

# CHAPTER 17 - BUYER'S COST

## I. PURPOSE

### A. WHEN TO USE THE ESTIMATED PURCHASER COST FORM.

1. PRIOR TO THE OFFER.

2. AT THE TIME OF AN OFFER.

3. PRIOR TO CLOSING.

### B. HOW TO PREPARE THE ESTIMATED PURCHASER COST FORM.

## II. MATH STEPS TO FOLLOW WHEN ESTIMATING PURCHASER'S COSTS

### A. DETERMINING THE DATE OF THE PURCHASER'S FIRST MONTHLY LOAN PAYMENT.

**B. CALCULATING THE INTEREST ADJUSTMENT  
(PRE-PAID INTEREST).**

**C. CALCULATING THE TRANSFER TAX.**

**D. CALCULATING THE INTANGIBLES TAX.**

**E. CALCULATING THE COST OF MORTGAGE INSURANCE  
(PMI - CONVENTIONAL LOANS • MIP - FHA LOANS.)**

**1. PRIVATE MORTGAGE INSURANCE**

**2. MORTGAGE INSURANCE PREMIUM**

**F. CALCULATING ESCROW ITEMS.**

**1. PROPERTY TAX.**

**2. INSURANCE.**

### III. FILLING OUT THE COST TO BUYER FORM

#### A. BASIC INFORMATION.

#### B. LOAN AMOUNT.

#### C. FINANCING COSTS.

LINE #1

LINE #2

LINE #3

#### D. ESCROW ESTABLISHMENT CHARGES.

LINE #4

**LINE #5**

**LINE #6**

**LINE #7**

**E. MISCELLANEOUS CHARGES.**

**LINE #8**

**The math steps to follow for this calculation are:**

**LINE #9**

**LINE #10**

**LINE #11**

**LINE #12**

**LINE #13**

**F. CREDITS.**

**LINE #14**

**LINE #15**

**LINE #16**

**H. ESTIMATED SUMMARY.**

**LINE #17**

**I. ESTIMATED MONTHLY PAYMENT.**

**LINE A**

**HOW TO USE THE FACTOR TABLE:**

**LINE B**

**LINE C**

**LINE D**

**LINES E, F & G**