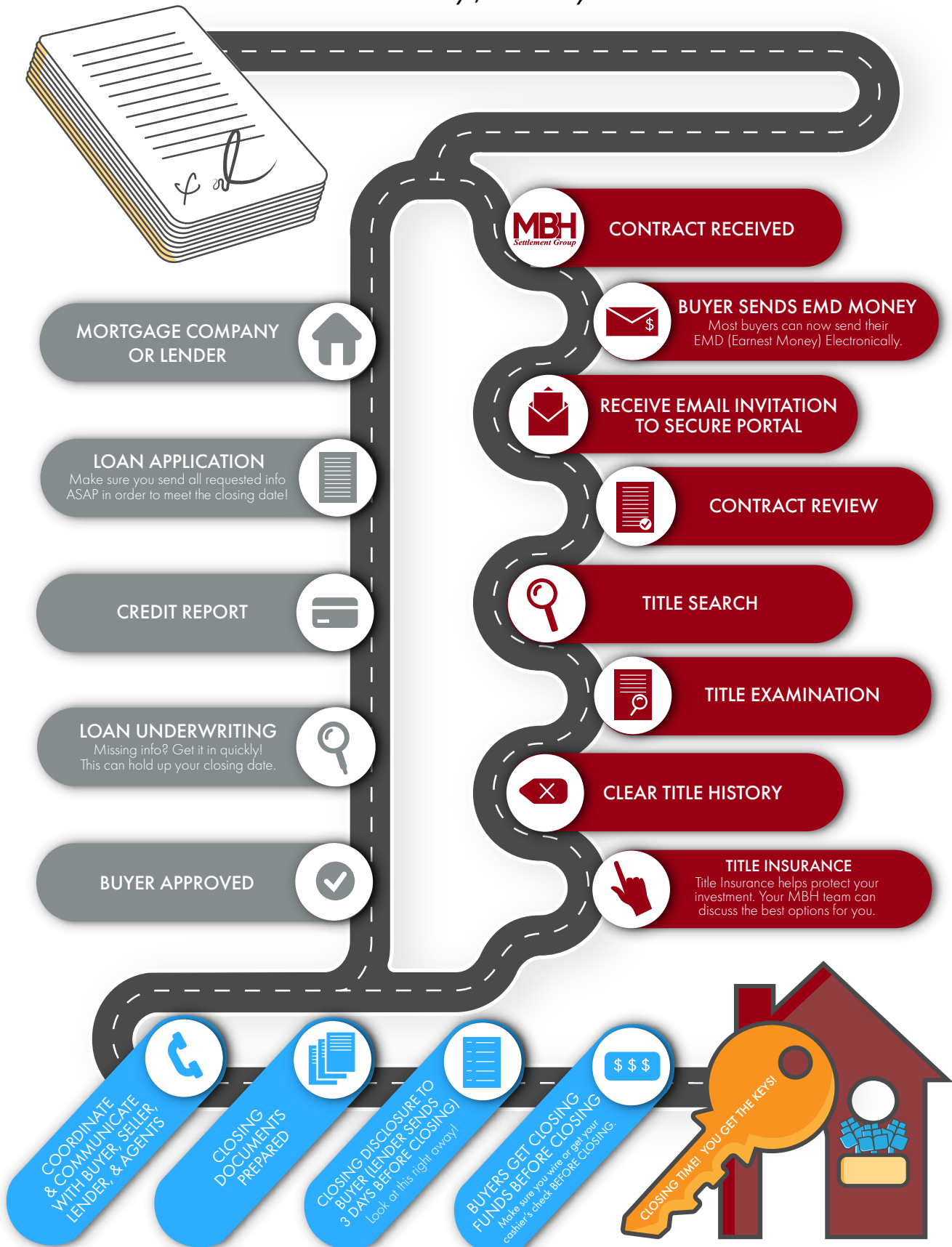
Closing day has arrived! For all of us, this is a GREAT DAY! Expect to Read & Sign several pages of documents, including your mortgage documents and all of the paperwork you've received and reviewed.

ALTA Settlement pages 20 - 21  
Closing Disclosure pages 22 - 24

If you have any questions, your MBH Settlement team is happy to answer! From Contract to Keys, MBH has you covered!

# The Road Home

From Contract to Keys, MBH has you covered!





# The Road Home Explained

A lot will happen between now and your closing date. Understanding the process, what's needed from you, and what MBH Settlement Group is doing to protect you in the purchase of your new home will help ensure a smooth, secure, timely transaction!



## MBH RECEIVES CONTRACT

Once your offer has been accepted, your real estate agent can begin the process by sending your contract to MBH!



## BUYER SENDS EMD MONEY

Most buyers can now send their EMD (Earnest Money Deposit) electronically! Contact your MBH team for instructions.



## BUYER RECEIVES EMAIL INVITATION TO SECURE PORTAL

Once you receive your login & password, follow the process in MBH's Secure Online Document Portal! NOTE: You can Log In from the MBH Buyer & Seller Resource Hub at MBH.com.



## CONTRACT REVIEW

MBH Settlement Group will review your contract to ensure everything is in order.



## COMMUNICATION & COORDINATION

Coordinate final details & communicate with buyers, sellers, lenders, & agents regarding missing info, closing times, etc.



## PREPARE CLOSING DOCUMENTS



## TITLE SEARCH

MBH's abstractors will research 40 – 50 years of historical records to review the "chain of title" to ensure you are free to buy the home.



## TITLE EXAMINATION

MBH does a final examination and thorough review of the title search to ensure that the property being purchased is suitable for sale.



## CLEAR TITLE HISTORY

MBH is making sure that any underwriting requirements are satisfied.



## TITLE INSURANCE

Your home is one of your biggest investments. Title insurance is how you protect it! MBH is a licensed agent for some of the nation's largest and most trusted title insurance underwriters.



## CLOSING DISCLOSURE TO BUYER

This comes from your Lender! NOTE: Lender sends 3 business days before closing. Review and acknowledge this right away!



## BUYERS GET CLOSING FUNDS BEFORE CLOSING

NOTE: Your bank may require time to process either option be sure to contact them right away to understand their process and timing.

## The Lender's Process

The lender's process happens simultaneously and in conjunction with the title and settlement process.



## LOAN APPLICATION

Make sure you send all info requested by your lender ASAP. NOTE: Delays in your lender receiving all necessary information can impact your closing date.



## CREDIT REPORT

Your lender is responsible for checking your credit report. Have questions? Your lender will be happy to answer them.



## LOAN UNDERWRITING

Still Missing Info? Check to be sure your lender has everything they need in order to process your loan.



## BUYER APPROVED

Your approved loan is a big step in getting the keys to your new home!

# Electronic Earnest Money Deposit

An earnest money deposit (EMD) is money that you put down as a good faith deposit. It shows the seller you are serious about closing the transaction.

*You must get your money to the entity designated in your contract by the date noted in the contract.*

Often your EMD money is due within 3 days of the contract. Your contract may note otherwise, check to be certain.

If your contract stipulates that MBH is to hold the EMD, you have options to send to MBH:

- electronic deposit
- wire
- check (drop off at office or overnight)

*Because it's so convenient, most buyers now send their EMD (Earnest Money Deposit) electronically!*

If you are not able to send the EMD electronically, your check must be received by MBH by the date detailed in your contract.

Ready to send your electronic EMD via your smart phone?

- Download the BankShot App at your App Store.
- Follow the Instructions to Send your EMD to MBH

\*At this time BankShot does not accept NFCU Cashiers Checks.



## How to Send Funds to MBH With Your iPhone

1. Download Bank Shot App from App Store
2. Sign-Up to Use Bank Shot (MBH Code: 4950098)
3. Login after signing up
4. Select: Create Payment
5. Select: MBH (To Receive Funds)
6. Select: "Earnest Money" as Payment Type
7. Role: Identify Your Role (i.e. selling agent, etc.)
8. Enter: Listing and Selling Agents, Buyer and Seller Names
9. Enter: Property Address
10. Select: Check Capture as Method of Payment
11. Enter Check Amount (WITHOUT \$ signs or Commas)
12. Sign Check (Check must be filled out and signed)
13. Capture the image of the FRONT of the check
14. Capture the image of the BACK of the check
  - Turn on the Camera Flash, if in a dimly lit room
  - Check must be photographed on dark background
15. Special Instructions: Enter MBH Office handling your file
16. Select: Send Payment
17. NOTE: List of Recent Payments will be accessible on the Dashboard, along with status of Payment

## How to Send Funds to MBH With Your Android

1. Download Bank Shot App from Google Play Store
2. Sign-Up to Use Bank Shot (MBH Code: 4950098)
3. Login after signing up
4. Select: Create Payment
5. Select: MBH (To Receive Funds)
6. Select: "Earnest Money" as Payment Type
7. Role: Identify Your Role (i.e. selling agent, etc.)
8. Enter: Listing and Selling Agents, Buyer and Seller Names
9. Enter: Property Address
10. Select: Check Capture as Method of Payment
11. Enter Check Amount (WITHOUT \$ signs or Commas)
12. Sign Check (Check must be filled out and signed)
13. Capture the image of the FRONT of the check
14. Capture the image of the BACK of the check
  - Turn on the Camera Flash, if in a dimly lit room
  - Check must be photographed on dark background
15. Special Instructions: Enter MBH Office handling your file
16. Select: Send Payment
17. NOTE: List of Recent Payments will be accessible on the Dashboard, along with status of Payment

# Get It Together

You've found your home and the offer has been accepted! Before you start packing, gather the important documents you'll need for the secure document portal and closing.

## SECURE PORTAL INFO

- ☐ Unexpired Drivers' License or Legal Form of Photo ID
- ☐ Social Security Number
- ☐ Citizenship
- ☐ Lender Information
- ☐ Property Survey Preference
- ☐ Notification of Closing Using a Power of Attorney (Let MBH know this right away!)
- ☐ Date of Birth
- ☐ Marital Status
- ☐ HOA Information
- ☐ How You Will Take Ownership or Title
- ☐ Current Address / Forwarding Address
- ☐ Separated or Divorced? Upload your legal documents.
- ☐ Purchasing as a Trust, LLC or Corporation? Upload your legal documents.

## WHAT TO BRING TO CLOSING

- ☐ Unexpired, Legal Photo ID (your lender may require 2 forms of identification).
- ☐ Social Security number.
- ☐ If Pre-Approved for a POA Closing: Original Power of Attorney documents.
- ☐ Closing Funds (for the amount specified in the most recent Closing Disclosure).
  - ☐ Wire Transfer Receipt (wired funds must be sent prior to closing; get wiring instructions from MBH), OR
  - ☐ Cashier's Check (no personal checks).
- ☐ Checkbook (there can be variances in the amount noted on the Closing Disclosure or incidental charges).
- ☐ A big smile! We'll be celebrating with lots of pictures.

# Protect Your Investment

## *WHAT IS TITLE INSURANCE?*

Your home is likely to be the biggest investment you will make. Title Insurance is how you protect it.

## *PROTECTION*

Title insurance is your best protection against defects (a potential risk) to a current owner's full right or claim to sell a property. It protects against defects, which could remain hidden, despite the most thorough search of the public land records. Lender's Title Insurance, which covers your mortgage lender, is typically paid for by the homebuyer. It is required by the lender and protects the lender's interest. Owner's Title Insurance is purchased by the home buyer. It is the best way to protect your property rights, as well as your heirs, beneficiaries, and trustees.

## *DEFENSE*

In the event of a claim or lawsuit challenging ownership, title insurance covers the policy owner for:

1. Legal Defense of your ownership interest
2. Claim Settlement if it proves valid

Owner's Title Insurance can be a home buyer's primary defense.

## *MBH HAS YOU COVERED*

MBH is a licensed agent for some of the nation's largest and most trusted title insurance underwriters. Delivering the best protection against unknown risks, MBH has you covered! Your MBH team is available to discuss the best options for you. Contact MBH today to protect your investment!



[illegible]



# Coverage Comparison

Standard  
ALTA  
Residential

Enhanced  
ALTA  
Homeowner'

## Additional Coverages

Actual vehicular and pedestrian access, based upon a legal right

You must correct or remove an existing violation of certain covenants, conditions, or restrictions

Loss of your title resulting from a prior violation of a covenant, condition or restriction

Up to \$10,000 if you are unable to obtain a building permit due to an existing violation of a subdivision law or regulation or you must correct an existing violation (subject to a deductible)

Up to \$25,000 if you must remedy or remove an existing structure because it was built without a proper building permit (subject to a deductible)

Up to \$25,000 if you must remedy or remove an existing structure due to an existing violation of a zoning law or zoning regulation (subject to a deductible)

Up to \$5,000 if you must remove your existing structures if they encroach into your neighbor's land (subject to a deductible)

You cannot use the land as a single-family residence because such use violates an existing zoning law or zoning regulation

You are forced to remove existing structures because they encroach into an easement affecting the land

Damage to existing structures due to an exercise of an existing right to use any easement affecting the land

Damage to existing improvements due to an exercise of an existing right to use the surface of the land for the extraction or development of minerals, water or any other substance

Attempted enforcement of a discriminatory covenant

Supplemental taxes because of a prior construction or change of ownership or use

Damages if the residence is not located at the address stated in the policy

Pays substitute rent and relocation expenses, if you cannot use your home because of a claim covered by the policy

Automatic increase in policy amount up to 150% of policy amount over 5 year

Parties in possession of the property that are not disclosed by the public records (e.g., tenants, adverse possessors)

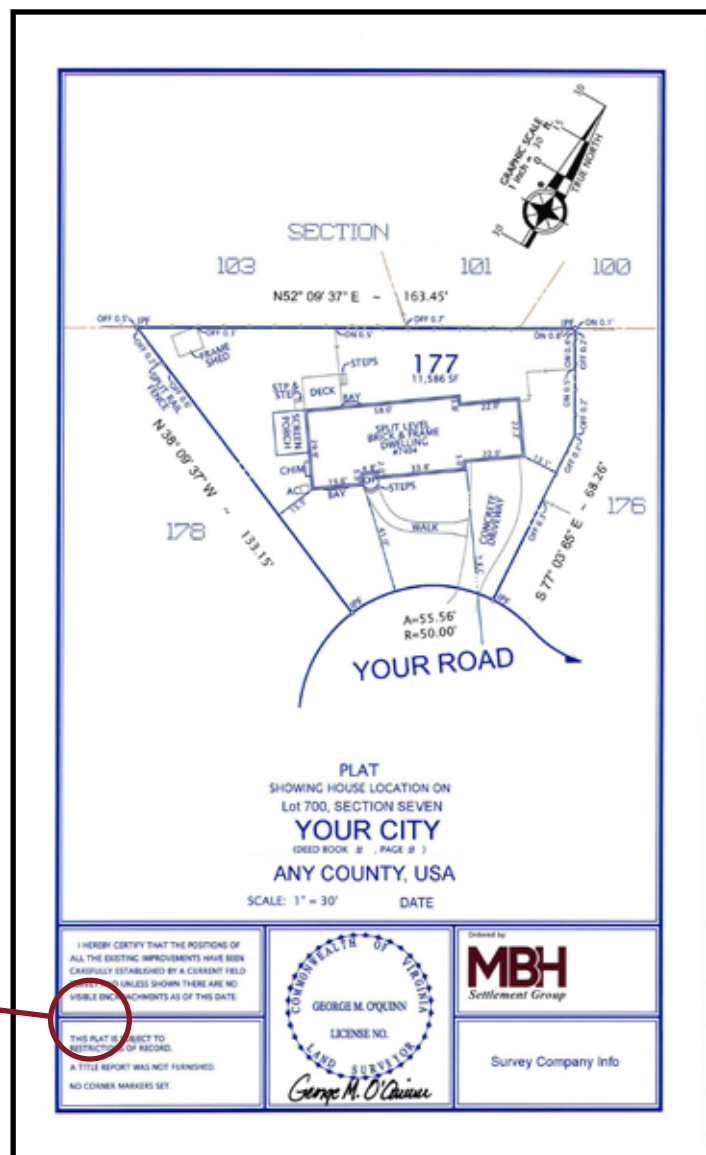
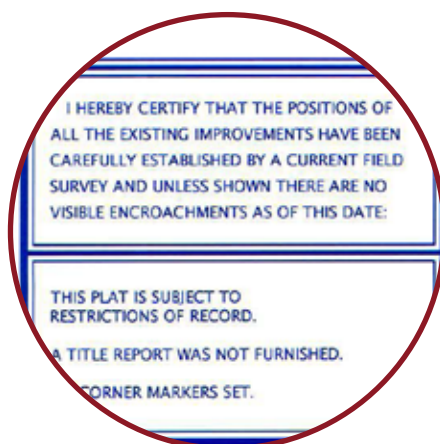
# Protecting Your Investment: Property Survey

## What Is A Survey?

A survey is a document which illustrates the property boundary lines, including structures, fences, possible encroachments onto or from neighboring properties, and easements on the property. A survey can affirm property size and make you aware of major issues concerning the property in time to have them remedied by the seller prior to closing.

## Why Do You Need a Survey?

It is generally believed to be in your best interest to have a survey done, even if it's not required. Improperly placed fences, encroachment of neighboring structures, and development restrictions are a few of the potential issues that would be brought to light by a survey. All of which would be important to understand before you purchase. When a survey is done, the title insurance policy will contain an exception for anything that shows up when the survey is done.



# Understanding The Maryland Realtors Residential Sales Contract

*The following is an overview of each provision of the Residential Maryland Realtors Sales Contract effective October 2022:*

**HEADERS:** At the top of the contract there are several reminders: (1) that a residential contract of sale is a legally binding contract, and (2) that the form is designed and intended for the sale and purchase of a single family residence in Maryland. This form should not be used for purchases of commercial properties or land.

**1. DATE OF OFFER:** The first paragraph of the Contract states the date of the offer.

**2. TIME IS OF THE ESSENCE:** Time is of the essence means that if either party fails to act in accordance with the contract with the prescribed time period, the non-acting party is in default of the agreement. The non-defaulting party has a right to declare a contract null and void.

**3. SELLER:** The second paragraph of the Contract names the seller.

**4. BUYER:** The third paragraph of the Contract names the buyer.

**5. PROPERTY:** Paragraph Five provides blanks for the inclusion of the property address which is to be sold under the Contract terms. The buyer is purchasing the land together with the “improvements” thereon which includes any structures and buildings unless in Paragraph 6, the seller indicates that the property is being subject to ground rent which means that someone other than the buyer owns the ground on which the house sits.

**6. ESTATE:** If a seller is selling the land and the house, it is said that the seller will be conveying the property “in fee simple.” If a seller is selling just the house, but not the land on which the house sits, it is said that the seller will be conveying the property “subject to ground annual ground rent.” If a property is being sold subject to ground rent, the annual amount of the ground rent must be specifically stated in this paragraph. The existence of ground rent can be confirmed through the Maryland Department of Assessment and Taxation and through the land records department for the county or city where the property is located. This is why this paragraph also requires the disclosure of the county or city for this address.

**7. PURCHASE PRICE:** This paragraph of the Contract requires the inclusion of the agreed upon purchase price.

**8. PAYMENT TERMS:** The buyer and seller must agree on whether the buyer must provide any deposits prior to settlement. This deposit is often referred to as an “earnest money deposit” or “EMD” and is a good faith showing that they buyer intends to purchase the home. The seller can request, or the buyer can offer, to make more than one deposit in advance of settlement. The terms for each deposit including the amount to be deposited, the way in which the funds will be deposited, and who will hold the deposits are all included as part of this paragraph as subsections (a), (b), and (c). As stated in subsection (d), the deposit will be applied towards the purchase price of the property at settlement. If the parties intend for the funds to be held in an interest bearing account, the parties shall specify as such in paragraph (e). Typically, the funds are held in a non-interest bearing account.

**9. DEPOSIT:** The earnest money deposit can be held by a real estate broker or an escrow agent. The earnest money deposit will be held and applied to the sales price of the property at the time of settlement. After buyer and seller enter into a contract for the purchase and sale of a property, the deposited funds shall not be returned to the buyer or the seller until both parties sign a Release of Deposit form directing the escrow agent as to how the funds should be disbursed.

**10. SETTLEMENT:** This paragraph of the Contract requires the inclusion of the agreed upon date of settlement. The buyer and seller can always agree to change the settlement date by mutual agreement, and in writing. Typically, an addendum will be executed and signed by all parties clarifying the new settlement date.

**11. ADDENDA/DISCLOSURES:** Check marks should be placed next to any Addenda and Disclosure Notices made a part of the Contract.

**12. BUYER AND SELLER MAY CONDUCT THE TRANSACTION ELECTRONICALLY USING ELECTRONIC SIGNATURES:** Maryland law gives the same weight to electronic signatures that it does to original ink signatures. Both signatures are recognized as valid and binding. Scanned and faxed copies of the Contract will be honored in the same way as original copies of this Contract.

**13. ENTIRE AGREEMENT:** This Contract is the final agreement between the parties and includes all agreed upon terms. This means that any verbal conversations or exchanged emails between the parties and agents prior to the signing of the Contract are not usually legally binding on the parties. Any changes to the Contract after execution should be in writing and signed by all parties.

**14. COMPUTATION OF DAYS:** In this Contract, any time a party has a day or days to complete a task, a “day” means consecutive calendar days including weekends. A day starts at 12:00:00 a.m. and ends at 11:59:59 p.m. EST.

**15. SELLER RESPONSIBILITY:** The seller shall continue to pay the mortgage until settlement. The seller shall comply with directions from any governmental authority, agency, or court. If there is damage or destruction to the property prior to settlement, the seller is responsible unless the damage or destruction is the fault of the buyer. Buyer can terminate the contract if the property is damaged or destroyed prior to settlement by providing written notice to the seller.

**16. LEASES:** The property does not have any tenants or active leases unless seller executes a tenant occupied addendum. Further, a seller cannot negotiate a new lease or extend existing leases beyond the date of settlement unless the buyer agrees and consents.

**17. NON-ASSIGNABILITY:** The Contract cannot be assigned without the written permission of the Seller and the Buyer (an assignment allows the Buyer to substitute another Buyer in his/her place).

**18. SECTION AND PARAGRAPH HEADINGS:** Headings and titles do not affect or alter the contract terms. Headings are used solely for organizational purposes.

**19. FINANCING:** In this paragraph, a buyer must state whether the contract is contingent upon financing. In some scenarios, if a lender cannot financing the transaction, a buyer will not be held responsible for the failure to obtain financing. If “No Financing Contingency” is checked, the contract requires the buyer to purchase the house even if the lender is unable to lend funds to the buyer.

**20. FINANCING APPLICATION AND COMMITMENT:** In this paragraph, the buyer will let the seller know how quickly they will apply for financing, if they have not already done so. The buyer must also specify by when they will produce a written financing commitment to the seller to show that they have taken the necessary steps to obtain sufficient funds to purchase the property. A written financing commitment is a letter from a lender stating that they will lend the requested money to the buyer so that the buyer can purchase the home. If the seller does not receive the written financing commitment, the seller can void the contract or, if the buyer cannot qualify for or obtaining financing to purchase the property, the buyer can void the contract. To void the contract means that the contract will no longer have any legal effect. In other words, the contract is cancelled.

**21. BUYER RESPONSIBILITY:** The buyer shall be upfront and honest about his or her ability to complete settlement on the property. Seller can terminate the contract by providing written notice to the buyer if the buyer does not diligently pursue financing or misrepresents his or her financial position. See Paragraphs 19-20 for more information about the buyer’s responsibility to obtain financing or alternate financing and the time requirements to obtain such information.

**22. SALE/SETTLEMENT OR LEASE OF OTHER REAL ESTATE:** Seller does not need to sell his/her home in order for this contract to be honored and valid. It is presumed that the purchase of this property is not contingent upon the sale or purchase of another property unless an additional addendum is provided.

Buyer shall not obtain financing contingent upon the sale of another property unless an addendum allows for this.

**23. ALTERNATE FINANCING:** Seller The buyer can typically change lenders so long as the alternate financing does not increase the costs to the seller at settlement or exceed the time allotted to the buyer in paragraph 10 of this Contract to obtain a financing commitment.

**24. INCLUSIONS / EXCLUSIONS:** Smoke detectors and items affixed to the property will become the buyer's property along with the house. This paragraph includes a list of commonly transferred items of personal property and, accordingly, the buyer should place a check mark next to each item which the buyer expects to receive with the house. There are blanks for the buyers and sellers to agree on items which will be included and become the property of the buyer, and items which will be excluded and remain the property of the seller.

**25. CONDITION OF PROPERTY AND POSSESSION:** The seller shall leave the property vacant, free of trash and debris, broom clean, and in substantially the same condition as existed on the Date of Contract Acceptance. The buyer has the right to inspect the property within five days prior to settlement. In Maryland, the seller must complete and include a Disclosure and Disclaimer Statement and a seller will be subject to any inspection contingencies (an addendum is required for an inspection contingency). Otherwise, the property is being sold "as is" or in it's current state unless otherwise agreed.

**26. INSPECTION CONTINGENCY:** Maryland buyers can have a inspections performed in advance of settlement and the buyer's expense. If the buyer intends for the sale to be contingent upon any type of inspections, the buyer and seller must agree and both initial and sign the Inspections Addenda.

**27. HOMEOWNER'S ASSOCIATION / CONDOMINIUM REGIME:** It is presumed that the property is not part of a Homeowner's Association or condominium regime unless an additional addendum is attached to the contract.

**28. NOTICE REGARDING DISCLOSURE OF DEFERRED WATER AND SEWER ASSESSMENTS:** In Maryland, developers who invest in the creation of public water or wastewater facilities have the option to seek reimbursement from property owners through small annual payments over the course of a few decades. A seller must disclose the existence of deferred water and sewer assessments and if the seller fails to disclose this information, buyer can rescind the sales contract without penalty and obtain the full return of his or her deposits. After settlement, seller will be liable for the full amount of any fee or assessment not disclosed. The Maryland Notice Regarding Deferred Water and Sewer Charges should be provided to the seller at the time of contract if a deferred water and sewer assessment exists. Buyer must initial this paragraph to acknowledge that the buyer has read and understands this paragraph.

**29. AGRICULTURALLY ASSESSED PROPERTY:** If a buyer is purchasing land to be actively used for agricultural purposes, the land may be subject to a reduced tax assessment. If the buyer does not intend to use the property for agricultural purposes or stops using the land for agricultural purposes, the property owner could be subject to substantial transfer taxes which will be the responsibility of the buyer unless otherwise negotiated and stated in this paragraph.

**30. NOTICE CONCERNING CONSERVATION EASEMENTS:** If this property is subject to a Conservation Easement, the buyer must receive notice by having a Conservation Easement Addendum made a part of this contract. A conservation easement is protected land in which the Maryland National Park and Planning Commission has a perpetual property right. The right to use and build on land in a Conservation Easement will be restricted.

**31. FOREST CONSERVATION AND MANAGEMENT PROGRAM:** Landowners may receive reduced and/or frozen property tax assessments if the landowner enters into an agreement with the Department of Natural Resources to manage their forest land according to a management plan prepared for the property. The minimum acreage is five acres and the minimum length of the agreement is fifteen years. If the land



is subject to this program, this paragraph allows for the parties to agree on who will pay taxes assessed as a result of the transfer.

**32. FOREST CONSERVATION ACT NOTICE:** It is presumed that this property is not part of the Forest Conservation and Management Program unless an addendum made a part of this contract. Property subject to the Forest Conservation Plan or Management Agreement will have the restricted ability to use and build on land.

**33. SINGLE FAMILY RESIDENTIAL REAL PROPERTY DISCLOSURE NOTICE:** Seller is entitled under Maryland law to receive a disclaimer or disclosure statement which will identify issues of the home or, at a minimum, latent defects.

**34. GROUND RENT:** It is presumed that the property is not subject to ground unless an additional addendum is provided. If the buyer does not purchase or “redeem” the ground rent rights at the time of settlement, the buyer will be responsible for continuing to pay the ground rent costs to the ground rent leaseholder.

**35. LEAD-BASED PAINT:** A seller must disclose information regarding lead-based paint and lead-based hazards in connection with the sale of any residential real property with homes constructed prior to 1978. Maryland takes lead based paint disclosures very seriously. In fact, a seller’s failure to disclose the required lead paint disclosure form and EPA pamphlet, if applicable, could be liable to the buyer for three times the amount of damages and subject to civil and criminal penalties. If the property is a residential dwelling constructed prior to 1978 and is being used or will be used as a rental property, the property must be registered with the Maryland Department of the Environment, additional disclosures are required.

**36. LIMITED WARRANTY:** A home warranty can be purchased for the buyer by buyer or seller at the time of settlement but the warranty may be a limited warranty which does not cover structure and other pre-existing defects. Buyer has the right to receive a copy of the brochure describing the scope of the warranty’s coverage.

**37. PROPERTY INSURANCE BROCHER:** Maryland Realtors provides a brochure entitled “Property Insurance Basics – What You Should Know” which is helpful and informative for the purchasing of insurance coverage for the property. The brochure is available on the Maryland Realtors website.

**38. FLOOD DISCLOSURE NOTICE:** If the property is located in a “flood plain” or other at risk area, a buyer could be required by his or her mortgage lender to obtain flood insurance as a condition of the loan. Further, a buyer’s ability to build in these areas could be limited. The costs of flood insurance may vary based on several factors including the frequency and risk of flooding. Accordingly, a buyer should assess his or her risk of needing flood insurance and the costs associated with obtaining coverage.

**39. GUARANTY FUND:** A buyer is protected for up to \$50,000 for any claim brought against a broker or agent. The Guaranty Fund is established and maintained by the Maryland Real Estate Commission.

**40. NOTICE TO BUYER CONCERNING THE CHESAPEAKE AND ATLANTIC COASTAL BAYS CRITICAL AREA:** Critical Areas of the Chesapeake and Atlantic Coastal Bays may be subject to additional restrictions – specifically as to use and building. Most properties within the “critical areas” are land and water areas within 1,000 feet beyond the landward boundaries of state or private wetlands, the Chesapeake Bay, the Atlantic Coastal Bays, and all of their tidal tributaries.

**41. WETLANDS NOTICE:** If this property contains federal or state regulated waterways, the buyer must seek government approval before starting any work including dredging or construction on the property. The right to use and build on land containing federal or state waterways will be restricted. A buyer can request, as part of the contract, for the sale of the property to be contingent upon a satisfactory wetlands inspection.

**42: CRIMINAL ACTIVITY AND SEXUAL OFFENDERS:** A buyer should do his or her own research regarding criminal activity and sexual offenders with the vicinity of the property prior to submitting an offer on a property. The subsequent discovery of information is not a valid reason for a buyer to terminate a contract without penalty.

**43: MILITARY INSTALLATIONS:** In Maryland we have several military bases. Accordingly, when buying a property in Maryland, a buyer should be aware that flight operations, munitions testing, and/or military operations may be conducted within the vicinity of the property.

**44: NOTICE TO THE PARTIES:** Buyers should do basic research beyond what their broker, agent, and their employees are communicating. If a seller is more than 60 days behind on their mortgage as of the date of contract acceptance, a seller can change his or her mind about the sale and terminate the contract within 5 days after the contract date.

**45. HOMESTEAD PROPERTY TAX CREDIT NOTICE TO BUYER:** If you will live in the house that you are purchasing, you may be eligible for the Homestead Property Tax Credit which caps the amount that your property taxes can increase from year to year.

**46. PROPERTY TAX NOTICE- 60 DAY APPEAL:** A buyer has 60 days after settlement to challenge the appraised value of the property used for tax purposes.

**47. NOTICE OF BUYER'S RIGHT TO SELECT SETTLEMENT SERVICE PROVIDERS:** A Buyer has the right to select his or her own title insurance company, lawyer, settlement company, escrow company, mortgage lender, and financial institution. Seller can offer owner financing as a condition of settlement.

**48. DEED AND TITLE:** When the buyer pays the seller the purchase price for the property at settlement, seller shall executed a special warranty deed for the property to transfer the seller's interest in the property to the buyer. A special warranty deed is not required when the seller is a personal representative of an estate. The seller agrees, through this paragraph, to provide good and clear title except as to restrictions recorded publicly in the land records. If the seller does not have clear title to convey to the buyer, and the seller chooses to resolve any issues, the Contract settlement date will be extended for up to 14 days. If the seller cannot resolve the issues, buyer may take title to the extent that the seller can provide it or buyer can terminate the contract. In the latter scenario, the buyer shall be reimbursed by seller for title search costs not to exceed ½ of 1% of the purchase price.

**49. ADJUSTMENTS:** Certain operating costs of the property will be apportioned between the buyer and seller as of the date of settlement. Some of these costs include ground rent, homeowner's association fees, rent and water rent, taxes, sewer, water, drainage, paving, and other public improvements (e.g. deferred water and sewer). For example, if a homeowner's association fee is paid monthly, and settlement occurs on June 15, the seller will be responsible for the homeowners association fee for June 1 – June 15, and the buyer will be responsible for the homeowner's association fee for June 16 – June 30. If the homeowner's association fee has already been paid by the seller, the buyer will reimburse the seller for 50% of the homeowner's association fee at settlement. If the homeowner's association fee has not already been paid, the buyer will pay 100% of the overdue payment and the seller will credit the buyer back his or her 50% share of the homeowner's association fee at settlement. After settlement, the buyer will assume these expenses. Heating and cooking fuels in the supply tanks at the time of settlement will become the buyer's at the time of settlement.

**50. SETTLEMENT COSTS:** Buyer pays for all settlements costs except settlement costs for clearing existing title issues. If a buyer is a Veteran obtaining VA financing, the seller must also pay for the pest inspection and the buyer cannot be charged a brokerage flat fee consistent with the terms of the VA financing addendum.

**51. TRANSFER CHARGES:** Recordation and transfer taxes are shared equally by the Buyer and Seller unless the Buyer is a first-time Maryland homebuyer. If the Buyer is a first time Maryland homebuyer and a First-Time Maryland Homebuyer Transfer and Recordation Tax Addendum is attached stating the contrary, the seller shall pay the entire amount of recordation and local transfer taxes.

**52. MARYLAND NON-RESIDENT SELLER:** If a property is not the Seller's principal residence and the Seller is not a resident of Maryland, a withholding tax may be withheld from the proceeds at the time of settlement. A Maryland Non-Resident Seller Transfer Withholding Tax Addendum should be included in the Contract.

**53. FOREIGN INVESTMENT TAXES – FIRPTA:** This paragraph advises Buyers about withholding requirements for “foreign person” Sellers. If a Seller is not a US Citizen or Lawful Permanent Residence, they should let the Settlement Agent know immediately.

**54. INTERNAL REVENUE SERVICE FILING:** Buyer and Seller agree to cooperate with the settlement company to provide the necessary information (e.g. Social Security Number) for the settlement company to file information pertaining to the sale with the Internal Revenue Service.

**55. AUTHORIZATION TO PROVIDE TILA-RESPA INTEGRATED DISCLOSURES:** The lender, title company, escrow agent, and their representatives can provide copies of the closing disclosures and settlement statements to the real estate brokers and agents.

**56. BROKER'S FEE:** The settlement company shall pay the real estate agent and broker the amount stated in the listing agreement and/or agency representation agreement.

**57. BROKER LIABILITY:** Buyer and Seller agree that they have not relied on any representations made by their Brokers, agents, and employees except as stated in the Residential Contract of Sale. Buyer and Seller cannot hold the Broker, agent, and employees responsible for the condition of the property if issues arise or if the other party does not complete his or her obligations under the Contract.

**58. PROPERTY OWNER'S TITLE INSURANCE:** Buyer can purchase title insurance if available.

**59. DEFAULT:** If the Buyer does not complete settlement, the initial deposit may be retained by the Seller upon the signing of a Release of Deposit Agreement by both parties but the buyer's risk of liability is not capped at the amounts deposited. If the Seller does not complete settlement, he or she may be subject to legal action including an action asking the court to order the transfer of the property to the buyers or a request for money.

**60. MEDIATION OF DISPUTES:** Buyer and Seller must attend mediation before initiating any legal action with the court unless participating in mediation would prohibit or substantially impact one's right to recovery.

**61. ATTORNEY'S FEES:** For certain legal actions brought by a buyer or a seller, the party seeking relief may obtain the reimbursement of his or her reasonable attorney's fees and costs in having to bring the action. If a broker or a real estate agent is made a party to a case, buyer and seller may be responsible for the attorney's fees and costs for the broker and/or agent.

# ALTA Settlement Statement

## What is your ALTA Settlement Statement?

In addition to the Loan Estimate and the Closing Disclosure, the settlement will also require a Settlement and Disbursement Statement. The American Land Title Association (ALTA) has designed a standardized industry form that can be used with transactions involving a lender.

This additional document may satisfy Settlement Agent state and regulatory compliance. The statement shows the actual disbursement of funds in the transaction pursuant to the Residential Sales Contract. The Settlement Statement will be signed and acknowledged by the Buyers and the Sellers. The Settlement Statement is a document that is able to be shared with all parties to the transaction and shows all fees involved in the transaction without disclosing nonpublic information.

American Land Title Association		ALTA Settlement Statement - Combined Adopted 05-01-2015	
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File No./Escrow No.: MBH123456 Print Date & Time: 07/01/2019 Officer/Escrow Officer: MBH Settlement Location: MBH	<b>MBH Settlement Group, L.C.</b>
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Property Address: 1111 Dreamhouse Lane, Dreamville, VA 12345 Buyer: Robert L. Brown, Mary H. Brown Seller: William T. Jones, Julie H. Jones Lender: Dreamtown Lending  Settlement Date: 07/12/2019 Disbursement Date: 07/12/2019 Additional dates per state requirements:
--

Seller		Description	Borrower/Buyer	
Debit	Credit		Debit	Credit
		<b>Financial</b>		
1	429,500.00	Sales Price of Property	429,500.00	
		Deposit including earnest money		2,000.00
		Loan Amount		339,500.00
		<b>Prorations/Adjustments</b>		
791.66		County Taxes from 7/1/2019 to 9/1/2019		791.66
250.00		HOA dues from 7/1/2019 to 9/1/2019		250.00
		<b>Loan Charges to Dreamtown Lending</b>		
		Application Fee to Dream Mortgage POC – B \$200.00		
		Origination Fee	3,395.00	
		Underwriting Fee	295.00	
		Prepaid Interest	1,905.90	

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Page 1 of 3

File #MBH123456  
 Printed on

1

Debits = Charges  
Credits = Deposits

## On page 2 of 3

2 POC = Paid Outside of Closing and refers to a fee that is not being disbursed at closing.

3 As disclosed on the Closing Disclosure (CD).

Seller		Description	Borrower/Buyer	
Debit	Credit		Debit	Credit
		<b>Other Loan Charges</b>		
		Appraisal Fee to Appraisit! LLC	450.00	
		Credit Report Fee to Equifax POC – B \$29.50		
		Flood Determination Fee to NoFloodTownCompany, Co.	11.00	
		Impounds		
		Homeowner's Insurance 2 mo @ \$ 576.66/mo	153.32	
		County Taxes 2 mo @ \$ 395.83/mo	791.66	
		Aggregate Adjustment		23.45
		<b>Title Charges &amp; Escrow / Settlement Charges</b>		
		ALTA Homeowner's Title Insurance to MBH Settlement Group	1294.00	
		ALTA 2006 Loan Policy to MBH Settlement Group	968.00	
		Title Search to JML Abstractors, LLC	135.00	
		Insurance Binder to MBH Settlement Group, L.C.	125.00	
		Settlement Fee to MBH Settlement Group, L.C.	695.00	
		Closing Protection Letter Fee to Title Insurance Company	20.00	
		Digital Archive Fee	25.00	
		<b>Commission</b>		
12,885.00		Real Estate Commission to A1SellerListing Broker		
12,885.00		Real Estate Commission to AAA Real Estate Company		
		Other – Credit for Home Warranty Fee to ABC Warranty		485.00
		<b>Government Recording and Transfer Charges</b>		
		Recording Fees (Deed) to Clerk of Court	43.00	
		Recording Fees (Mortgage/Deed of Trust) to Clerk of Court	56.00	
		City/County tax to Clerk of Court	640.84	
		State Tax to Clerk of Court	1922.50	
429.50		Grantors Tax to Clerk of Court		
		<b>Payoff(s)</b>		
		Lender: Payoff Lender Co.		
		Principal Balance as of 7/01/2019 \$250,766.00		
		Interest on Payoff Loan 0 days @ \$31.25/day		

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Page 2 of 3

Seller		Description	Borrower/Buyer	
Debit	Credit		Debit	Credit
		<b>Miscellaneous</b>		
35.00		Pest Inspection Fee to Bad Bugs Inc.		
		Survey Fee to ABC Survey, Inc.	350.00	
		Homeowner's Insurance premium to Insure me! Inc.	919.92	
695.00		Settlement Services Fee to MBH Settlement Group, L.C.		
150.00		Lien Release Processing Fee to MBH Settlement Group, L.C.		
175.00		Seller Attorney fees to DeedFeeFirm, LLC		
		Home Warranty fee to ABC Warranty		485.00
Seller			Borrower/Buyer	
Debit	Credit		Debit	Credit
\$279,087.16	\$429,500.00	<b>Subtotals</b>	\$444,181.14	\$343,050.11
		Due From Borrower	\$101,131.03	
\$150,412.84		Due To Seller		
\$429,500.00	\$429,500.00	<b>Totals</b>	\$444,181.14	\$444,181.14

4

4

### Acknowledgement

We/i have carefully reviewed the ALTA Settlement Statement and find it to be a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction and further certify that I have received a copy of the ALTA Settlement Statement. We/i authorize \_\_\_\_\_ MBH Settlement Group, L.C. \_\_\_\_\_ to cause the funds to be disbursed in accordance with this statement.

Buyer

Buyer

Seller

5

Escrow Officer

## On page 3 of 3

4 Total of Funds.

5 Signatures need to be obtained from both the Buyer and Seller to authorize disbursements related to the transaction.

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File #MBH123456  
Printed on 07/01/2019



# Closing Disclosure

## What is your Closing Disclosure?

The five-page Closing Disclosure sums up the terms of your loan and what you pay at closing. You can easily compare the numbers to the Loan Estimate you received earlier. There should not be any significant changes other than those you have already agreed to. Take out your own Closing Disclosure, or review the example here. Double-check that you clearly understand what you'll be expected to pay—over the life of your loan and at closing.

## Closing Disclosure

This form is a statement of final loan terms and closing costs. Compare this document with your Loan Estimate.

**Closing Information**

Date Issued 7/02/2019

Closing Date 7/02/2019

Disbursement Date 7/02/2019

Settlement Agent MBH Settlement Group, L.C.

File # 12-3456

Property 456 Somewhere Ave  
Anytown, ST 12345

Sale Price \$180,000

**Transaction Information**

Borrower Michael Jones and Mary Stone  
123 Anywhere Street  
Anytown, ST 12345

Seller Steve Cole and Amy Doe  
321 Somewhere Drive  
Anytown, ST 12345

Lender Ficus Bank

**Loan Information**

Loan Term 30 years

Purpose Purchase

Product Fixed Rate

Loan Type ☒ Conventional ☐ FHA  
☐ VA ☐

Loan ID # 123456789

MIC # 000654321

Loan Terms	Can this amount increase after closing?	
Loan Amount	\$162,000	NO
Interest Rate	3.875%	NO
Monthly Principal & Interest <small>See Projected Payments below for your Estimated Total Monthly Payment</small>	\$761.78	NO

Does the loan have these features?	
Prepayment Penalty	YES • As high as \$3,240 if you pay off the loan during the first 2 years
Balloon Payment	NO

**Projected Payments**

Payment Calculation	Years 1-7	Years 8-30
Principal & Interest	\$761.78	\$761.78
Mortgage Insurance	+ 82.35	+ —
Estimated Escrow <small>Amount can increase over time</small>	+ 206.13	+ 206.13
<b>Estimated Total Monthly Payment</b>	<b>\$1,050.26</b>	<b>\$967.91</b>

<b>Estimated Taxes, Insurance &amp; Assessments</b> <small>Amount can increase over time See page 4 for details</small>	<b>\$356.13</b> a month	<b>This estimate includes</b> <input checked="" type="checkbox"/> Property Taxes <input checked="" type="checkbox"/> Homeowner's Insurance <input checked="" type="checkbox"/> Other: Homeowner's Association Dues <small>See Escrow Account on page 4 for details. You must pay for other property costs separately.</small>	<b>In escrow?</b> YES YES NO

**Costs at Closing**

Closing Costs	\$9,712.10	Includes \$4,694.05 in Loan Costs + \$5,018.05 in Other Costs – \$0 in Lender Credits. See page 2 for details.
Cash to Close	\$14,147.26	Includes Closing Costs. See Calculating Cash to Close on page 3 for details.

CLOSING DISCLOSURE
PAGE 1 OF 5 • LOAN ID # 123456789

- 1 Check the spelling of your name.
- 2 Transaction Information.
- 3 Verify your loan information is accurate.
- 4 Basic Loan Terms.
- 5 Verify the loan amount and interest rate are accurate.
- 6 Does your loan have a prepayment penalty?
- 7 An overview of Mortgage Payments Over the Life of the Loan.
- 8 Check that your Estimated Total Monthly Payment matches your most recent Loan Estimate.
- 9 Check to see if you have items not in escrow.
- 10 Check to make sure your Costs at Closing match your most recent Loan Estimate.

On page 2 of 5

- 11 Up front charges from your lender for making the loan.
- 12 An itemized accounting of the Buyer's Closing Costs.
- 13 An itemized accounting of the Seller's Closing Costs.
- 14 Costs associated with transferring the property to you.
- 15 Prepaid interest and your first year's homeowners insurance premium.
- 16 This payment will establish an initial balance in your escrow account.
- 17 Costs for other services you have chosen. Review these amounts to make sure they match what you are expecting.

Loan Costs	Borrower-Paid At Closing Before Closing	Seller-Paid At Closing Before Closing	Paid by Others
<b>A. Origination Charges</b>	<b>\$1,802.00</b>		
(1) 0.25 % of Loan Amount (Points)	\$405.00		
(2) Application Fee	\$300.00		
(3) Underwriting Fee	\$1,097.00		
(4)			
(5)			
(6)			
(7)			
<b>B. Services Borrower Did Not Shop For</b>	<b>\$236.55</b>		
(1) Appraisal Fee to John Smith Appraisers Inc.		\$29.80	\$465.00
(2) Credit Report Fee to Info Co.	\$20.00		
(3) Flood Determination Fee to Info Co.	\$31.75		
(4) Title Monitoring Fee to Info Co.	\$75.00		
(5) Tax Station Research Fee to Info Co.	\$80.00		
(6)			
(7)			
(8)			
<b>C. Services Borrower Did Shop For</b>	<b>\$1,954.80</b>		
(1) Pest Inspection Fee to Pests Co.	\$135.00		
(2) Survey Fee to Survey Co.	\$350.00		
(3) Title - Insurance Binder to MBH Settlement Group, L.C.	\$125.00		
(4) Title - Lender's Title Policy to MBH Settlement Group, L.C.	\$469.00		
(5) Title - Settlement Fee to MBH Settlement Group, L.C.	\$605.00		
(6) Title - Title Search Fee to JML Abstracts, LLC	\$135.00		
(7) Title - Digital Archive Fee to MBH Settlement Group, L.C.	\$25.00		
(8) Title - CPL Fee to Title Insurance Company	\$20.00		
<b>D. TOTAL LOAN COSTS (Borrower-Paid)</b>	<b>\$3,993.35</b>		
Loan Costs Subtotal (A + B + C)	\$3,993.35	\$29.80	
<b>Other Costs</b>			
<b>E. Taxes and Other Government Fees</b>	<b>\$85.00</b>		
(1) Recording Fees Deed: \$40.00 Mortgage: \$45.00	\$85.00		
(2) Transfer Tax to Any State		\$950.00	
<b>F. Prepaids</b>	<b>\$2,120.88</b>		
(1) Homeowner's Insurance Premium (12 mo.) to Insurance Co.	\$1,200.00		
(2) Mortgage Insurance Premium (1 mo.)	\$279.04		
(3) Prepaid Interest	\$641.84		
(4) Property Taxes (1 mo.) to Any County/USA			
<b>G. Initial Escrow Payment at Closing</b>	<b>\$412.25</b>		
(1) Homeowner's Insurance \$100.83 per month for 2 mo.	\$201.66		
(2) Mortgage Insurance per month for 2 mo.	\$210.00		
(3) Property Taxes \$105.30 per month for 2 mo.			
(4)			
(5)			
(6)			
(7) Aggregate Adjustment	- 0.01		
<b>H. Other</b>	<b>\$2,012.20</b>		
(1) HOA Capital Contribution to HOA Acre Inc.	\$500.00		
(2) HOA Processing Fee to HOA Acre Inc.	\$150.00		
(3) Home Inspection Fee to Engineers Inc.	\$750.00		\$750.00
(4) Home Warranty Fee to XYZ Warranty Inc.		\$450.00	
(5) Real Estate Commission to Alpha Real Estate Broker		\$5,700.00	
(6) Real Estate Commission to Omega Real Estate Broker		\$5,700.00	
(7) Title - Owner's Title Insurance (optional) to MBH Settlement Group, L.C.	\$612.20		
(8)			
<b>I. TOTAL OTHER COSTS (Borrower-Paid)</b>	<b>\$4,630.25</b>		
Other Costs Subtotal (E + F + G + H)	\$4,630.25		
<b>J. TOTAL CLOSING COSTS (Borrower-Paid)</b>	<b>\$8,623.60</b>		
Closing Costs Subtotal (D + I)	\$8,623.60	\$29.80	\$750.00
Lender Credits			\$465.00
<b>CLOSING DISCLOSURE</b>			

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17 Title - Owner's Title Insurance  
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## Calculating Cash to Close

Use this table to see what has changed from your Loan Estimate

	Loan Estimate	Final	Did this change?
Total Closing Costs (J)	\$6,406	\$8,623.60	YES - See Total Loan Costs (D) and Closing Costs Paid Before Closing
Closing Costs Paid Before Closing	\$0	-\$29.80	YES - You paid these Closing Costs
Closing Costs Financed (Paid from your Loan Amount)	\$0	\$0	NO
Down Payment Funds from Borrower	\$18,000.00	\$18,000.00	NO
Deposit	-\$10,000.00	-\$10,000.00	NO
Funds for Borrower	\$0	\$0	NO
Seller Credits	\$0	-\$2,500.00	YES - See Seller Credits in Section I
Adjustments and Other Credits	\$0	-\$285.04	YES - See details in Sections K and L
<b>Cash to Close</b>	<b>\$14,406.00</b>	<b>\$13,808.76</b>	

## Summary of Transactions

Use this table to see a summary of your transaction.

### BORROWER'S TRANSACTION

<b>K. Due from Borrower at Closing</b>	<b>\$188,703.60</b>
(1) Sale Price of Property	\$180,000.00
(2) Sale Price of Any Personal Property Included in Sale	
(3) Closing Costs Paid at Closing (J)	\$8,623.60
(4)	
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<b>Adjustments</b>	
(1) City/Town Taxes	\$0
(2) County Taxes	\$0
(3) Assessments	\$0
(4) HOA Dues 4/15/13 to 4/30/13	\$80.00
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<b>L. Paid Already by or on Behalf of Borrower at Closing</b>	<b>\$174,894.84</b>
(1) Deposit	\$10,000.00
(2) Loan Amount	\$162,000.00
(3) Existing Loan(s) Assumed or Taken Subject to	
(4) Credit Report Fee	\$29.80
(5) Seller Credit	\$2,500.00
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CLOSING DISCLOSURE

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- 18 A comparison of the Loan Estimate vs. the Closing Disclosure.
- 19 Total cost of home purchase. It includes your house price and closing costs.
- 20 Costs that have been prepaid by the Seller that you are now reimbursing the Seller for.
- 21 Check that your Seller Credit reflects what you agreed upon with the Seller.
- 22 Prior taxes and other fees owed by the Seller that you will pay in the future. The Seller is reimbursing you now to cover these expenses.
- 23 Actual amount you will have to pay at closing.

## Additional Information About This Loan

### Loan Disclosures

#### Assumption

If you sell or transfer this property to another person, your lender ☐ will allow, under certain conditions, this person to assume this loan on the original terms.

☒ will not allow assumption of this loan on the original terms.

#### Demand Feature

Your loan

☐ has a demand feature, which permits your lender to require early repayment of the loan. You should review your note for details.

☒ does not have a demand feature.

#### Late Payment

If your payment is more than 15 days late, your lender will charge a late fee of 5% of the monthly principal and interest payment.

#### Negative Amortization (Increase in Loan Amount)

Under your loan terms, you

☐ are scheduled to make monthly payments that do not pay all of the interest due that month. As a result, your loan amount will increase (negatively amortize), and your loan amount will likely become larger than your original loan amount. Increases in your loan amount lower the equity you have in this property.

☐ may have monthly payments that do not pay all of the interest due that month. If you do, your loan amount will increase (negatively amortize), and, as a result, your loan amount may become larger than your original loan amount. Increases in your loan amount lower the equity you have in this property.

☒ do not have a negative amortization feature.

#### Partial Payments

Your lender

☒ may accept payments that are less than the full amount due (partial payments) and apply them to your loan.

☐ may hold them in a separate account until you pay the rest of the payment, and then apply the full payment to your loan.

☐ does not accept any partial payments.

If this loan is sold, your new lender may have a different policy.

#### Security Interest

You are granting a security interest in 456 Somewhere Ave., Anytown, ST 12345

You may lose this property if you do not make your payments or satisfy other obligations for this loan.

#### Escrow Account

For now, your loan

☒ will have an escrow account (also called an "impound" or "trust" account) to pay the property costs listed below. Without an escrow account, you would pay them directly, possibly in one or two large payments a year. Your lender may be liable for penalties and interest for failing to make a payment.

Escrow		
Escrowed Property Costs over Year 1	\$2,473.56	Estimated total amount over year 1 for your escrowed property costs: Homeowner's Insurance Property Taxes
Non-Escrowed Property Costs over Year 1	\$1,800.00	Estimated total amount over year 1 for your non-escrowed property costs: Homeowner's Association Dues
You may have other property costs.		
Initial Escrow Payment	\$412.25	A cushion for the escrow account you pay at closing. See Section G on page 2.
Monthly Escrow Payment	\$206.13	The amount included in your total monthly payment.

☐ will not have an escrow account because ☐ you declined it ☐ your lender does not offer one. You must directly pay your property costs, such as taxes and homeowner's insurance. Contact your lender to ask if your loan can have an escrow account.

No Escrow		
Estimated Property Costs over Year 1		Estimated total amount over year 1. You must pay these costs directly, possibly in one or two large payments a year.
Escrow Waiver Fee		

#### In the future,

Your property costs may change and, as a result, your escrow payment may change. You may be able to cancel your escrow account, but if you do, you must pay your property costs directly. If you fail to pay your property taxes, your state or local government may (1) impose fines and penalties or (2) place a tax lien on this property. If you fail to pay any of your property costs, your lender may (1) add the amounts to your loan balance, (2) add an escrow account to your loan, or (3) require you to pay for property insurance that the lender buys on your behalf, which likely would cost more and provide fewer benefits than what you could buy on your own.

On page 4 of 5

24 If you sell the home the buyer may be allowed to take over your loan on the same terms.

25 A demand feature allows the lender to demand immediate payment of the entire loan at any time.

26 Negative amortization means your loan balance can increase even if you make your payments on time and in full.

27 The security interest allows the lender to foreclose on your home if you don't pay back the money you borrowed.

CLOSING DISCLOSURE

On page 5 of 5

28 Amount of money you will pay over the life of the loan.

29 Interest and loan fees you will pay over the life of the loan.

30 Net amount of money you are borrowing.

### Loan Calculations

28	<b>Total of Payments.</b> Total you will have paid after you make all payments of principal, interest, mortgage insurance, and loan costs, as scheduled.	\$285,803.36
29	<b>Finance Charge.</b> The dollar amount the loan will cost you.	\$118,830.27
30	<b>Amount Financed.</b> The loan amount available after paying your upfront finance charge.	\$162,000.00
	<b>Annual Percentage Rate (APR).</b> Your costs over the loan term expressed as a rate. This is not your interest rate.	4.174%
	<b>Total Interest Percentage (TIP).</b> The total amount of interest that you will pay over the loan term as a percentage of your loan amount.	69.46%



**Questions?** If you have questions about the loan terms or costs on this form, use the contact information below. To get more information or make a complaint, contact the Consumer Financial Protection Bureau at [www.consumerfinance.gov/mortgage-closing](http://www.consumerfinance.gov/mortgage-closing)

### Other Disclosures

#### Appraisal

If the property was appraised for your loan, your lender is required to give you a copy at no additional cost at least 3 days before closing. If you have not yet received it, please contact your lender at the information listed below.

#### Contract Details

See your note and security instrument for information about:

- what is a default on the loan,
- situations in which your lender can require early repayment of the loan, and
- the rules for making payments before they are due.

#### Liability after Foreclosure

If your lender forecloses on this property and the foreclosure does not cover the amount of unpaid balance on this loan,

☒ state law may protect you from liability for the unpaid balance. If you refinance or take on any additional debt on this property, you may lose this protection and have to pay any debt remaining even after foreclosure. You may want to consult a lawyer for more information.

☐ state law does not protect you from liability for the unpaid balance.

#### Refinance

Refinancing this loan will depend on your future financial situation, the property value, and market conditions. You may not be able to refinance this loan.

#### Tax Deductions

If you borrow more than this property is worth, the interest on the loan amount above this property's fair market value is not deductible from your federal income taxes. You should consult a tax advisor for more information.

### Contact Information

	Lender	Mortgage Broker	Real Estate Broker (R)	Real Estate Broker (S)	Settlement Agent
<b>Name</b>	Ficus Bank		Omaha Real Estate Broker Inc.	Alpha Real Estate Broker Co.	MBH Settlement Group, L.C.
<b>Address</b>	4321 Random Blvd, Somerscity, ST 12345		789 Local Lane, Somerscity, ST 12345	987 Suburb Ct, Somerscity, ST 12345	4230 Lafayette Center Dr, Suite 1, Chantilly, VA 20151
<b>NMLS ID</b>					
<b>ST License ID</b>			2765416	261456	
<b>Contact</b>	Joe Smith		Samuel Green	Joseph Cain	John Smith
<b>Contact NMLS ID</b>	12345				
<b>Contact ST License ID</b>			P16435	P51461	
<b>Email</b>	joesmith@ficusbank.com		sam@omegahere.biz	joe@alphahere.biz	mbhinfo@mbh.com
<b>Phone</b>	123-456-7890		123-555-1717	321-555-7171	703-277-6800

### Confirm Receipt

By signing, you are only confirming that you have received this form. You do not have to accept this loan because you have signed or received this form.

Applicant Signature \_\_\_\_\_ Date \_\_\_\_\_ Co-Applicant Signature \_\_\_\_\_ Date \_\_\_\_\_

CLOSING DISCLOSURE

PAGE 5 OF 5 - LOAN ID # 123456789

# Terms You Should Know

## Glossary and Definitions

**Appraisal** - A written valuation of the price paid for a property, primarily based on an analysis of comparable sales of similar homes nearby.

**Assessed Value** - The valuation placed on property by a public tax assessor for purposes of taxation.

**Assignment** - When ownership of your mortgage is transferred from one company or individual to another.

**Bankruptcy** - By filing in federal bankruptcy court, an individual or individuals can restructure or relieve themselves of debts and liabilities. Bankruptcies are of various types, but the most common for an individual seem to be a “Chapter 7 No Asset” bankruptcy which relieves the borrower of most types of debts.

**Chain of Title** - An analysis of the transfers of title to a piece of property over the years.

**Clear Title** - A title that is free of liens or legal questions as to ownership of the property.

**Closing** - The “closing” is a meeting where all of the documents are signed and money changes hands.

**Closing Costs** - Closing costs are separated into what are called “non-recurring closing costs” and “pre-paid items.” Non-recurring closing costs are any items which are paid just once as a result of buying the property or obtaining a loan. “Pre-pays” are items which recur over time, such as property taxes and homeowners insurance. A lender makes an attempt to estimate the amount of non-recurring closing costs and prepaid items on the Good Faith Estimate which they must issue to the borrower within three days of receiving a home loan application.

**Closing Disclosure (CD)** - A form designed to provide disclosures that will be helpful to consumers in understanding all the costs of the transaction. Items that appear on the statement include real estate commissions, loan fees, points, and initial escrow (impound) amounts. The CD will provide totals for the seller’s net proceeds and the buyer’s net payment at closing. The lender is required to provide the CD to the borrower at least 3 days prior to the settlement.

**Cloud on Title** - Any conditions revealed by a title search that adversely affect the title to real estate. Usually clouds on title cannot be removed except by deed, release, or court action.

**Common Area Assessments** - In some areas they are called Homeowners Association Fees. They are charges paid to the Homeowners Association by the owners of the individual units in a condominium or planned unit development (PUD) and are generally used to maintain the property and common areas.

**Common Areas** - Those portions of a building, land, and amenities owned (or managed) by a planned unit development (PUD) or condominium project’s homeowners’ association (or a cooperative project’s cooperative corporation) that are used by all of the unit owners, who share in the common expenses of their operation and maintenance. Common areas include swimming pools, tennis courts, and other recreational facilities, as well as common corridors of buildings, parking areas, means of ingress and egress, etc.

**Contingency** - A condition that must be met before a contract is legally binding. For example, home purchasers often include a contingency that specifies that the contract is not binding until the purchaser obtains a satisfactory home inspection report from a qualified home inspector.

**Contract** - An oral or written agreement to do or not to do a certain thing.

**Deed** - The legal document conveying title to a property.

**Deed of Trust** - Some states, like Virginia, do not record mortgages. Instead, they record a deed of trust which pledges a property to the lender as security for payment of a debt.

**Default** - Failure to make the mortgage payment within a specified period of time. For first mortgages or first trust deeds, if a payment has still not been made within 30 days of the due date, the loan is considered to be in default.

**Down Payment** - The part of the purchase price of a property that the buyer pays in cash and does not finance with a mortgage.

**Earnest Money Deposit** - A deposit made by the potential home buyer.

**Easement** - A right of way giving persons other than the owner access to or over a property.

**Eminent Domain** - The right of a government to take private property for public use upon payment of its fair market value. Eminent domain is the basis for condemnation proceedings.

**Encroachment** - An improvement that intrudes illegally on another’s property.



**Encumbrance** - Anything that affects or limits the fee simple title to a property, such as mortgages, leases, easements, or restrictions.

**Equity** - A homeowner's financial interest in a property. Equity is the difference between the fair market value of the property and the amount still owed on its mortgage and other liens.

**Escrow Account** - Once you close your purchase transaction, you may have an escrow account or impound account with your lender. This means the amount you pay each month includes an amount above what would be required if you were only paying your principal and interest. The extra money is held in your impound account (escrow account) for the payment of items like property taxes and homeowner's insurance when they come due. The lender pays them with your money instead of you paying them yourself.

**Executor** - A person named in a will to administer an estate. The court will appoint an administrator if no executor is named. "Executrix" is the feminine form.

**Fixture** - Personal property that becomes real property when attached in a permanent manner to real estate.

**Flood Insurance** - Insurance that compensates for physical property damage resulting from flooding. It is required for properties located in federally designated flood areas.

**Foreclosure** - The legal process by which a borrower in default under a mortgage is deprived of his or her interest in the mortgaged property. This usually involves a forced sale of the property at public auction with the proceeds of the sale being applied to the mortgage debt.

**Grantee** - The person to whom an interest in real property is conveyed.

**Grantor** - The person conveying an interest in real property.

**Hazard Insurance** - Insurance coverage that in the event of physical damage to a property from fire, wind, vandalism, or other hazards.

**Home Inspection** - A thorough inspection by a professional that evaluates the structural and mechanical condition of a property. A satisfactory home inspection is often included as a contingency by the purchaser.

**Homeowners' Association** - An association that manages the common areas of a planned unit development (PUD) or condominium project. In a condominium project, it has no ownership interest in the common elements. In a PUD project, it holds title to the common elements.

**Homeowner's Insurance** - An insurance policy that combines personal liability insurance and hazard insurance coverage for a dwelling and its contents.

**Homeowner's Warranty** - A type of insurance often purchased by homebuyers that will cover repairs to certain items, such as heating or air conditioning, should they break down within the coverage period. The buyer often requests the seller to pay for this coverage as a condition of the sale, but either party can pay.

**Joint Tenancy** - A form of ownership or taking title to property which means each party owns the whole property and that ownership is not separate. In the event of the death of one party, the survivor owns the property in its entirety.

**Judgment** - A decision made by a court of law. In judgments that require the repayment of a debt, the court may place a lien against the debtor's real property as collateral for the judgment's creditor.

**Legal Description** - A property description, recognized by law, that is sufficient to locate and identify the property without oral testimony.

**Lender** - A term which can refer to the institution making the loan or to the individual representing the firm.

**Lien** - A legal claim against a property that must be paid off when the property is sold. A mortgage or first trust deed is considered a lien.

**Loan** - A sum of borrowed money (principal) that is generally repaid with interest.

**Loan Estimate** - A form designed to provide disclosures that will be helpful to consumers in understanding the key features, costs and risks of the mortgage loan for which they are applying. The form must be provided to consumers no later than three business days after they submit a loan application.

**Loan Officer** - Also referred to by a variety of other terms, such as lender, loan representative, loan "rep," account executive, and others. The loan officer serves several functions and has various responsibilities: they solicit loans, they are the representative of the lending institution, and they represent the borrower to the lending institution.

**Mortgage** - A legal document that pledges a property to the lender as security for payment of a debt. Instead of mortgages, some states use Deeds of Trust.



**Mortgage Broker** - A mortgage company that originates loans, then places those loans with a variety of other lending institutions with whom they usually have pre-established relationships.

**Note** - A legal document that obligates a borrower to repay a mortgage loan at a stated interest rate during a specified period of time.

**Owner Financing** - A property purchase transaction in which the property seller provides all or part of the financing.

**Planned Unit Development (PUD)** - A type of ownership where individuals actually own the building or unit they live in, but common areas are owned jointly with the other members of the development or association. Contrast with condominium, where an individual actually owns the airspace of his unit, but the buildings and common areas are owned jointly with the others in the development or association.

**Power of Attorney** - A legal document that authorizes another person to act on one's behalf. A power of attorney can grant complete authority or can be limited to certain acts and/or certain periods of time.

**Pre-approval** - A loosely used term which is generally taken to mean that a borrower has completed a loan application and provided debt, income, and savings documentation which an underwriter has reviewed and approved. A pre-approval is usually done at a certain loan amount and making assumptions about what the interest rate will actually be at the time the loan is actually made, as well as estimates for the amount that will be paid for property taxes, insurance and others. A pre-approval applies only to the borrower. Once a property is chosen, it must also meet the underwriting guidelines of the lender. Contrast with pre-qualification.

**Pre-qualification** - This usually refers to the loan officer's written opinion of the ability of a borrower to qualify for a home loan, after the loan officer has made inquiries about debt, income, and savings. The information provided to the loan officer may have been presented verbally or in the form of documentation, and the loan officer may or may not have reviewed a credit report on the borrower.

**Public Auction** - A meeting in an announced public location to sell property to repay a mortgage that is in default.

**Purchase Agreement** - A written contract signed by the buyer and seller stating the terms and conditions under which a property will be sold.

**Purchase Money Transaction** - The acquisition of property through the payment of money or its equivalent.

**Quitclaim Deed** - A deed that transfers without warranty whatever interest or title a grantor may have at the time the conveyance is made.

**Real Estate Settlement Procedures Act (RESPA)** - A Federal consumer protection law.

**Real Property** - Land and appurtenances, including anything of a permanent nature such as structures, trees, minerals, and the interest, benefits, and inherent rights thereof.

**Recording** - The noting in the registrar's office of the details of a properly executed legal document, such as a deed, a mortgage note, a satisfaction of mortgage, or an extension of mortgage, thereby making it a part of the public record.

**Right of First Refusal** - A provision in an agreement that requires the owner of a property to give another party the first opportunity to purchase or lease the property before he or she offers it for sale or lease to others.

**Right of Ingress or Egress** - The right to enter or leave designated premises.

**Right of Survivorship** - In joint tenancy, the right of survivors to acquire the interest of a deceased joint tenant.

**Security** - The property that will be pledged as collateral for a loan.

**Subdivision** - A housing development that is created by dividing a tract of land into individual lots for sale or lease.

**Survey** - A drawing or map showing the precise legal boundaries of a property, the location of improvements, easements, rights of way, encroachments, and other physical features.

**Tenancy in Common** - As opposed to joint tenancy, when there are two or more individuals on title to a piece of property, this type of ownership does not pass ownership to the others in the event of death.

**Title** - A legal document evidencing a person's right to or ownership of a property.

**Title Company** - A company that specializes in examining and insuring titles to real estate.

**Title Insurance** - Insurance that protects the lender (lender's policy) or the buyer (owner's policy) against loss arising from disputes over ownership of a property.

**Title Search** - A check of the title records to ensure that the seller is the legal owner of the property and that there are no liens or other claims outstanding.

**Transfer Tax** - State or local tax payable when title passes from one owner to another.

# MBH Settlement Group

## Map of Locations

### Virginia

#### **Alexandria (Old Town)**

228 S. Washington St., Suite 100  
Alexandria, VA 22314  
703-739-0100  
mbholdtown@mbh.com

#### **Arlington**

2101 Wilson Boulevard, Suite 1250  
Arlington, VA 22201  
703-237-1100  
mbharlington@mbh.com

#### **Burke**

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Burke, VA 22015  
703-913-8080  
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#### **Chantilly**

4530 Walney Road, Suite 100  
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#### **Fair Oaks**

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#### **Fredericksburg**

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#### **Front Royal**

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Front Royal, VA 22630  
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#### **Gainesville**

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#### **Kingstowne**

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#### **Lake Ridge**

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#### **Loudoun County**

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#### **Manassas**

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#### **Reston**

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#### **Stafford**

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#### **Tysons**

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#### **Warrenton**

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#### **Winchester**

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### Maryland & D.C.

#### **Bethesda**

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Bethesda, MD 20814  
301-941-4990  
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#### **District of Columbia**

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# Maryland

# Virginia





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