



# HOMEBUYER GUIDE

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# METROPOLITAN ESCROW, INC

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# Quick REFERENCE

Escrow #	
New Address	
City/State/Zip	

Complete the following information as it becomes available.  
**IMPORTANT:** Do not cancel your home insurance or disconnect utilities prior to the close of escrow.

REAL ESTATE AGENT	
Name	
Team Members	
Company	
Address	
City/State/Zip	
Phone #	
Cell #	
Fax #	
Email	
Website	

LENDER	
Name	
Team Members	
Company	
Address	
City/State/Zip	
Phone #	
Cell #	
Fax #	
Email	
Website	

CLOSING AGENT OR ATTORNEY	
Name	
Phone #	
Fax #	
Email	

Assistant	
Phone #	
Email	

Address	
City/State/Zip	

HOME INSURANCE	
Current Agent	
Phone #	
Policy #	
<b>END</b> Date	

New Agent	
Phone #	
Policy #	
<b>START</b> Date	

Home Warranty	
Plan #	
Policy #	

PHONE SERVICE	
Company	
Phone #	
Account #	
New Phone #	
Activation Date	

SERVICE	COMPANY	PHONE #	ACCOUNT #	ACTIVATION DATE
Internet				
Cable/Satellite				
Gas				
Electric				

# rent or buy...

YOU DECIDE



Have you ever considered how much you pay in rent over an extended period of time? It is probably a lot more than you realize. The amount you spend for rent each month could be applied to a mortgage, not only building equity in your own property, but, in most cases, substantially reducing the Federal and State income taxes you pay each year. And, what happens to your rent money? It's gone! There's no interest, no equity, no return. To determine your home-buying ability, call your real estate agent or lender.

RENT	5 YEARS	10 YEARS	15 YEARS	20 YEARS	25 YEARS	30 YEARS
\$1,000	\$60,000	\$120,000	\$180,000	\$240,000	\$300,000	\$360,000
\$1,200	\$72,000	\$144,000	\$216,000	\$288,000	\$360,000	\$432,000
\$1,400	\$84,000	\$168,000	\$252,000	\$336,000	\$420,000	\$504,000
\$1,600	\$96,000	\$192,000	\$288,000	\$384,000	\$480,000	\$576,000
\$1,800	\$108,000	\$216,000	\$324,000	\$432,000	\$540,000	\$648,000
\$2,000	\$120,000	\$240,000	\$360,000	\$480,000	\$600,000	\$720,000
\$2,200	\$132,000	\$264,000	\$396,000	\$528,000	\$660,000	\$792,000
\$2,400	\$144,000	\$288,000	\$432,000	\$576,000	\$720,000	\$864,000
\$2,600	\$156,000	\$312,000	\$468,000	\$624,000	\$780,000	\$936,000
\$2,800	\$168,000	\$336,000	\$504,000	\$672,000	\$840,000	\$1,008,000
\$3,000	\$180,000	\$360,000	\$540,000	\$720,000	\$900,000	\$1,080,000

## RENT

- 🏠 No interest-payment deductions
- 🏠 Rental amount may increase at any time
- 🏠 Landlord approval needed for any changes
- 🏠 No capitalization; your money disappears forever
- 🏠 Rental is temporary and often subject to a 30-day notice

## BUY

- 🏠 Mortgage interest may be tax deductible
- 🏠 Decorate and make changes, without prior landlord approval
- 🏠 The value of your property may increase in time
- 🏠 Your house will become a home, not a temporary living situation; you are not at the mercy of a landlord



# KEY PROFESSIONALS

## INVOLVED IN A REAL ESTATE TRANSACTION



Knowledgeable, customer-focused professionals are available to answer your title and settlement questions. Throughout the home buying and selling process, you may also encounter the following industry specialists who are able to professionally answer questions in their area of expertise.

### REAL ESTATE AGENT

Licensed by the state to represent parties in the transfer of property.

### HOME INSPECTOR

Objectively and independently provides a comprehensive analysis of a home's major systems and components.

### LOAN OFFICER/LENDER

A representative of a bank or other financial institution. They help customers identify their borrowing options, help them understand the terms of their loan, and are responsible for providing the Closing Disclosure to the borrower.

### APPRAISER

Works on behalf of a lender and provides a market analysis of the subject property. An appraiser's finding is subjective and combined with market findings of sold properties within the surrounding neighborhood.

### INSURANCE AGENT

Helps a homebuyer determine the homeowner's protection coverage needed and then finds the right insurance policy to fit those needs.

### REAL ESTATE ATTORNEY

Can give advice on all legal aspects of the real estate transaction. Additionally, they are able to draft and review contracts, help decide how to take title and assist with the consumation or closing process. In some states, real estate closings can only be conducted by attorneys.

### ESCROW/CLOSING OFFICER

A non-biased third party who works with all participants to facilitate a successful closing of a real estate transaction. At closing, the closing officer will collect the purchase money funds from the buyer and lender as well as the settlement costs from each party. They disburse the funds in accordance with the closing documents and record the necessary documents to transfer ownership of the property.

### CLOSING/SETTLEMENT/TITLE

Performs title searches to ensure a clear title so a title insurance policy can be issued. In some states, they facilitate the transfer of real estate.

# OBTAINING A NEW LOAN

## WHEN AND WHERE TO APPLY FOR A LOAN?

There are many sources for home loans including banks, credit unions, mortgage companies, and mortgage brokers. You may consider asking friends and relatives or your real estate agent for recommendations. Knowing what you can afford before you begin looking may give you more bargaining power when negotiating with a seller.

## WHAT IS HAZARD (OR FIRE) INSURANCE?

Hazard insurance covers the dwelling itself and may be required for your home. Your lender or real estate agent may explain the necessary hazard insurance coverage to you. If you are buying a condominium, ask if a master policy will be included with your unit.

## CONTACT YOUR INSURANCE AGENT EARLY

This coverage may need to be provided so the closing/settlement agent can release loan funds to the escrow company. Order your insurance as soon as your loan is approved; then furnish your closing/settlement agent with the insurance agent's name and phone number.

When you talk with your insurance agent, ask about additional coverage in a homeowner's policy to insure your personal belongings and protect against liabilities.

## WHAT HAPPENS AFTER LOAN APPROVAL?

After loan approval and prior to your planned closing date, you will receive a Closing Disclosure from your lender with details of the final loan terms and closing costs. Your closing/settlement agent may also prepare a separate Settlement Statement which indicates what funds go where and how much money you may need to bring to the closing appointment.

## WHAT YOU MAY NEED FOR THE LOAN APPLICATION

*Be prepared to provide some or all of these items to your loan officer.*

- Addresses of residences for the last two or more years
- Social Security number
- Driver's License or other valid ID
- Names and addresses of employers for the last two or more years
- Two or more recent pay stubs showing year-to-date earnings
- Federal tax returns for the last two or more years
- W-2s for the last two or more years
- Checking and savings account statements for last two or more months
- Debt: names, addresses, account numbers, and payment amounts on all loans and credit cards
- For a VA loan, Certificate of Eligibility or DD-214s
- Divorce decree if applicable
- Letters of explanation regarding credit inquiries or special circumstances
- Funds to pay for credit report and appraisal

# 5 MORTGAGE CLOSING TERMS EVERY BUYER SHOULD KNOW

When the housing crisis and economic recession hit, it put many prospective home buyers' plans on hold, forcing those considering purchasing a home into the rental market. Now, as the economy continues to improve, some of those renters are looking to own.

However, there are many factors to consider when buying a home. When it comes to the closing process, it is a good idea to know the terminology that will be discussed. This can help make the situation much more comfortable and professional for all parties involved. Below are some of the terms that may be discussed during the closing process.

### ANNUAL PERCENTAGE RATE (APR)

This term reflects the cost of all credit and finances as determined by the length of a year, including the interest rate, points, broker fees, and other credit charges obligated to the buyer.

### DOWN PAYMENT

Like many transactions involving large sums of money, the mortgage process involves a down payment - the amount a home buyer pays in order to make up the difference between the purchase price and the mortgage amount. Some experts advise no less than 10% to 15%. However, any amount over 20% of the purchase price is often recommended, and may be required to avoid having to pay for private mortgage insurance.

### LOAN ESTIMATE (LE)

The Consumer Financial Protection Bureau, or CFPB, requires your lender to issue a Loan Estimate within three business days of receiving your mortgage application. The Loan Estimate details the terms of your loans along with estimated closing costs.

### PRIVATE MORTGAGE INSURANCE (PMI)

PMI is typically required if a borrower puts a down payment that's less than 20% of the home's value. The charge is usually included in the monthly mortgage payment in an attempt to protect the lender from possible default.

### CLOSING COSTS

Closing costs may also be referred to as transaction costs or settlement costs and may include various fees and charges associated with finalization. These may include or be related to application fees, title examination, title insurance, property fees, as well as settlement documents and attorney charges.

# SAMPLE MORTGAGE PAYMENT 30-YEAR LOAN / PRINCIPAL & INTEREST ONLY

LOAN AMOUNT	INTEREST RATE							
	3.50%	3.75%	4%	4.25%	4.50%	4.75%	5%	5.25%
\$80,000	\$359	\$370	\$382	\$394	\$405	\$417	\$429	\$442
\$100,000	\$449	\$463	\$477	\$492	\$507	\$522	\$537	\$552
\$120,000	\$539	\$556	\$573	\$590	\$608	\$626	\$644	\$663
\$140,000	\$629	\$648	\$668	\$689	\$709	\$730	\$752	\$773
\$160,000	\$718	\$741	\$764	\$787	\$811	\$835	\$859	\$884
\$180,000	\$808	\$834	\$859	\$885	\$912	\$939	\$966	\$994
\$200,000	\$898	\$926	\$955	\$984	\$1,013	\$1,043	\$1,074	\$1,104
\$220,000	\$988	\$1,019	\$1,050	\$1,082	\$1,115	\$1,148	\$1,181	\$1,215
\$240,000	\$1,078	\$1,111	\$1,146	\$1,181	\$1,216	\$1,252	\$1,288	\$1,325
\$260,000	\$1,168	\$1,204	\$1,241	\$1,279	\$1,317	\$1,356	\$1,396	\$1,436
\$280,000	\$1,257	\$1,297	\$1,337	\$1,377	\$1,419	\$1,461	\$1,503	\$1,546
\$300,000	\$1,347	\$1,389	\$1,432	\$1,476	\$1,520	\$1,565	\$1,610	\$1,657

## HOW MUCH HOME CAN YOU AFFORD?

**THIS FORMULA IS ONLY A GUIDE AND NOT TO BE CONSTRUED AS ACTUAL LENDING CALCULATIONS.**

Contact your loan officer to determine more accurately what price range you should consider. Lenders abide by certain ratios when calculating the loan amount their customers can qualify for and the ratios vary by lender and loan program. Many use 28% of your gross monthly income as the maximum allowed for your mortgage payment (principal/interest/taxes/insurance or PITI); for your total monthly debt, the ratio is 36%. Total monthly expenses means PITI plus long-term debt (such as auto loans) and revolving/credit-card debt. Do not include other expenses such as groceries, utilities, clothing, tuition, etc., to calculate this ratio.

MONTHLY PAYMENTS  
ON ACCOUNTS, AUTO,  
CREDIT CARD, LOANS + \_\_\_\_\_  
+ \_\_\_\_\_  
+ \_\_\_\_\_  
+ \_\_\_\_\_  
+ \_\_\_\_\_  
= TOTAL MONTHLY \_\_\_\_\_  
DEBT (A)

GROSS MONTHLY  
INCOME BEFORE  
TAXES (B) \_\_\_\_\_ x .36  
= ALLOWABLE TOTAL \_\_\_\_\_  
MONTHLY DEBT (C)

MONTHLY ALLOWABLE TOTAL DEBT (C) \_\_\_\_\_  
MINUS MONTHLY DEBT -(A) \_\_\_\_\_  
= MONTHLY ALLOWABLE PITI (D) \_\_\_\_\_  
(LESS 20% FOR TAXES & INSURANCE) \_\_\_\_\_ x .20  
= ALLOWABLE PRINCIPAL/INTEREST ONLY (E) \_\_\_\_\_

GROSS MONTHLY INCOME (B) \_\_\_\_\_  
\_\_\_\_\_ x .28  
= MONTHLY ALLOWABLE PITI (F) \_\_\_\_\_  
(LESS 20% FOR TAXES & INSURANCE) \_\_\_\_\_ x .20  
= ALLOWABLE PRINCIPAL/INTEREST ONLY (G) \_\_\_\_\_  
PAYMENT: ENTER LESSER OF (E) OR (G) (H) \_\_\_\_\_

Using the chart above, find current interest rate. Locate payment amount in the column close to your principal and interest (H). Find loan amount to the left and enter here.

LOAN AMOUNT \_\_\_\_\_  
FOR 20% DOWN \_\_\_\_\_ ÷ .80  
= HOME PRICE \_\_\_\_\_

LOAN AMOUNT \_\_\_\_\_  
FOR 10% DOWN \_\_\_\_\_ ÷ .90  
= HOME PRICE \_\_\_\_\_

# HOME COMPARISON



Remembering each home would appear easy, but it can quickly become confusing. Which home was near the school? Which one had the great pool? Did it have a family room? How many bathrooms? In the "Something Memorable" category, note something you think is unusual and memorable about each home, such as a stained glass window, fruit trees, a child's playhouse. This will make it easier for you to recall the property later and refer to a specific address. And, last but not least, maybe the most important question, does this house feel like home?

The following home comparison chart is designed to help you remember the homes you visit and what you liked best and least about each one. Rate features or make notes that will help you determine what pleased or displeased you.

	HOME 1	HOME 2	HOME 3	HOME 4	HOME 5
ADDRESS					
ASKING PRICE					
NO. BEDROOMS/BATHS	/	/	/	/	/
SQUARE FOOTAGE					
FIRST IMPRESSION					
LOCATION					
NEIGHBORHOOD					
APPEALING STYLE					
LIVING ROOM					
DINING ROOM					
GREAT ROOM					
KITCHEN					
FAMILY ROOM					
BATHROOM					
MASTER BEDROOM					
MASTER BATH					
BEDROOMS					
FLOOR PLAN					
PATIO					
POOL					
LANDSCAPING					
GARAGE OR CARPORT					
SOMETHING MEMORABLE					
DOES THIS FEEL LIKE HOME?					

# What is TITLE INSURANCE

As real estate is the nation's largest market, its purchase and sale is essential to the health of the U.S. economy. However, these transactions are never without risk. That's why title insurance has been protecting American homeowners for more than 130 years.

## Overview

When a piece of real property is financed, purchased or sold, a record of that transaction is generally filed in public archives. Likewise, other events that may affect the ownership of a property are also documented and filed. These may include liens, levies, encumbrances, etc. When a buyer purchases title insurance, the title company searches these records to find (and remedy, if possible) issues that may affect the purchaser's ownership.

## Title Search and Exam

That's where title insurance differs from traditional insurance models. When you purchase a policy insuring you for matters relating to your car or health, the insurance company assesses the risk of insuring you, and bases its premium on the risk being assumed. With title insurance, the insurer first works to identify the status of ownership, liens and other matters affecting title by collecting documents affecting title from the public records that are statutorily identified for the recording of real estate transactions. This process is called the search. Once the search is complete, the title insurance underwriter can then determine the insurability of the title and list exceptions from coverage and requirements to insure.

## Undiscovered Risks

Of course, even the most skilled title professionals may not find all title problems. Other risks include matters that are more difficult to identify, such as title issues resulting from filing errors, forgeries, undisclosed heirs, and other unforeseen problems. That's one reason why your title insurance policy can play a key role in protecting your real estate investment.

## Loan Policy

When you purchase a new home or other piece of real property by securing a mortgage, you may be required by your lender to purchase a Loan Policy of title insurance. This policy insures the lender against covered title defects up to the amount of insurance. This coverage in favor of the lender lasts for the life of the loan under limited circumstances stated within the policy.

## Owner's Policy

You will also have the option of purchasing an Owner's Policy of title insurance, which provides insurance directly to the insured owner listed in the policy, and describes the type of real property interest owned. The insurance in both an owner's and a Loan Policy is subject to the policy provisions, which include the covered risks, exclusions from coverage, the conditions and the exceptions to title listed on a schedule to the policy.

## Premium

You will pay a one-time premium for both the Loan Policy and the Owner's Policy at the close of your transaction, based on the total value of your home and the amount of your loan. This is another way in which title insurance differs from other insurance models, where premiums are paid on an ongoing basis. The purchase of a home or other real estate may be the largest financial investment you ever make. Title insurance can give you added peace of mind in knowing that the title to your investment is insured.

# 10 Common TITLE PROBLEMS

Have you ever wondered why you need title insurance? Your home may be new to you, but every property has a history. A thorough title search can help uncover any title defects tied to your property. And, subject to the terms of the policy, your title insurance provides protection for you from title problems that may become known after you close your transaction. Some of these common title issues are:

- 1. ERRORS IN PUBLIC RECORDS:** To err is human, but when it affects your home ownership rights, those mistakes can be devastating. Clerical or filing errors could affect the deed or survey of your property and cause undue financial strain in order to resolve them.
- 2. UNKNOWN LIENS:** Prior owners of your property may not have been meticulous bookkeepers – or bill payers. And, even though the former debt is not your own, banks or other financing companies can place liens on your property for unpaid debts even after you have closed on the sale. This is an especially worrisome issue with distressed properties.
- 3. ILLEGAL DEEDS:** While the chain of title on your property may appear perfectly sound, it's possible that a prior deed was made by an undocumented immigrant, a minor, a person of unsound mind, or one who is reported single but in actuality married. These instances may affect the enforceability of prior deeds, affecting prior (and possibly present) ownership.
- 4. MISSING HEIRS:** When a person dies, the ownership of their home may fall to their heirs, or those named within their will. However, those heirs are sometimes missing or unknown at the time of death. Other times, family members may contest the will for their own property rights. These scenarios – which can happen long after you have purchased the property – may affect your rights to the property.
- 5. FORGERIES:** Unfortunately, we don't live in a completely honest world. Sometimes forged or fabricated documents that affect property ownership are filed within public records, obscuring the rightful ownership of the property. Once these forgeries come to light, your rights to your home may be in jeopardy.
- 6. UNDISCOVERED ENCUMBRANCES:** When it comes to owning a home, three can be a crowd. At the time of purchase, you may not know that a third party holds a claim to all or part of your property – due to a former mortgage or lien, or non-financial claims, like restrictions or covenants limiting the use of your property.
- 7. UNKNOWN EASEMENTS:** You may own your new home and its surrounding land, but an unknown easement may prohibit you from using it as you'd like, or could allow government agencies, businesses, or other parties access to all or portions of your property. While usually non-financial issues, easements can still affect your right to enjoy your property.
- 8. BOUNDARY/SURVEY DISPUTES:** You may have seen several surveys of your property prior to purchasing, however, other surveys may exist that show differing boundaries. Therefore, a neighbor or other party may be able to claim ownership to a portion of your property.
- 9. UNDISCOVERED WILL:** When a property owner dies with no apparent will or heir, the state may sell his or her assets, including the home. When you purchase such a home, you assume your rights as owner. However, even years later, the deceased owner's will may come to light and your rights to the property may be seriously jeopardized.
- 10. FALSE IMPERSONATION OF PREVIOUS OWNER:** Common and similar names can make it possible to falsely "impersonate" a property owner. If you purchase a home that was once sold by a false owner, you can risk losing your legal claim to the property.

## PLAY IT SAFE

These and other issues are often covered by an Owner's Policy of title insurance. When you buy a home, make sure you're protecting that investment with title insurance.



# what is ESCROW

“Escrow” is a term that describes the neutral third-party handling of funds, documents, and tasks specific to the closing (or settlement, as it is also known), as outlined on the real estate purchase agreement or sales contract. The purpose of escrow is to facilitate the transaction by managing the disbursement of funds and documents.

## Key Players

In accordance with local custom, the buyer or seller involved in the transaction will select the escrow provider, though they often defer to their real estate agent to make this decision. This provider could be an escrow company, title officer, or title/escrow attorney, depending upon many considerations, including the geographical location of the transaction.

## Roles

The escrow provider may have a duty to arrange and/or track the requirements and contingencies outlined within the purchase contract. These might include home inspections, the purchase of homeowners insurance, the completion of negotiated repairs, and financing requirements.

## Process

Once all transaction contingencies are met, including the execution of all documents necessary to complete the transaction, the escrow company will disburse funds to the seller and other parties, all in accordance with the purchase agreement.

## Cost

The cost of escrow services is covered by the buyer or seller as determined by local custom, market conditions, or contractual agreements made within the purchase offer.

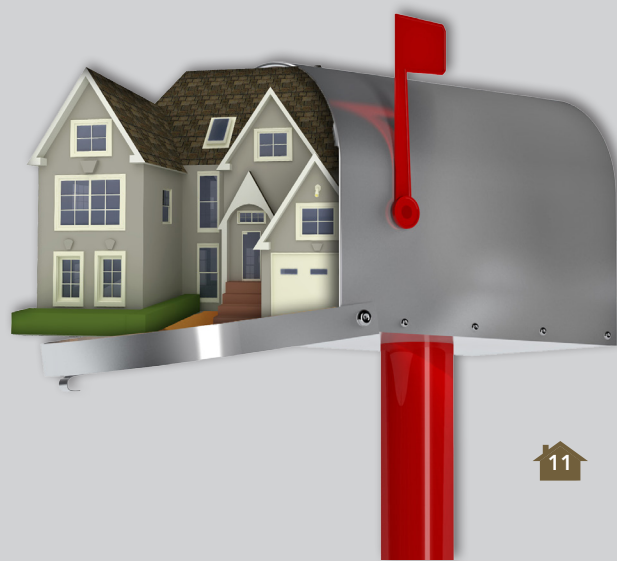
## “Closing/Consummation”

Once all the tasks described within the sales purchase agreement have been completed and the appropriate funds are disbursed, the transaction is complete and the escrow closes.

# mail-away CLOSING TIPS

As opportunities for real estate transactions expand across county and state lines, the frequency of mail-away closings is increasing. If you are involved in a closing that requires the mailing of documents, here are some tips that can help you avoid delays:

- Inform your settlement agent and lender of the need to mail documents as soon as possible. This will allow them to better coordinate the document preparation and signing process.
- Provide your settlement agent and lender with a physical address and the best phone number for each party involved in the transaction. Most overnight delivery services will not deliver to a P.O. Box.
- Be aware that many lenders have specific closing practices that may differ from local customs. Not all lenders allow documents to be signed in advance of the closing date, and some require that the documents be signed in the presence of an attorney or at a local settlement agent's office.
- Allow sufficient turnaround time for the documents to be signed. This may decrease the chances of funding delays due to errors in the signing process. In order to disburse funds on a transaction, your lender will require the original documents to be returned and in their possession. The minimum time required to send and receive documents is three business days.



# WHAT TO AVOID

## DURING THE CLOSING PROCESS

### **AVOID CHANGING YOUR MARITAL STATUS:**

How you hold title is affected by your marital status. Be sure to make both your lender and closing/settlement agent aware of any changes in your marital status so that documents can be prepared correctly.

### **AVOID CHANGING JOBS:**

A job change may result in your loan being denied, particularly if you are taking a lower-paying position or moving into a different field. Don't think you're safe because you've received approval earlier in the process, as the lender may call your employer to re-verify your employment just prior to funding the loan.

### **AVOID SWITCHING BANKS OR MOVING YOUR MONEY TO ANOTHER INSTITUTION:**

After the lender has verified your funds at one or more institutions, the money should remain there until needed for the purchase.

### **AVOID PAYING OFF EXISTING ACCOUNTS UNLESS YOUR LENDER REQUESTS IT:**

If your loan officer advises you to pay off certain bills in order to qualify for the loan, follow that advice. Otherwise, leave your accounts as they are until your escrow closes.

### **AVOID MAKING ANY LARGE PURCHASES:**

A major purchase that requires a withdrawal from your verified funds or increases your debt can result in your not qualifying for the loan. A lender may check your credit or re-verify funds at the last minute, so avoid purchases that could impact your loan approval.

# WHAT HAPPENS AFTER THE CLOSING

It is recommended you keep all records pertaining to your home together in a safe place, including all purchase documents, insurance, maintenance and improvements.

## KEYS TO HOME

You have been supplied with a set of keys that unlocks the doors to your new home. To ensure security, **change the locks** upon moving in.

## UTILITIES

If you have not already done so, contact the local service providers to **make arrangements** for electricity, gas, water, phone and cable or satellite services. While some providers may need as little notice as a day to activate your services, it's best to give them a few weeks' notice.

## OWNER'S TITLE INSURANCE POLICY

You may have received a First American Title *Owner's Policy of Title* at the closing table. If this service is not available in your area, you will receive your policy by mail in the weeks following the closing.

## RECORDED DEED

Once recorded in the official county records, the original deed to your home **will be mailed directly to you**.

## LOAN PAYMENTS

At the closing, written instructions were provided with details for making your first loan payment. If you have questions about your tax and insurance escrows, please contact your closing/settlement agent.

## PROPERTY TAXES

At the closing, property taxes were prorated between the buyer and the seller based on occupancy time in the home. You may not receive a tax statement for the current year on the home you buy; however, it is **your obligation to make sure the taxes are paid when due**. Check with your lender to find out if taxes are included with your payment and if the tax bill will be paid by the lender from escrowed funds.

## FILING FOR HOMESTEAD

If the home you purchased is in a homestead state, you **may be required to declare homestead or file a homestead exemption**. A homestead exemption reduces the value of a home for state-tax purposes. You can check with the local county recorder's office to determine eligibility, filing requirements and deadlines.

## POSTAL SERVICE

Your local Post Office can provide the necessary Change of Address forms to expedite the delivery of mail to your new home. You can speed up the process by notifying everyone who sends you mail of your new address and the date of your move. Many bills provide an area for making an address change.

## DRIVER'S LICENSE, VEHICLE REGISTRATION AND INSPECTION

You are required by law to notify your state Department of Motor Vehicles (DMV) after any relocation so a new driver's license can be issued. You will also need to have your auto registration transferred to your new address and depending on your state, submit to a driving test and vehicle inspection. Check with your state DMV to determine requirements.



# MOVING CHECKLIST

## SEND CHANGE OF ADDRESS TO:

- Post Office
- Bank
- Credit card companies
- Friends and relatives
- Insurance companies — Life, health, fire, auto
- Automobile — Transfer of car title registration, driver's license
- Utility companies — Gas, light, water, telephone, cable
  - Arrange for any refunds of deposits
  - Arrange for service in new location
- Home delivery — Laundry, newspaper, magazine subscriptions
- School records — Ask for copies or transfer children's school records
- Medical records — Medical, dental, prescription histories
  - Ask doctor and dentist for referrals
  - Transfer needed prescriptions, x-rays, etc.
- Church, clubs, civic organizations — Transfer memberships and get letters of introduction

## DON'T FORGET TO:

- Empty freezers — Plan use of foods
- Defrost freezer/refrigerator
- Have appliances serviced for moving
- Contact utility companies for connection — Water, power, cable, trash, etc.
- Stay in contact with your mover — Check with the following: insurance coverage, packing and unpacking labor, arrival day, various shipping papers, method and time of expected payment
- Plan for special care and needs of infants, children, pets and potted plants

## ON MOVING DAY:

- Carry currency, jewelry, and important documents yourself
- Let a close friend or relative know route and schedule you will travel including overnight stops; use him/her as message headquarters
- Double-check (to avoid confusion) old closets, drawers, shelves to be sure they are empty
- Leave old keys needed by new owner

## TIPS FOR MOVING WITH PETS

Moving to a home in a new location can be an exciting adventure, but it can also be the cause of stress and confusion for household pets. To minimize the trauma, here are a few tips that may help make your pet's transition a little easier:

- Schedule an appointment with the veterinarian for a check-up prior to moving.
  - » Obtain a copy of your pet's medical history along with rabies certifications that state when and where your pet was vaccinated.
  - » Make sure the supply of current medications will last until a veterinarian in your new location can be found to provide refills.
- Proper identification is essential. Be certain that any required license tags are secured properly and the contact information is current.
- Pets can become anxious with the increase of activity prior to a move. To eliminate the threat of them misbehaving or running off, consider boarding your pet during the most hectic of moving days.
- If you are moving your pet by car, be sure to take a favorite toy or two, a leash for when stops are made, and plenty of water to keep your pet hydrated.
- Requirements for the movement of pets across state lines are set by each individual state. Contact the State Veterinarian in your new location to obtain the most current information.
- Long-distance moves may require an overnight stay. People and pet-friendly accommodations can be found by searching a number of internet sites.
- Once you and your pet have arrived in your new location, allow sufficient time for the new neighborhood adjustment to be made. It could take a few days or a few weeks for your pet to adapt to their new surroundings.
- Carry a current photograph of your pet. If your pet is lost during the move, a photograph will make it much easier to search effectively.



# KNOW BEFORE YOU OWE

**The TILA-RESPA Integrated Disclosure (TRID) Rule from the Consumer Financial Protection Bureau (CFPB) went into effect on October 3, 2015.** This initiative is designed to help consumers understand their loan options, shop for the mortgage that's best for them, and avoid costly surprises at the closing table. The new Rule not only requires new mortgage disclosure forms, it also changes the way real estate transactions are processed and closed.

## NEW FORMS

### Loan Estimate (LE)

- Replaces the Good Faith Estimate (GFE) and initial Truth-in-Lending Disclosure
- The LE is designed to provide disclosures that will be helpful to consumers in understanding the key features, costs and risks of the mortgage loan for which they are applying.
- The lender or mortgage broker will issue the LE.

### Closing Disclosure (CD)

- Replaces the HUD-1 Settlement Statement and final Truth-in-Lending Disclosure.
- The CD is designed to provide disclosures that will be helpful to consumers in understanding all of the costs of the transaction.
- The lender will most often provide this document to the buyer/borrower, but in some cases, may assign the responsibility to the settlement agent or title company.
- The settlement agent, not the lender, is responsible for completing and delivering the seller's side of the CD. Settlement agents may elect to prepare a separate CD for the seller.

## NEW TIMING REQUIREMENTS

- **The LE** must be delivered or placed in the mail no later than the third business day after receiving the consumer's application.
- **The CD** must be provided to the consumer at least three business days prior to closing.

The real estate closing process varies around the country, but every transaction requires coordination between skilled professionals. Working closely with your real estate agent, lender and settlement agent will help the settlement process go as smoothly as possible.



# Closing DAY

Whether you are purchasing a home or selling a house, knowing what to expect and being prepared at the closing can help eliminate stress and result in a pleasant experience. We understand how important this transaction is to you, and we are committed to consistently providing a level of service that prepares you for this final step in your real estate transaction.

Although the settlement process can vary from state to state, here are some common items that may be required at closing to help the process go as smoothly and quickly as possible.

## VALID PHOTO IDENTIFICATION

Two forms of identification are typically required at closing, including one of the following:

- Valid U.S. Driver's License or non-driver I.D.
- Valid Canadian or Mexican Driver's License issued by the Official Agency
- Current United States or Foreign Passport  
*Foreign Passport must have been stamped by U.S. Immigration and Naturalized Service*

## CASHIER'S CHECK, TREASURER'S CHECK, OR WIRE TRANSFER

In the event you are required to bring funds to closing, we cannot accept personal checks or cash. If you prefer to wire your funds, contact us for bank routing instructions.

If you will be bringing a proceeds check from another settlement, contact us to verify the acceptance of those funds - we do not automatically accept all checks.

## HAZARD INSURANCE POLICY AND PAID RECEIPT

A hazard policy, also known as homeowner's insurance, with the lender designated as the insured holder of the mortgage, is required on most loans. Evidence of hazard insurance, including a paid receipt, must be provided prior to closing.

## IF POSSIBLE, ALL PARTIES WHO HOLD TITLE TO THE PROPERTY SHOULD ATTEND THE CLOSING

State-specific laws may require the spouse of the parties in title, even though their name does not appear on the deed, to sign certain documents when obtaining a mortgage. If anyone is unable to attend closing, contact us to arrange a power of attorney or closing by mail.

# Checklist of Items Needed for a **SUCCESSFUL CLOSING**

» Closing Instructions or Real Estate Broker Worksheet

» Purchase Agreement  
» Valid Photo Identification

» Amendments or Addenda  
» All Closing Party Members

### If Applicable:

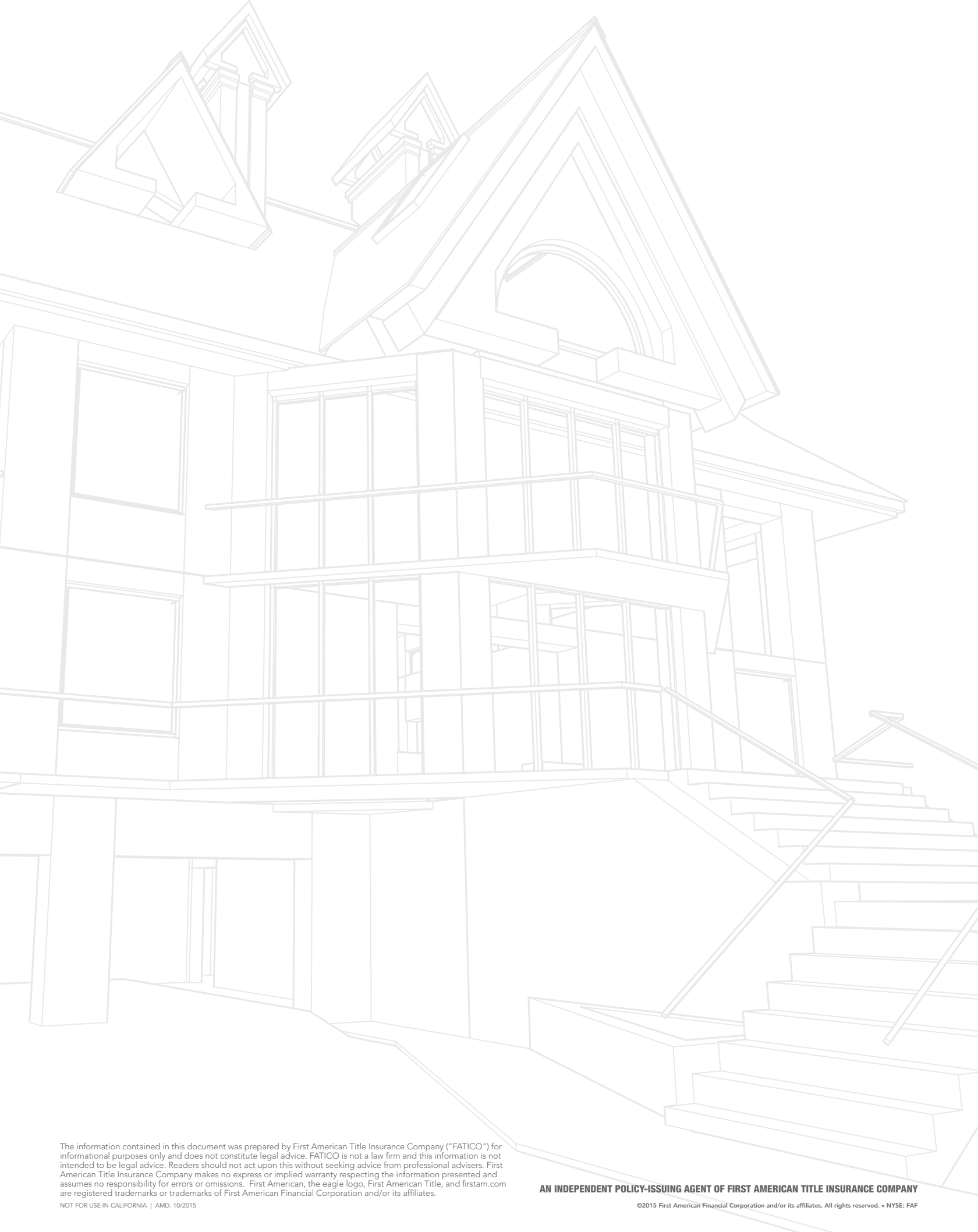
- » Buyer(s) Pre-Approval Letter
- » Home Warranty Application
- » Payoff Authorization to Release Information
- » Association/Condominium Contact Information
- » Copy of Earnest Money Deposit Check and Escrow Agreement
- » Cashier's Check, Treasurer's Check, or Wire Transfer
- » Power of Attorney  
*(original needed at closing)*

- » Divorce Decree and Quit Claim Deed  
*(original needed at closing, if not recorded)*
- » Court Order from Bankruptcy Court
- » Corporation Documents: Board of Resolution, Certificate of Good Standing and Articles of Organization
- » Death Certificate  
*(original needed at closing)*

- » Prior Owner's Title Policy
- » Trust Agreement and Attorney Contact
- » Letter of Authority for Probated Estate  
*(original needed at closing, if not recorded)*
- » Limited Liability Company Documents: Operating Agreement and Articles of Organization
- » Hazard Insurance Policy and Paid Receipt







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# FIRST-TIME HOMEBUYER FAQs



Buying a home for the first time can be overwhelming. Our knowledgeable professionals can answer your title and closing questions and we are committed to making the home-buying experience a satisfying one for you. To help you begin your journey, here are some answers to a few of the questions that first-time homebuyers may ask as they begin their quest to purchase their slice of the American dream.

## Why should I buy instead of rent?

A home is an investment. When you rent, you write your monthly check and that money is gone forever. When you own your home, you can deduct the cost of your mortgage loan interest from your federal income taxes and usually from your state taxes. You can also deduct the property taxes you pay as a homeowner. In addition, the value of your home may go up over the years, building equity for you.

## How do I know if I am ready to buy a home?

You can find out by asking yourself a few questions:

- 🏠 Do I have a steady source of income? Have I been employed on a regular basis for the last 2-3 years? Is my current income reliable?
- 🏠 Do I have a good record of paying my bills? Do I have few outstanding long-term debts, like car payments?
- 🏠 Do I have money saved for a down payment? Do I have the ability to pay a mortgage every month, plus additional costs?

If you can answer “yes” to these questions, you are probably ready to buy your own home.

## What is title insurance and why do I need it?

An Owner’s Policy of title insurance protects the buyer against loss for title threats undiscovered at the time of closing and

*The more knowledgeable you are about the home-buying process, the better prepared you are to make an informed decision. Once you have found the home of your dreams, contact our office so we can provide the protection you need and the service you deserve.*

provides a defense in the event of claims against the title pursuant to the terms of the policy.

## How much money will I need upfront to buy a home?

In general, you need enough money to cover three expenses: the earnest money (variable), down payment, and closing costs.

## In addition to the mortgage payment, what other costs do I need to consider?

Utilities, property taxes, homeowners insurance, and maintenance costs are a few of the expenses to be considered. Additionally, there may be homeowner association or condo association dues.

## How are pre-qualifying and pre-approval different?

Pre-qualification is an informal way to see how much you may be able to borrow. A pre-approval is the lender’s commitment to lend to you.

## Should I use a real estate agent? How do I find a good one?

A good real estate professional can guide you through the entire process and make the experience much easier. All of the details involved in home buying, particularly the financial ones, can be mind-boggling. Start by asking your family and friends if they can recommend an agent. Look for an agent who listens well and understands your needs. The ideal agent knows the local area well and has resources and contacts to help you in your search.

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# 10 Steps to Buying a Home

These days, buying a home may not be as easy as 1, 2, 3—but it just might be as easy as 1–10. And while a variety of factors can affect the ease and timing of your transaction – distressed properties or special mortgage programs, for instance – a few basic steps are universal for most homebuyers during the initial stages of a purchase.

**1. Determine your readiness:** If you're reading this, it's likely that you've already tackled the first step of deciding whether purchasing is a good option for your finances and your family. Obviously, your current financial situation will be a major factor in this decision. Understanding the costs of home buying and homeownership are vital steps in determining whether you're ready to "take the plunge." Factors that determine your financial readiness include your current income, savings, fixed expenses, and debts.

**2. Become optimal mortgage candidates:** With lender requirements stricter than ever, you'll need to make sure your credit and finances are in excellent condition. Try to pay off or pay down outstanding balances on credit cards, car loans, etc. This will help improve your income-to-debt ratio, which will in turn improve your credit score. A credit score higher than 700 will help you get the best rates.

**3. Get a pre-approval letter:** Getting pre-approved for a mortgage means that a loan officer has reviewed your finances and credit report and believes you qualify for a specific loan amount for one or more mortgage programs. The lender will then offer you a pre-approval letter, which will be a testament to your buying power when you are ready to make an offer on a home.

**4. Determine your budget:** Your pre-approval letter will tell you how much the bank is willing to lend you based on your credit, income, and other factors, but how much you can really afford is a personal decision. The bank will take your fixed expenses into consideration when determining your pre-approval amount, but you will need to determine what you're comfortable spending each month.

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# 10 Steps to Buying a Home (cont'd)

**5. Find a real estate agent:** With access to multiple listing services and insight into the market, a real estate agent can help you find the home you're looking for as well as facilitate the negotiating and closing process. While you don't have to use an agent to purchase a home, it can make the entire process much easier for first-time homebuyers.

**6. Select a property:** Narrow available properties by determining what you really want in a home. Your agent will can help arrange home viewings for properties that suit your preferences. Once you've selected the right home for you and your family, it's time to make an offer and close the transaction.

**7. Make an offer:** Placing an offer can be a delicate process. The current market condition, time of year, work needed on the home, and the length of time the home has been on the market can all affect your offer – not to mention your own budget. The price is not the only factor within an offer, either; you can also negotiate closing costs, necessary repairs, etc.

**8. Inspect the home:** Once your offer is accepted, it's customary to schedule a buyer's home inspection. This is when you have the opportunity to get a professional opinion on the condition of the home and determine any red flags (like damage, pests, structural issues, etc.).

**9. Sign a purchase agreement:** The sales contract, or purchase agreement, will outline the specific directions of the transaction. This contract will outline the details of the sale, negotiated repairs to be made prior to close, fixtures sold with the house, certain disclosures on the property, etc. This, along with a payment of earnest money, will be held by your attorney or escrow officer, depending on your geographic customs.

**10. Close the transaction:** The process of closing on a new home can require several weeks (or longer) and many steps. During the escrow period, you will work with your lender to secure your mortgage. This process will involve gathering a wealth of financial paperwork as well as arranging a lender's appraisal of the property. During the closing, your lender may require you to purchase a policy of homeowners insurance, and you will have the option to purchase an owner's policy of title insurance. When the requirements of your purchase agreement have been fulfilled and your mortgage has been approved, you will be given a final walk-through of the property to determine that all repairs were made as negotiated. On the closing date, you will sign your mortgage documents and receive the keys to your new home.





# 5 Mortgage Closing Terms Every Buyer Should Know

When the housing crisis and economic recession hit, it put many prospective homebuyers' plans on hold, forcing those considering purchasing a home into the rental market. Now, as the economy continues to improve, some of those renters are looking to own.

However, there are many factors to consider when buying a home. When it comes to the closing process, it is a good idea to know the terminology that will be discussed. This can help make the situation much more comfortable and professional for all parties involved. Below are some of the terms that may be discussed during the closing process.

## **ANNUAL PERCENTAGE RATE (APR)**

This term reflects the cost of all credit and finances as determined by the length of a year, including the interest rate, points, broker fees, and other credit charges obligated to the buyer.

## **PRIVATE MORTGAGE INSURANCE (PMI)**

PMI is typically required if a borrower puts a down payment that's less than 20 percent of the home's value. The charge is usually included in the monthly mortgage payment in an attempt to protect the lender from possible default.

## **DOWN PAYMENT**

Like many transactions involving large sums of money, the mortgage process involves a down payment - the amount a homebuyer pays in order to make up the difference between the purchase price and the mortgage amount. Some experts advise no less than 10 to 15 percent. However, with the economy still weary and lenders still stringent, any amount over 20 percent of the purchase price is recommended, and is often required to avoid having to pay for private mortgage insurance.

## **CLOSING COSTS**

Closing costs may also be referred to as transaction costs or settlement costs and may include various fees and charges associated with finalization. These may include or be related to application fees, title examination, title insurance, property fees, as well as settlement documents and attorney charges. The Real Estate Settlement Procedures Act ensures that the borrower receives a good faith estimate of closing costs within three days of application from the lender, which states in detail each expected cost.

## **TRUTH-IN-LENDING DISCLOSURE (TIL)**

Required by federal law, the Truth-In-Lending Disclosure explains all lender required costs for the loan including, but not limited to, the annual percentage rate, the terms of a loan and the amount and due dates of all payments necessary to repay the loan.

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# 5 Things **NOT TO DO** During the **CLOSING PROCESS**

We understand that by keeping you informed and helping you prepare for the closing day, the more likely you will have a stress-free closing experience. Our courteous and professional staff is proactive in their communication and works diligently to ensure the orderly and efficient transfer of real estate...and we do it with a level of service and friendliness that is hard to beat in this industry.

1

#### **CHANGE YOUR MARITAL STATUS:**

How you hold title is affected by your marital status. Be sure to make both your lender and the title company aware of any changes in your marital status so that documents can be prepared correctly.

2

#### **CHANGE JOBS:**

A job change may result in your loan being denied, particularly if you are taking a lower-paying position or moving into a different field. Don't think you're safe because you've received approval earlier in the process, as the lender may call your employer to re-verify your employment just prior to funding the loan.

3

#### **SWITCH BANKS OR MOVE YOUR MONEY TO ANOTHER INSTITUTION:**

After the lender has verified your funds at one or more institutions, the money should remain there until needed for the purchase.

4

#### **PAYING OFF EXISTING ACCOUNTS UNLESS YOUR LENDER REQUESTS IT:**

If your Loan Officer advises you to pay off certain bills in order to qualify for the loan, follow that advice. Otherwise, leave your accounts as they are until your escrow closes.

5

#### **MAKE ANY LARGE PURCHASES:**

A major purchase that requires a withdrawal from your verified funds or increases your debt can result in your not qualifying for the loan. A lender may check your credit or re-verify funds at the last minute, so avoid purchases that could impact your loan approval.

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# HOME COMPARISON



# chart

	HOME 1	HOME 2	HOME 3	HOME 4	HOME 5
ADDRESS					
ASKING PRICE					
NO. BEDROOMS/BATHS	/	/	/	/	/
SQUARE FOOTAGE					
FIRST IMPRESSION					
LOCATION					
NEIGHBORHOOD					
APPEALING STYLE					
LIVING ROOM					
DINING ROOM					
GREAT ROOM					
KITCHEN					
FAMILY ROOM					
BATHROOM					
MASTER BEDROOM					
MASTER BATH					
BEDROOMS					
FLOOR PLAN					
PATIO					
POOL					
LANDSCAPING					
GARAGE OR CARPORT					
SOMETHING MEMORABLE					
DOES THIS FEEL LIKE HOME?					

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# Rent or Buy... You Decide

We understand that homeownership is the American dream, and that it's one of the most important steps that we will take in life. We don't sell homes or provide mortgage loans, but we provide title insurance and settlement services when one purchases a home. If you are not sure whether to buy or rent, consider the information below which shows the amount of rent you might pay over the course of 30 years and the economic disadvantages it has when compared to buying.

RENT	5 YEARS	10 YEARS	15 YEARS	20 YEARS	25 YEARS	30 YEARS
\$1,000.00	\$60,000.00	\$120,000.00	\$180,000.00	\$240,000.00	\$300,000.00	\$360,000.00
\$1,200.00	\$72,000.00	\$144,000.00	\$216,000.00	\$288,000.00	\$360,000.00	\$432,000.00
\$1,400.00	\$84,000.00	\$168,000.00	\$252,000.00	\$336,000.00	\$420,000.00	\$504,000.00
\$1,600.00	\$96,000.00	\$192,000.00	\$288,000.00	\$384,000.00	\$480,000.00	\$576,000.00
\$1,800.00	\$108,000.00	\$216,000.00	\$324,000.00	\$432,000.00	\$540,000.00	\$648,000.00
\$2,000.00	\$120,000.00	\$240,000.00	\$360,000.00	\$480,000.00	\$600,000.00	\$720,000.00
\$2,200.00	\$132,000.00	\$264,000.00	\$396,000.00	\$528,000.00	\$660,000.00	\$792,000.00
\$2,400.00	\$144,000.00	\$288,000.00	\$432,000.00	\$576,000.00	\$720,000.00	\$864,000.00
\$2,600.00	\$156,000.00	\$312,000.00	\$468,000.00	\$624,000.00	\$780,000.00	\$936,000.00
\$2,800.00	\$168,000.00	\$336,000.00	\$504,000.00	\$672,000.00	\$840,000.00	\$1,008,000.00
\$3,000.00	\$180,000.00	\$360,000.00	\$540,000.00	\$720,000.00	\$900,000.00	\$1,080,000.00

## RENT

- 🏠 No interest payment deductions
- 🏠 Rental amount may increase at any time
- 🏠 Landlord approval needed for any changes
- 🏠 No capitalization; your money disappears forever
- 🏠 Rental is temporary and is often subject to 30 day's notice

## BUY

- 🏠 Excellent deductions for your mortgage interest paid
- 🏠 Mortgage payments could be fixed
- 🏠 Decorate and make changes, without prior approval
- 🏠 The value of your property will probably increase in time
- 🏠 Your house will become a home, not a temporary living situation; you are not at the mercy of a landlord

If you decide to purchase a home, our knowledgeable professionals are ready to meet your specific needs today, and we do it with a level of service and friendliness that is hard to beat in this industry.

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# TIPS FOR A TIMELY CLOSING

## For the Buyer



**Purchasing a home can be a rewarding experience, but there may be delays in the closing due to situations that could have been avoided.** Although closing procedures vary from state to state, having an understanding of what may be required at closing and preparing accordingly will help your settlement process go as smoothly as possible.

**LENDER REQUIREMENTS:** Your lender may require additional documentation or inspections (roof, septic, water, etc.) in order to comply with loan underwriting requirements. To expedite the processing of your loan, submit all lender-requested documentation in a timely fashion.

**BUYER PROTECTION PLAN:** If a home warranty product is being provided and shown on contract, advise the closing agent of the purchase amount to be collected.

**HOMEOWNERS INSURANCE (Hazard/Flood):** Your lender will require a copy of the policy(s) and a paid receipt prior to closing. The lender's full name and address must be shown on the policy.

**CONDOMINIUM APPROVAL:** Written approval of the sale may be required from the Condominium Association. Your closing agent must have this approval form in order to close. Be sure to make application early in order to avoid any delay in closing.

**POWER OF ATTORNEY:** The use of a Power of Attorney must be approved in advance of settlement by the closing agent and your lender. If you are planning to use a Power of Attorney, inform the closing agent as soon as possible to allow time to properly review the document.

**MARITAL STATUS:** Spouses may be required to sign certain closing documents even though they do not intend to hold title and their name will not appear on the deed. Check with your closing agent and lender to see what documents you and your spouse will be required to sign at closing.

**MAIL-AWAY:** If you are unable to attend the closing, provide the address where the closing documents should be mailed and a contact phone number. Your signature on certain affidavits, loan documents and other closing documents may require the services of a notary.

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# WHAT HAPPENS **AFTER** the **CLOSING**

It is recommended you keep all records pertaining to your home together in a safe place, including all purchase documents, insurance, maintenance and improvements.



## KEYS TO HOME

You have been supplied with a set of keys that unlocks the doors to your new home. To ensure security, **change the locks** upon moving in.



## UTILITIES

If you have not already done so, contact the local service providers to **make arrangements** for electricity, gas, water, phone and cable or satellite services. While some providers may need as little notice as a day to activate your services, it's best to give them a few weeks' notice.



## OWNER'S TITLE INSURANCE POLICY

You may have received a First American Title *Owner's Policy* at the closing table. If this service is not available in your area, you will receive your policy by mail in four-to-six weeks.



## RECORDED DEED

Once recorded in the official county records, the original deed to your home **will be mailed directly to you**, generally within four-to-six weeks.



## LOAN PAYMENTS

At the closing, written instructions were provided with details for making your first loan payment. You should **receive your loan coupon book before your first payment is due**. If you don't receive your book, or if you have questions about your tax and insurance escrows, please contact your closing agent or attorney.



## PROPERTY TAXES

At the closing, property taxes were prorated between the buyer and the seller based on occupancy time in the home. You may not receive a tax statement for the current year on the home you buy; however, it is **your obligation to make sure the taxes are paid when due**. Check with your lender to find out if taxes are included with your payment and if the tax bill will be paid by the lender from escrowed funds.



## FILING FOR HOMESTEAD

If the home you purchased is in a homestead state, you **may be required to declare homestead or file a homestead exemption**. A homestead exemption reduces the value of a home for state-tax purposes. Please check with the local county recorder's office to determine eligibility, filing requirements and deadlines.



## POSTAL SERVICE

Your local Post Office can provide the necessary Change of Address forms to expedite the delivery of mail to your new home. You can speed up the process by notifying everyone who sends you mail of your new address and the date of your move. Many bills provide an area for making an address change.



## DRIVER'S LICENSE, VEHICLE REGISTRATION AND INSPECTION

You are required by law to notify your state Department of Motor Vehicles (DMV) after any relocation so a new driver's license can be issued. You will also need to have your auto registration transferred to your new address and depending on your state, submit to a driving test and vehicle inspection. Check with your state DMV to determine requirements.

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