

## ANATOMY OF A CLOSING STATEMENT

This is a summary of various possible entries which might be made to a closing statement in Hawaii.

There are really three different records which need to be prepared to properly account for all of the entries in the closing process. It is necessary to prepare a statement for the 1) Buyer, 2) Seller and 3) Escrow Cash accounts.

By preparing and posting entries to all three statements at the same time, one is able to post debits and credits on a balanced basis. This approach will ensure that the statements always have equal debits and credits.

Keep in mind that debits increase cash and credits reduce the cash balance in the escrow cash account. And, the Selling price of the property is a credit to the seller and a debit to the buyer. With these two points firmly in mind, one should easily be able to figure out how to post other entries.

The following table contains an exhaustive list of different entries one might encounter.

Prorate	No.	Description	Buyer		Seller		Escrow Cash	
			Debit	Credit	Debit	Credit	Debit (+)	Credit (-)
		Consideration						
	1.	Purchase Price	\$			\$		
	2.	Earnest Money (Initial Deposit)		\$			\$	
	3.	New First Mortgage		\$			\$	
	4.	Assumption of Mortgage		\$	\$			
X	5.	Interest on Assumed Mortgage		\$	\$			
	6.	Agreement of Sale (Principal)		\$	\$			
	7.	New PMM* - from Seller		\$	\$			
	8.	New PMM* - from Others		\$			\$	
	9.	New Second Mortgage		\$			\$	
	10.	Old Mortgage Payoff			\$			\$
	11.	Balance due from Buyer		\$			\$	
	12.	Net Proceeds owed to Seller			\$			\$
	13.	Other encumbrances			\$			\$
		Direct Closing Costs						
X	14.	Escrow Fees (shared between)	\$		\$			\$
	15.	Survey or Staking			\$			\$
	16.	Mortgage Assumption fee	\$					\$
	17.	Mortgage Prepayment Penalty			\$			\$
	18.	Mortgage Loan Fee	\$					\$
	19.	Points	\$					\$
	20.	Discount Points (>1 pd by Seller)	\$		\$			\$
	21.	Certificate of title			\$			\$
	22.	Continuation	\$					\$
	23.	Title Search			\$			\$
	24.	Lien Letter			\$			\$

Prorate	No.	Description	Buyer		Seller		Escrow Cash	
	25.	Title Insurance	\$					\$
	26.	Appraisal Fee	\$					\$
	27.	Conveyance Tax			\$			\$
	28.	Drafting of Deed			\$			\$
	29.	Drafting of Lease Assignment			\$			\$
	30.	Drafting of Agreement of Sale	\$					\$
	31.	Drafting of Mortgage Release			\$			\$
	32.	Drafting of Encroachment Agrmnt			\$			\$
	33.	Drafting of Encumbrance release			\$			\$
	34.	Lease Assignment Consent fee			\$			\$
	35.	Lease Renegotiation cost			\$			\$
	36.	Lease Extension cost			\$			\$
	37.	Sales Commission			\$			\$
	38.	Acknowledgements:						
		a) Deed			\$			\$
		b) Assignment of lease			\$			\$
X		c) Agreement of Sale	\$		\$			\$
		d) New mortgage	\$					\$
		e) Mortgage release			\$			\$
	39.	Recordation of Documents:						
		a) Transfer Title	\$					\$
		b) New Mortgages	\$					\$
		c) Mortgage release			\$			\$
		d) Lien Discharge			\$			\$
		Other Prorated Items						
X	40.	Interest in arrears		\$	\$			
X	41.	Interest in advance	\$			\$		
X	42.	Property Taxes in advance	\$			\$		
X	43.	Property Taxed in arrears		\$	\$			
X	44.	Prepaid Utilities	\$			\$		
X	45.	Utilities postpaid		\$	\$			
X	46.	Insurance (prepaid)	\$			\$		
X	47.	Lease rent (leasehold property)	\$			\$		
X	48.	Rental Income		\$	\$			
X	49.	Tenant's deposit	\$			\$		
	50.							
	51.							

\* Purchase Money Mortgage.

The key to using this anatomy is the recognition that every entry has equal debits and credits. Preparation of a closing statement using these guidelines and techniques will result in balanced statements and complete entries.