

Purchaser's Escrow Expenses Explained

In a recent article I mentioned the average buyer puts 10 per cent of the purchase price as a down payment on his new home and the escrow expenses (properly referred to as closing costs) would be approximately 25 per cent of his down payment: A home is sold for \$20,000. The normal down payment would be \$2,000 and closing costs \$500. The buyer would need \$2,500 cash to complete the transaction.

Why is this extra money needed and where does it go? Let's use the \$20,000 home as our example, and many fees are based on the purchase price of the home. One of the most expensive charges is the loan fee. In the majority of cases the buyer must place a new loan on the property. Most lenders will loan 80 per cent of the purchase price, or \$16,000. The cost usually referred to as

"points" is 1 per cent of the amount of the loan, plus \$40, or a total of \$200. Of course, if you could assume a loan already on the property, this expense would not be necessary.

YOUR FIRST payment will probably be due in 45 days after the close of escrow. Since your payments are made monthly and lenders require interest to be no more than one month in arrears you will have to pay 15 days interest which amounts to approximately \$50, depending on your interest rate. Remember, a payment will not be due for 45 days and you are only paying interest in advance for 15 days.

Some lenders have additional fees, such as, charges for drawing loan papers, appraisal fee, or some other catch-all title, depending on

the lending institution which you will be doing business with, and there are some details. Let's allow \$50 to be safe.



By FRED L. FREDERICKS
Torrance Realtor

The lender is also going to require you to buy an ALTA Insurance Policy, which is additional Title Insurance, over and above the policy which the seller pays for, insuring the lender against any encroachment of adjoining properties, community driveways, etc. The cost for this is \$32.90, computed on the amount of the loan. This ALTA insurance again should not be confused with the Title Insurance which the seller pays.

FIRE INSURANCE is required to protect your investment and a three-year policy must be purchased. Let's allow \$100 for fire insurance and remember this is only a standard fire policy and not a homeowners policy, which the prudent buyers should have to protect their personal property.

The escrow fee itself is based on the amount of liability involved, the larger the transaction the more it costs. Of course the amount of work on the file also has to be taken into consideration. A guide used is a flat fee of \$45 plus \$1 per additional thousand of the sale or a total of \$65.

Taxes are prorated to the close of escrow. If the sale is closed April 1, and the second half taxes are not paid, you would be credited, from the sellers, 3 months taxes, since the tax year runs from July to June.

If the sale is to July, if the taxes were \$20 per month, you would have \$60 credit. However, taxes are due April 10, at which time you must pay the total of \$120.



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CIGARETTES (plus tax) Regular, Carton **\$2.07**
SWIFT'S STRAINED 3 1/2-oz. Size
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BABY FOODS 4 1/2-oz. Jar 12:51
CRISP CORN FLAKES
POST TOASTIES Large 12-oz. Pkg. 29c
MILANI'S SALAD/1890 French, Italian
DRESSINGS Creamy 1,000 Island or 8-oz. French Lady Lo-Cal each 3:51

NESBITT ICE CREAM TOPPINGS 10-oz. Size **29c**
Mrs. Paul's Frozen/Save 10c
ONION RINGS 5-oz. pkg. **19c**
Gebhardt's/Save 24c
TAMALES Tall cans **4 for \$1**
Lindsay Mammoth Pitted
RIPE OLIVES Tall can **39c**
Pet Food/Off Label
Gain's Meal 5-lb. pkg. **77c**
Wilshire/Cucumber Chip
PICKLES 22-oz. jar **39c**

Johnston's Rose Royal 11-oz. Save 10c **49c**
CHEESE CAKE **49c**
Select Ripe
OBERTI OLIVES Tall Can **33c**
Nalley's
BEEF STEW 15-oz. can **39c**
Parkerhouse/Cloverleaf
ROLLS Frozen Rite Pkg. of 24 **39c**
ABC Freshly Baked
FIG BARS 2-lb. pkg. **69c**

GIANT BARS ASSORTED CHOCOLATE **3:51**
HERSHEY **3:51**
Better Food/Fresh, Pure
PEANUT BUTTER 1-lb. Jar **39c**

AURORA TISSUE
Pastel Colors, Twin-ply Bathroom Rolls In Two-roll Packs.
Per Roll **10**

FOUR FISHERMEN FISHSTICKS 8-oz. Pkg. **39c**
FISH KRISP, 8-oz. **59c**
FISH STICKS, 14-oz. **69c**
BREADED SHRIMP, 16-oz. **\$1.29**
FRENCH FRIED SCALLOPS, 7-oz. **65c**

MARGARINE SAFFOLA 1-lb. Pkg. Better Buying Special **37c**

DETERGENT with Borax
FAB 10c Off Label Giant Box **69c**

Pepperoni, 79c
Gino's Pizza Large **59c**
Plastic Wrap 50-ft. roll **33c**
Assorted Knorr Soups 2 in pkg. **39c**
Blue Label Karo Syrup Pint bottle **33c**
Oh Boy/Frozen Bag O' Pizza Pkg. of 8 **98c**
Gloss Starch 12-oz. pkg. 2 for **27c**

CHASE & SANBORN INSTANT COFFEE
7-oz. Bonus Jar, 10c off **95c** 10-oz. 30c Off **\$1.39**
KHJ-TV Feature
PLEDGE SPRAY WAX 14-oz. **\$1.29**
GLO-COAT FLOOR WAX 46-oz. **\$1.49**
GLADE MIST 7-oz. **49c**

Bouillon Cubes **STEERO**, pkg. of 5 **2 for 19c**
Crown Prince/for Pets Horsemeat 2 Tall cans **49c**
Dole Crushed Pineapple No. 211 can **27c**
Dole Pineapple 46-oz. can 3 for **1**
Juice
French Market Coffee 1-lb. can **89c**
Kern Grape Jelly 12-oz. jar **29c**

XLNT HACIENDA FROZEN MEXICAN FOODS DINNERS
Assorted, or Tacos Reg. Pkg. **39c**
Taco-ettes, Beef or Cheese Enchilada 3 Reg. Pkgs. **\$1**

Gerber Strained Baby Food 3 jars **31c**
Gerber Baby Cereals 8-oz. pkg. **21c**
Libby Figs 8-oz. 2 for **39c**
Libby Tomato Juice No. 300 cans 2 for **29c**
Zee Paper Towels 5 rolls **1**
Dog Candy Lollipops 7-oz. pkg. **19c**

Marshall Frozen Crinkle Carrots 1 1/2-lb. pkg. **29c**
Morton Frozen Cheese Macaroni 8-oz. pkg. **29c**
Nine Lives 6-oz. Cat Food can 2 for **29c**
Orchid Paper Napkins of 80 2 for **29c**
Peter Pan Peanut Butter 12-oz. jar **49c**
Pompeian Olive Oil 4-oz. bottle **29c**

Pophitt Puffed Rice Whiff 6-oz. pkg. **23c**
Frozen Hash Browns 12-oz. pkg. **5 for \$1**
Snokey Joe Froz. Sandwich Pkg. of 2 **59c**
Snow's Clam Chowder 15-oz. can **33c**
Star-Kist Chunk Tuna No. 1 can **33c**
Star-Kist Froz. 8-oz. Tuna Pie each 2 for **49c**