

**Real Estate Today**

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# Be Sure to Read & Understand Your Settlement Statement

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In a previous column, which you can revisit at [www.JimSmithColumns.com](http://www.JimSmithColumns.com), I



described how your loan officer's compensation from the lender is hidden on the HUD settlement statement with the code YSP (for "Yield Spread Premium"). In the flurry of papers presented to you at closing, you are unlikely to notice this payment which probably cost you a higher interest rate.

At a closing this Monday I heard a horror story that relates to being ripped off not by a loan officer but by a listing agent.

My client told me of the last time she sold a house, which was 19 years ago. Her husband happened to notice the commission deduction on the settlement statement and did some quick mental computing. "How did you arrive at this figure," he asked their listing agent. The agent sheepishly acknowledged that it didn't equal the percentage which they had agreed to in the listing agreement and explained that she had "rounded" the amount. The rounding equaled \$2,000 in extra commission!

My client said that they spoke with the managing broker of this agent's firm and within a couple hours had a check for

\$2,000 repaying them for the overcharge.

I couldn't believe I was hearing this, since the agent in question was a familiar name who subsequently became an employing broker and has no disciplinary actions against her noted on the state's licensee database. She allowed her real estate license to expire several years ago.

How could this happen? Well, in Colorado's tradition of minimal regulation, we are one of the only states that does not require written instructions to the closing company regarding agent commissions to be paid. In other words, when I send a contract to the title company, they take my word for what to pay me and the buyer's agent. This isn't news to me, of course, since I have never been asked for a copy of the listing agreement or other proof of commission owed. It had occurred to me that this could open a client up to being ripped off, but I had never before heard of an agent exploiting the opportunity.

So, let this be a lesson to all parties that you should pay close attention to the settlement statement that is presented to you at closing and question every figure. You might even want to review some settlement statements from previous transactions in light of what you just read.

**NOTE:** *This column now appears every week (instead of biweekly) on page 5 of YourHub.com. Comments? 303-525-1851.*

## This Week's Featured Listing

### Mountain Ridge Home Listed This Monday!

This 4-bedroom, 3-bath Johnson home is located on a quiet cul-de-sac in Golden's premiere community, the Village at Mountain Ridge, a short walk from Mitchell Elementary School, the Golden Community Center, Downtown Golden, city parks and Open Space trailheads. You'll enjoy the professional landscaping, the master suite with jetted tub and wood deck with mountain views, the hardwood floors and like-new carpeting. To fully appreciate this home's value, take a virtual tour on the website shown.

**\$419,900**

**Tour this home online at:**  
**[www.1537CougarCourt.com](http://www.1537CougarCourt.com)**



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