Tax/Fee/Pro-ration Information

E-Closing

YOUR ONLINE SETTLEMENT HUB

This month we will be taking a closer look at the Tax/Fee/Pro-ration screen. While this screen certainly looks complex, however it has only two distinct functions: to pro-rate a bill and to charge a payment on the settlement statement. Once you understand how these two features are derived it becomes much more straightforward.

Tax/Fee/Pro-Ration indicates what type of bill you are pro-rating.

Account Number is used when there is an account number relevant to the item that is being pro-rated.

If a property, city, or school tax is being pro-rated, additional fields will appear just below the **Account Number** field. These fields can be tagged to pull to documents.

The **Paid Thru** field represents the date that the seller will have paid through at the time of closing. The **Pro-ration Date** is the day of closing. These two dates dictate how many days are used to determine the amount of the pro-ration. If the **Paid Thru** date is before the **Pro-ration Date**, this indicates that the seller has not fulfilled their obligations up to the date of closing, and the pro-ration will be expressed as a debit from the seller and a credit to the borrower. If the **Paid Thru** date is after the **Pro-ration Date**, the seller has paid for time they are (presumably) not under obligation for and the pro-ration will be expressed as a debit from the borrower and a credit to the seller. If the dates are the same no pro-ration will occur by default since there is no difference in the dates.

Next Due indicates the next time this particular item is due to be paid. This date does not figure into the pro-ration amount in any way. It does, however, dictate whether a payment is collected.

Payment Schedule dictates how often the item is collected for payment in the usual course of the year.

Annual Fee represents the total value of the payment for the year. This amount affects the pro-ration, since the system divides this amount by 365 to get the per diem amount used in the calculation.

The **Payment Amount** field will automatically fill based on the **Annual Fee** and **Payment Schedule** but does not affect the pro-ration. This number is used to determine the amount charged if you are collecting a payment for this item. If you are collecting a payment but it is a different amount than the number that populates, you can change it manually to whatever amount you are collecting.

Make Payment if Due is a simple Yes or No selection. By selecting Yes, you are indicating that you will be collecting the **Payment Amount** from the entity selected by the **Who is Paying?** radio buttons. This will only place the charge on the CD/HUD if the **Next Due** date is within the margin indicated by the Lender's Rolodex entry. This field is labeled Pay Taxes Due Within.

The **Notes** field is primarily informational. It provides you with a location to leave yourself and other users a note about the item.

Organization, **Address 1**, **Address 2**, **Zipcode**, and **Phone** are all information fields that will auto-fill if the payee is someone on file (a city tax collector, for example).

FAQ

"I'm collecting a tax payment with this file, but it's not showing on the HUD/CD!"

Do you have a **Next Due** date selected? How far is it from the day of closing? The system will default to look 30 days into the future, but if the date is further out than that you would need to adjust your settings. This setting is in the Lender's Rolodex entry and is labeled Pay Taxes Due Within. You can change this from 30 to 45, 60, or 90 days. If the date is further out than 90 days, you would need to enter the tax collection in another manner, such as manually on the second page of the HUD/CD, or by using the Payoff Information screen.

"I have a tax to collect, but it's a cash deal and the date is further out than 30 days."

In a situation where you don't have an actual lender (ie cash deals, seller held financing, etc.) and need to collect payments further than 30 days out, you can create a lender in your Rolodex and label them appropriately in order to create the setting necessary (ie create a lender named Cash for cash deals). Alternatively, you could manually enter the tax payment on the second page of the HUD or CD, or even enter it in Payoff Information if you wish it to appear on page three of the CD or page one of the HUD.

"I want to know the value of the pro-ration before I finalize. How do I do that?"

There is a button on the screen labeled Show Proration. Clicking this will display an overlay with the amount of the pro-ration, as well as whether it is debiting or crediting the borrower.