

# Benefits of Using a Professional REALTOR®

## CONGRATULATIONS ON YOUR DECISION TO BUY A HOME

It's a challenging project, and there are many ways a professional can help. Here are some of the ways you can benefit from working with a REALTOR®.

## IT WON'T COST YOU A PENNY!

The REALTOR® who helps you buy a home is traditionally paid by the Seller.

## MANY MORE HOME CHOICES

Your REALTOR® has thousands of homes to choose from through the Multiple Listing Services (MLS), so you're more likely to find a home that's just right for you and find it quicker. In fact, a majority of the homes for sale are listed by REALTOR(S)® and aren't available to you unless you are working with a Realtor.

## A NUMBER OF TRANSACTIONS "FALL OUT."

Unfortunately, it's true. Some transactions fall apart before closing. An experienced REALTOR® may be able to resolve problems and see your transaction through to a successful closing.

## THE PAPERWORK

Your experienced REALTOR® will negotiate and prepare the purchase contract for you and assist you throughout the escrow process.

## KNOWLEDGE OF NEW HOME SUBDIVISIONS

New home subdivisions will welcome you and your REALTOR®. If you're interested in buying a new home, take your agent with you on your first visit to each subdivision. Your professional Realtor is an important source of information who can supply background on the builder, nearby subdivisions, and the local community.

## IT'S A MAJOR INVESTMENT

You use a professional for your legal, financial and health needs. Why gamble on what may be your biggest investment without a professional at your side?

## HELP WITH FSBO'S

If you consider a "For Sale By Owner," take your Realtor along to help negotiate the contract. The owner may not only agree to your terms, but also agree to pay the agent's commission.

## LESS LIABILITY

You will have more protection from legal and financial liability, especially as real estate transactions become more complicated.

# So You're the Buyer!

## STEP-BY-STEP INSTRUCTIONS

1. Pre-qualify with Lender of choice. (Obtain financing)
2. Select REALTOR®
3. Find Property. (REALTOR® has all necessary technical tools to find the right investment for you.)
4. Write Offer. (REALTOR® has the knowledge, expertise and liability support to assist you.)
5. Present offer to the Seller's REALTOR®.
- 6 Negotiate counter-offer to Buyer's benefit, if applicable. (REALTOR® advises)
7. Open Escrow with Earnest Deposit Money. Chicago Title (neutral third party) provides preliminary title report on the property, CC & R's, escrow instructions, etc. (REALTOR® will explain)  
ESCROW INSTRUCTIONS are designed to say the same thing as your original Purchase Agreement... it's just a different way of saying it. While the Purchase Agreement is an agreement between a buyer and seller, the Escrow Instructions have to give the Escrow Officer the authority to do the work required to close; i.e., prepare to give clear title, draw the deed and other documents. There should be nothing on our paperwork that conflicts with anything you have already agreed to do.
8. Signing of loan and title documents. (Your lender and REALTOR® will assist you.)  
CASHIER'S CHECK- You should come to the closing with a Cashier's Check payable to "Chicago Title." Your Escrow Officer or REALTOR® will tell you the exact amount to bring. The Escrow Officer will ask to see your valid ID, so please have your driver's license (or similar picture ID) with you. Your appointment should take 30 to 60 minutes, depending on the complexity of your investment. (REALTOR® can be available to answer any of your concerns.)
9. Lender funds and title records. "YOU ARE A HOMEOWNER"

### END OF THE MONTH:

If your appointment is scheduled for the last week of the month, your patience is appreciated. Please understand that we are forced to schedule appointments very close to one another at the end of the month. If any transaction has a last minute change, it simply takes longer. We do appreciate your business. You are important to us and we want you to be happy with our service. However, a qualified REALTOR® can explain in advance the advantages of not scheduling your closing at this difficult time of the month.

### DO'S AND DON'TS:

- DO ask questions about anything of which you are not certain.
- DON'T ask for advice/your REALTOR® will advise you.
- DON'T ask us to draw legal documents that are not a part of the escrow. We are not attorneys and cannot draw legal documents and give legal advice; i.e. we cannot draw a Declaration of Homestead, nor tell you what form of tenancy to use on the deed. We cannot give tax advice.

# Do You REALLY Know What It's Costing you...To Rent?

If you were to invest your payments into owning a home instead of renting, your savings over the years would be phenomenal! One reason is because you'll earn interest on your new home, unlike that when you rent. (see chart)

\* How to use this chart: First, find monthly rental cost. Then, see the amount you'd save over specified years by owning.

PER MO.	10 YRS	15 YRS	20 YRS	30 YRS
\$700	\$43,901	\$82,160	\$126,721	\$235,642
800	56,574	101,890	154,036	279,874
900	69,247	121,619	181,351	324,107
1,000	81,919	141,349	208,666	368,340
1,100	94,592	161,078	235,981	412,573
1,200	107,265	180,808	263,295	456,805

# Ideal Home Checklist

Filling out this checklist will help you and your REALTOR® establish priorities for your ideal home. You will save time by clearly defining your “Needs and Wants” before looking at houses.

## TYPES OF HOME

- One Story
- Two Story
- New Home
- Resale Home

### INTERIOR

Very Important    Important    Neutral

	Very Important	Important	Neutral
No. Bedrooms	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
No. Baths	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Square Footage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Family Room	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Living Room	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dining Room	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kitchen Appliances	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Laundry Room	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Flooring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carpeting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fireplace	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Layout	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments: \_\_\_\_\_

### FEATURES

Very Important    Important    Neutral

	Very Important	Important	Neutral
Distance to Work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Distance to Shopping	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Distance to Schools	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Entertainment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Parks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
City Services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall Location	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments: \_\_\_\_\_

### EXTERIOR

Very Important    Important    Neutral

	Very Important	Important	Neutral
Landscaping	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Garden	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Covered Patio	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Windows	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Doors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Garage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
RV Parking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Roof	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments: \_\_\_\_\_

### SYSTEMS

Very Important    Important    Neutral

	Very Important	Important	Neutral
Security	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Heating	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Air Conditioning	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Energy Savings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Insulation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Plumbing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments: \_\_\_\_\_

### EXTRAS

Very Important    Important    Neutral

	Very Important	Important	Neutral
Swimming Pool	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Spa	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Workshop	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Den/Office	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Guarded Gate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments: \_\_\_\_\_

# Fast Facts for Buyers

## **REALTOR®**

A Realtor is a licensed real estate agent and a member of the National Association of Realtors, a real estate trade association. Realtors belong to their state and local Associations of Realtors also. They have a wealth of resources at their disposal, the Multiple Listing Service and continuing education. All association members agree to abide by a 17-article Code of Ethics and strive for the height of professionalism.

## **REAL ESTATE AGENT**

A real estate agent is licensed by the state to represent parties in the transfer of property. Every Realtor is a real estate agent, but not every real estate agent is a professional realtor.

## **LISTING AGENT**

A listing agent forms a legal relationship with the homeowner to sell the property. A Realtor can place the property in the Multiple Listing Service.

## **BUYER'S AGENT**

A Buyer's Agent or Buyer broker is an agent hired by the Buyer. Generally, the Buyer broker is paid from the commission fee agreed by the Seller.

## **MULTIPLE LISTING SERVICE (MLS)**

The MLS is a database of properties listed for sale by Realtors who are members of the local Association of Realtors. Information on an MLS property is available to thousands of Realtors.

## **COMMITMENT IS A TWO-WAY STREET**

Your Realtor will make a commitment to spend valuable hours finding the right home for you, researching listings, previewing properties, visiting homes with you, and negotiating your contract. Honor that commitment by staying with the Realtor you've selected until you purchase your home. Be sure your Realtor accompanies you on your visit to all new homes and open houses too.

The advantages of working with only one Realtor include:

- The Realtor becomes familiar with your family's needs
- You develop better rapport and communication when working towards your goal with only one Realtor.
- The Realtor is more committed to you because you return that commitment.
- You avoid any uncomfortable situation arising from agent conflict.

# What Happens in Escrow?

**An escrow is an arrangement in which a disinterested third party, called an escrow holder, holds legal documents and funds on behalf of a buyer and seller, and distributes them according to the buyer's and seller's instructions.**

People buying and selling real estate often open an escrow for their protection and convenience. The buyer can instruct the escrow holder to disburse the purchase price only upon the satisfaction of certain prerequisites and conditions. The seller can instruct the escrow holder to retain possession of the deed to the buyer until the seller's requirements, including receipt of the purchase price, are met. Both rely on the escrow holder to carry out faithfully their mutually consistent instructions relating to the transaction and to advise them if any of their instructions are not mutually consistent or cannot be carried out.

An escrow is convenient for the buyer and seller because both can move forward separately but simultaneously in providing inspections, reports, loan commitments and funds, deeds and many other items, using the escrow holder as the central depositing point. If the instructions from all parties to an escrow are clearly drafted, fully detailed and mutually consistent, the escrow holder can take many actions on their behalf without further consultation. This saves time and facilitates the closing of the transaction.

The escrow process was developed to help facilitate the sale or purchase of your home. The escrow holder accomplishes this by:

- Acting as the impartial "stake-holder" or depository of documents and funds
- Processing and coordinating the flow of documents and funds
- Keeping all parties informed of progress on the escrow
- Responding to the lender's requirements
- Securing a title insurance policy
- Obtaining approvals of reports and documents from the parties as required
- Prorating and adjusting insurance, taxes, rents, etc.
- Recording the deed and loan documents
- Maintaining security and accountability of monies owed and owing

# The Life of an Escrow

It all begins with the offer and acceptance skillfully negotiated by the real estate agents representing the Buyer and Seller.

## THE BUYER(S)..

..tenders a written offer to purchase (or accepts the Seller's counter-offer) accompanied by a good faith deposit amount.

..applies for a new loan, completing all required forms and often prepaying certain fees such as credit report and appraisal costs.

..approves and signs the escrow instructions and other related instruments required to complete the transaction.

..approves the preliminary report and any property, disclosure or inspection reports called for by the purchase and sale agreement (Deposit Receipt).

..approves and signs new loan documents and fulfills any remaining conditions contained in the contract, lender's instructions and/or the escrow instructions.

..deposits funds necessary to close the escrow; approves any changes by signing amendments to the escrow instructions.

## THE LENDER.. (WHEN APPLICABLE)

..accepts the new loan application and other related documents from the Buyer(s) and begins the qualification process.

..orders and reviews the property appraisal, credit report, verification of employment, verification of deposit(s), preliminary report and other related information.

..submits the entire package to the loan committee and/or underwriters for approval. When approved, loan conditions and title insurance requirements are established.

..informs Buyer(s) of loan approval terms, commitment expiration date and provides a good faith estimate of the closing costs.

..deposits the new loan documents and instructions with the escrow holder for Buyer's approval and signature.

..reviews and approves the executed loan package and coordinates the loan funding with the escrow officer.

## THE ESCROW OFFICER..

..receives an order for escrow and title services.

..orders the title search and examination on the subject property from Chicago Title.

..acts as the impartial "stakeholder" or depository, in a fiduciary capacity, for all documents and monies required to complete the transaction per written instructions of the principals.

..prepares the escrow instructions and required documents in accordance with the terms of the sale.

..with authorization from the real estate agent or principal, orders demands on existing deeds of trust and liens or judgments, if any. For assumption or subject to loan, orders the beneficiary's statement or formal assumption package.

..reviews documents received in the escrow: preliminary report, payoff or assumption statements, new loan package and other related instruments. Reviews the conditions in the lender's instructions including the hazard and title insurance requirements.

..presents the documents, statements, loan package(s) estimated closing statements and other related documents to the principal(s) for approval and signature, and requests the balance of the buyer's funds.

..reviews the signed instructions and documents returns the loan package and requests the lender's funds.

..receives the proceeds of the loan(s) from the lender(s.)

..determines when the transaction will be in the position to close and advises the parties.

..assisted by title personnel, records the deed, deed of trust and other documents required to complete the transaction with the County Recorder and orders the title insurance policies.

..close the escrow by preparing the final settlement statements, distributing the proceeds to the Seller, paying off the existing encumbrances and other obligations. Delivers the appropriate statements funds and remaining documents to the principals, agents and/or lenders.

Agents rely on the Escrow Officer's coordination of documents, loans, title & inspections to close the transaction on time.

## THE SELLER(S)..

..accepts Buyer's Offer to purchase and initial good faith deposit to open escrow.

..submits documents and information to the escrow holder, such as: addresses of lien holders, tax receipts, equipment warranties, home warranty contracts, any leases and/or rental agreements.

..approves and signs the escrow instructions, grant deed and other related documents required to complete the transaction.

..orders inspections, receives clearances and approves final reports and/or repairs to the property as required by the terms of the purchase and sale agreement (Deposit Receipt).

..fulfills any remaining conditions specified in the contract and/or escrow instructions: approves the pay off demands and/or beneficiary's statements.

..approves any final changes by signing amendments to the escrow instructions or contract.

## CHICAGO TITLE..

..receives an order for title service.

..examines the title to the real property and issues a preliminary report.

..determines the requirements and documents needed to complete the transaction and advises the escrow officer and/or agents.

..reviews and approves the signed documents, releases the order for title insurance, prior to the closing date.

..when authorized by the escrow officer records the signed documents with the County Recorder's office and prepares to issue the title insurance policies.

**CHICAGO TITLE  
(702) 836-8000**

# Why do you Need Title Insurance?

**To protect possibly the most important investment you'll ever make - the investment in your home. With a title insurance policy, you as owner, have an indemnity contract that will reimburse you for loss in the event someone asserts a claim against your property that is covered by the policy.**

## **HOW CAN THERE BE A TITLE DEFECT IF THE TITLE HAS BEEN SEARCHED?**

Title insurance is issued after a careful examination of copies of the public records. But even the most thorough search cannot absolutely assure that no title hazards are present, despite the knowledge and experience of professional title examiners. In addition to matters shown by public records, other title problems may exist that cannot be disclosed in a search.

## **WHAT DOES TITLE INSURANCE PROTECT AGAINST?**

Here are just a few of the most common hidden risks that can cause a loss of title or create an encumbrance on title:

- False impersonation of the true owner of the property
- Forged deed, releases or wills, instruments executed under invalid or expired power of attorney
- Undisclosed or missing heirs, mistakes in recording legal documents
- Misinterpretations of wills, deeds by persons of unsound mind
- Deeds by minors
- Deeds by persons supposedly single, but in fact married
- Fraud
- Liens for unpaid estate, inheritance, income or gift taxes

## **WHAT PROTECTION DOES TITLE INSURANCE PROVIDE AGAINST DEFECTS AND HIDDEN RISKS?**

Title insurance will pay for defending against any lawsuit attacking your title as insured, and will either clear up title problems or pay the insured's losses. For a one-time premium, an owner's title insurance policy remains in effect as long as you, or your heirs, retain an interest in the property.

## **WHAT THIS MEANS TO YOU?**

The peace of mind in knowing that the investment you've made in your home is a safe one.

## **CALL CHICAGO TITLE**

If you have any questions concerning title insurance coverage, please call a Chicago Title office or any of our policy issuing agents. We are here to assist you.

**Las Vegas Main: (702) 836-8000**

# Eight Common Ways to Hold Title

## HOW YOU TAKE TITLE - ADVANTAGES AND LIMITATIONS

Title to real property in Nevada may be held by individuals either in Sole Ownership or in Co-Ownership. Co-Ownership of real property occurs when title is held by two or more persons. There are several variations as to how title may be held in each type of ownership. The following brief summaries reference eight of the more common examples of Sole Ownership and Co-Ownership.

### SOLE OWNERSHIP

#### **A Man or Woman Who is Not Married.**

Example: John Doe, a single man.

#### **An Unmarried Man/Woman:**

A man or woman, who having been married, is legally divorced.

Example: John Doe, an unmarried man.

#### **A Married Man/Woman, as His/Her Sole and Separate Property:**

When a married man or woman wishes to acquire title as their sole and separate property, the spouse must consent and relinquish all rights, title and interest in the property by deed or other written agreement.

Example: John Doe, a married man, as his sole and separate property.

### CO-OWNERSHIP

#### **Community Property:**

Property acquired by husband and wife or either during marriage, other than by gift, bequest, devise, descent or as the separate property of either is presumed community property.

Example: John Doe and Mary Doe, husband and wife, as community property.

Example: John Doe and Mary Doe, husband and wife.

Example: John Doe, a married man

#### **Joint Tenancy:**

Joint and equal interests in land owned by two or more individuals created under a single instrument with right of survivorship.

Example: John Doe and Mary Doe, husband and wife, as joint tenants.

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# **Eight Common Ways to Hold Title *continued***

## **Tenancy in Common:**

Under tenancy in common, the co-owners own undivided interests but unlike joint tenancy these interests need not be equal in quantity and may arise at different times. There is no right of survivorship each tenant owns an interest which on his or her death vests in his or her heirs or devisee.

Example: John Doe, a single man, as to an undivided 3/4ths interest and George Smith, a single man as to an undivided 1/4th interest as tenants in common.

## **Trust:**

Title to real property in Nevada may be held in trust. The trustee of the trust holds title pursuant to the terms of the trust for the benefit of the trustor/beneficiary. The preceding summaries are a few of the more common ways to take title to real property in Nevada and are provided for informational purposes only. There are significant tax and legal consequences on how you hold title. We strongly suggest contacting an attorney and/or CPA for specific advice on how you should actually vest your title.

## **Community Property with Right of Survivorship:**

Community property of a husband and wife, when expressly declared shall upon the death of one of the spouses pass to the survivor without administration, subject to the same procedures as property held in joint tenancy. The preceding summaries are a few of the more common ways to take title to real property in Nevada and are provided for informational purposes only. There are significant consequences on how you hold title. We strongly suggest contacting an attorney and/or CPA for specific advice on how you should actually vest your title.

Example: John Doe and Mary Doe, husband and wife, as community property with right of survivorship.

# Concurrent Co-ownership Interests

The comparison below is provided for information only, it should not be used to determine how you hold title. We strongly recommend that you seek professional counsel from an attorney and/or CPA to determine the legal and tax consequences of how title is vested.

	Community Property	Joint Tenancy	Tenancy in Common	Tenancy in Partnership	Title Holding Trust	Community Property Right of Survivorship
Parties	Only husband and wife	Any number of persons (can be husband and wife)	Any number of persons (can be husband and wife)	Only partners (any number)	Individuals, groups of persons, partnerships or corporations, a living trust	Only husband and wife
Division	Ownership and managerial interests are equal except control of business is solely with managing spouse	Ownership interests must be equal	Ownership can be divided into any number of interests equal or unequal	Ownership interest is in relation to interest in partnership	Ownership is a personal property interest and can be divided into any number of interests	Ownership and managerial interests are equal
Title	Title is in the "community." Each interest is separate but management is unified	Sale by joint tenant severs joint tenancy	Each co-owner has a separate legal title to his/her undivided interest	Title is in the "partnership"	Legal and equitable title is held by the trustee	Title is in the "community," management is unified.
Possession	Both co-owners have equal management and control	Equal right of possession	Equal right of possession	Equal right of possession but only for partnership purposes	Right of possession as specified in the trust provisions	Both co-owners have equal management and control.
Conveyance	Personal property (except "necessities") may be conveyed for valuable consideration without consent of other spouse; real property requires written consent of other spouse, and separate interest cannot be conveyed except upon death	Conveyance by one co-owner without the others breaks the joint tenancy	Each co-owner's interest may be conveyed separately by its owner	Any authorized partner may convey whole partnership property for partnership purposes	Designated parties within the trust agreement authorize the trustee to convey property. Also, a beneficiary's interest in the trust may be transferred.	Right of survivorship may be terminated pursuant to the same procedures by which a joint tenancy may be severed.
Purchaser's Status	Purchaser can only acquire whole title of community; cannot acquire a part of it	Purchaser will become a tenant in common with the other co-owner	Purchaser will become a tenant in common with the other co-owners in the property	Purchaser can only acquire the whole title	A purchaser may obtain a beneficiary's interest by assignment or may obtain legal and equitable title from the trust	Purchaser can only acquire whole title of community; cannot acquire a part of it.
Death	On co-owner's death, 1/2 belongs to survivor in severalty, 1/2 goes by will to descendants devisee or by succession to survivor	On co-owner's death his/her interest ends and cannot be disposed of by will. Survivor owns the property by survivorship	On co-owner's death his/her interest passes by will to devisee or heirs. No survivorship rights	On partner's death, his/her partnership interest passes to the surviving partner pending liquidation of the partnership. Share of deceased partner then goes to his/her estate	Successor beneficiaries may be named in the trust agreement, eliminating the need for probate.	Upon the death of a spouse, his/her interest passes to the surviving spouse, without administration, subject to the same procedures as property held in joint tenancy.
Successor's Status	If passing by will, tenancy in common between devisee and survivor results	Last survivor owns property	Devisee or heirs become tenants in common	Heirs or devisee have rights in partnership interest but not specific property	Defined by the trust agreement, generally the successor becomes the beneficiary and the trust continues	Surviving spouse owns property.
Creditor's Rights	Property of community is liable for debts of either spouse, which are made before or after marriage. Whole property may be sold on execution sale to satisfy creditor	Co-owner's interest may be sold on execution sale to satisfy creditor. Joint tenancy is broken. Creditor becomes a tenant in common	Co-owner's interest may be sold on execution sale to satisfy his/her creditor. Creditor becomes a tenant in common	Partner's interest cannot be seized or sold separately by his/her personal creditor but his/her share of profits may be obtained by a personal creditor. Whole property may be sold on execution sale to satisfy partnership creditor	Creditor may seek an order for execution sale of the beneficial interest or may seek an order that the trust estate be liquidated and the proceeds distributed	Property of community is liable for debts of either which are made before or after marriage; whole property may be sold on execution sale to satisfy creditors.
Presumption	Strong presumption that property acquired by husband and wife is community	Must be expressly stated	Favored in doubtful cases except husband and wife case	Arise only by virtue of partnership status in property placed in partnership	A trust is expressly created by an executed trust agreement	Must be expressly stated

# Who Pays the Closing Costs?

**Your contract and any applicable government regulations determine who pays which closing costs. Your REALTOR® can explain these costs to you.**

## **THE BUYER WILL GENERALLY PAY:**

- Lenders title policy premium, if new loan
- Escrow fee, one half (except Seller pays all on VA)
- Document preparation, if applicable
- Notary fees, if applicable
- Recording charges for all documents in Buyers names
- Homeowners Association transfer fee, on half
- Two months Homeowners Association Fee
- All new loan charges (except those lender requires Seller to pay)
- Interest on new loan from date of funding to 30 days prior to first payment date
- Assumption/charge of records fees for takeover of existing loan
- Beneficiary statement fee for assumption of existing loan
- Home warranty premium for first year
- Hazard insurance premium for first year
- All prepaid items, such as interest, or funds for an escrow account
- Courier fees, if applicable
- Professional home inspection

## **THE SELLER WILL GENERALLY PAY:**

- Owner's title insurance premium
- Realtor's commission
- Escrow fee, one half (except Seller pays all on VA)
- Any loan fees required by Buyer's lender; i.e., FHA & VA -All loans in Seller's Name (unless Buyer assumes existing loan)
- Interest accrued on loan being paid off, statement fees, reconveyance fees, prepayment penalties
- Termite inspection and termite repairs, per contract
- Home warranty premium per contract
- Homeowner's Association transfer fee, on half
- Homeowner's Association Disclosure fee
- Any unpaid Homeowner Association dues
- Any judgments, tax liens, etc., against Seller
- Recording charges to clear all documents of record against Seller
- Property taxes: pro-rated to the date the title is transferred, plus any delinquent taxes
- Any bonds or assessments per contract
- Courier fees, if applicable
- Septic fees per contract
- Any repairs per contract

# Explanation of Estimated Costs

## **DOWN PAYMENT:**

The difference between the sales price and the new loan amount; or if cash to mortgage, the difference between the sales price and unpaid balance of all encumbrances.

## **ORIGINATION FEE:**

1% of loan amount. Charge by mortgage company to originate new loan, usually paid by the buyer.

## **DISCOUNT:**

Also known as "points." A percentage of the loan amount required by the lender for the benefit of the investor. The amount of discount charged fluctuates depending upon the availability of mortgage money and prevailing interest rate. On conventional loans, either the buyer or seller may pay.

VA or FHA must be paid by seller.

## **CREDIT REPORT:**

Charge by Credit Bureau to meet requirements by lender to obtain the financial background of buyer.

## **PHOTO FEE:**

Charged by lender to obtain pictures of homes as required of lender by investor.

## **APPRAISAL:**

Estimated fair market value of property as determined by an appraiser acceptable by mortgagee.

## **BRINGDOWN:**

Endorsement to the ALTA Loan Policy issued by Title Company at the time the lender assigns their encumbrance to a subsequent investor. The endorsement insures the investor.

## **TAX SERVICE:**

Required by lender in order that the tax billings are mailed to the mortgage company. Also to advise mortgage company of any new assessments and delinquent taxes. This is a one time charge. Also purchased when Title Company collects for Impound account it is holding.

## **DOCUMENT PREPARATION:**

Charged by the mortgage company to prepare the Truth-In-Lending Statement, which discloses the actual annual percentage rate as required by the federal government under the Truth-In-Lending Law

## **TERMITE INSPECTION:**

Inspection for termites or other wood destroying insects required by all FHA-VA lenders on new loans & usually required on conventional loans.

## **MGIC APPRAISAL REVIEW FEE:**

Amount charged by Mortgage Guaranty Insurance Corporation to review appraisal, buyers application and credit in order to insure loan.

## **INTEREST ADJUSTMENT ON NEW LOAN:**

The prepaid interest collected from date of funding to 30 days prior to date first regular mortgage payment is due. This allows lender to hold to its amortization schedule for borrower.

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# Explanation of Estimated Costs *continued*

## **INTEREST ADJUSTMENT ON ASSUMPTION:**

An interest on first mortgages are paid in arrears. Interest on loans being assumed charge seller and credit buyer daily interest from date of last payment by seller, to proration date.

## **(PRORATE): INTEREST ADJUSTMENT ON LOAN PAYOFF:**

Interest charged by lender on Loan Payoff. Some lenders charge interest per day (per diem), to the day they receive payment. Others charge a full months interest if only one days interest has accrued.

## **ESCROW FEE:**

Charged by title company for their services. Fee usually split half & half. VA transactions, entire charge, seller. Add ten dollars when sale and refinance.

## **OWNERS TITLE POLICY:**

Charged by title company. Owners policy insures buyer of marketable title up to the date conveying instrument is recorded. Usually paid for by seller.

## **ALTA LENDERS POLICY:**

Usually purchased by buyer to insure lender among other things that their encumbrance is the first lien on property. Fee based on loan amount. Refer to rate chart under. "Comb A.L.T.A. Rate."

## **RECORDING FEES:**

Charged by the County Recorder's Office for recordation and filing of instrument(s).

## **PAYOFF PENALTY:**

Only required on conventional loan payoffs. Also known as prepayment penalty or prepayment privilege. Amounts vary. May be as much as 6 months prepaid interest on existing loan.

## **PAYOFF DEMAND:**

Mortgage company payoff statement on existing loan.

## **RECONVEYANCE FEE:**

The fee charged by the trustee in a Deed of Trust for issuance to Reconveyance (Deed of Release) usually \$50.00 charge to seller.

## **TRANSFER FEE:**

Required on all cash to mortgage transactions. Mortgage company's charge to transfer loan into buyers name. Check with lender on conventional loan transfers for amount required (usually 1% loan balance.) Also, check for possible increase of interest rate.

## **ASSESSMENTS:**

Sewer, paving or other assessments on property. Must be paid in full when new loan. May be assumed on cash to mortgage or cash.

## **REAL ESTATE COMMISSION:**

Charge made for Employment of Real Estate Company of Seller, for the marketing and sale of sellers property.

# Closing Your Escrow

## WHAT DO YOU DO BEFORE THE CLOSING APPOINTMENT?

Your escrow officer or escrow technician will contact you to schedule your closing appointment date and inform you of the funds you need to bring with you. Obtain a cashier's check for that amount made payable to Chicago Title Insurance Company. If a wire transfer is necessary, arrange for it in advance with your escrow officer.

Chicago Title is required by law to have funds deposited before escrow funds can be disbursed. Expect delays if you submit a personal check. If you have questions or anticipate a problem, contact your escrow officer immediately.

## DON'T FORGET YOUR IDENTIFICATION:

You will need valid identification with your photo on it. A driver's license is preferred. This is necessary so that your identity can be sworn to by a notary public. It's a routine step, but it's important for your protection.

## WHAT HAPPENS NEXT?

During your closing appointment at Chicago Title, you will sign loan documents and instructions to transfer the title of the home you are purchasing and you will present your identification so the documents can be notarized. You will review the settlement statement and give the escrow officer your cashier's check. (The Seller will sign at a separate appointment)

The signed loan documents will be returned to the lender for review. Chicago Title will ensure that all contract conditions have been met and ask the lender to "fund the loan". If the loan documents are satisfactory, the lender will send the check directly to Chicago Title, usually within 24 hours. When the loan funds are received, Chicago Title will verify that all necessary funds are in. We will then record the deed at the County Recorder's Office and disburse escrow funds to the Seller and other appropriate payees. At this time, your escrow is closed!

## YOU GET THE KEYS:

After the escrow is closed, we will notify your Realtor who will give you the good news and arrange for you to receive the keys to your new home.