

# 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.

# 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
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
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
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
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
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: \_\_\_\_\_

# REALTORS® Help Home Sellers Reach Their Goal

## **IF YOU'RE SELLING A HOME...**

You probably know that working with a REALTOR® is an indispensable part of selling your home. For one thing, your REALTOR® can list your property in the Multiple Listing Service (MLS), providing your home with incomparable exposure and ensuring you have as many REALTORS® as possible helping to find a buyer. But that's not all a REALTOR® does to market your home. He or she knows how to specifically target advertising to reach buyers for your home, and uses all the marketing tools available to ensure that your home is sold expediently. Additionally, a REALTOR® conducts a variety of other marketing efforts on your behalf, from holding open houses and handling phone inquiries to showing your home to the prospective buyers.

## **WHAT DOES A REALTOR® DO FOR YOU BESIDES FIND BUYERS?**

Plenty. A REALTOR® provides information on local market conditions to help you price your property realistically and fairly, and keeps you abreast of changes in the market which may affect your property. And let's face it, buying or selling a home means paperwork, lots of it. When it comes to closing escrow, a REALTOR® can be invaluable, leading you through the paper trail with a steady hand, and familiarizing you with escrow, insurance, property disclosures and inspection procedures, to name a few.

## **SO, WHERE DO YOU FIND A REALTOR®?**

Like finding any good professional, the best way to locate a REALTOR® is through recommendations from friends or those who have bought or sold homes recently. Ask for references and check each thoroughly. Also, interview several REALTORS® before you decide on one.

## **IT'S IMPORTANT TO FIND A PROFESSIONAL WHO IS A REALTOR®. WHY?**

A REALTOR® is someone who, as a member of the local, state, and national trade associations, adheres to a strict code of ethics. Recently, the National Association of Realtors® commissioned a nationwide survey to determine whether REALTORS® were doing their job professionally. The results were impressive: 97 percent of respondents indicated they received "excellent" or "very good" service from their REALTOR®.

# So You're the Seller

## STEP-BY-STEP INSTRUCTIONS

1. Select REALTOR®
2. List your home. Your REALTOR® will find a buyer for your home.
3. Your REALTOR® will write, explain and negotiate the offer with you.
4. Your REALTOR® will open escrow with Chicago Title. An earnest money deposit is needed at this time. ESCROW INSTRUCTIONS are drawn by Chicago Title and are designed to say the same things as your Purchase Agreement...it's just a different way of saying it. While the Purchase Agreement is an agreement between a buyer and a seller, the escrow instructions 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 in your paperwork that conflicts with anything you have already agreed to do. You and your REALTOR® should review the documents in advance. REALTORS® aren't always right, but a qualified REALTOR® should review the documents in advance. REALTORS® aren't always right, but a qualified REALTOR® always represents you.
5. Chicago Title will provide you and your REALTOR® with a title preliminary report & CC&R's.
6. The Lender will send your loan documents to Chicago Title at this time.
7. Signing of title documents. Your appointment should take 30 to 60 minutes, depending on the complexity of your sale.
8. At this time your loan will fund and Chicago Title will record your deed for you.
9. After the close of escrow, you will receive a check from Chicago Title. Your check will be a title company trust account check, drawn on a local bank. You can pick up your check yourself, send someone else to pick it up (tell us first), your REALTOR® can deliver it to you, or we can mail it to you. Sometimes we can deposit it in your bank account directly. You can instruct us (in writing) to pay any portion of your proceeds to someone else. There is a fee for this service.

### 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.

# Check Your Home's Curb Appeal....

A home that is visually appealing and in good condition will attract potential buyers driving down the street. Take the drive yourself and look at your home objectively and critically through another's eyes. Take inventory of what you see.

- Are the lawn, trees and shrubs properly mowed, trimmed and well-maintained?
- Are garbage, debris and children's toys stored out of sight?
- Are there cracks in the foundation or walkways?
- Are the gutters, windows and doorknobs clean and welcoming?
- Do the window casings, shutters, siding or doors need painting or washing?
- Are lawn mowers and hoses properly stored?
- Do you see any other signs of disrepair?
- Is the walkway to the front door swept with a nice welcome mat in place?

## TAKE A LOOK INSIDE....

Strong outside curb appeal will lure potential buyers to take a look inside. Now you have the job of living up to their expectations. Fortunately, there are plenty of easy improvements that can be made to the interior of your home without spending a lot of money.

## A CLEAN HOME IS ESSENTIAL

Windows, floors and bathrooms should sparkle as should your kitchen and all appliances. Shampoo dirty carpets, wash and wax hardwood floors and remove grease and grime from walls. Polish and dust your furniture.

## REMOVE UNNECESSARY CLUTTER

Remove unnecessary clutter from the garage, attic and closets. You can make your home appear larger by removing some of the furniture. Thinning out clothes in your closets will give the impression that your home has adequate closet space.

## BE AWARE

Be sure your home has a pleasant aroma. You may be used to the smell of a pet or cigarettes, but such odors can be a strong turn-off to others. Proper use of air fresheners, scented potpourri or fresh flowers can increase the appeal of your home. Ideally, popping a batch of frozen cinnamon rolls in the oven right before a showing will provide a welcoming aroma.

# Check Your Home's Curb Appeal....*continued*

## **REMOVE VALUABLES**

Remove valuables such as jewelry and other items from view. You may want to consider putting articles such as these in a safe deposit box during the time your home is for sale.

## **FRESH PAINT**

If any of your rooms need a fresh coat of paint, use a neutral off-white color. Painting is a minor expense and can create a feeling of freshness when a buyer walks through your home.

## **REPAIRS**

Repair any leaky faucets and squeaky doors. Make sure you have clean heating and air conditioning filters. Remember, anything that will help you convey the message that "this home has been carefully maintained" will only add to the probability that you will get the price you want.

Remember, cosmetic changes do not have to be expensive. In fact, costly home improvements do not necessarily offer a good return on your investment when you sell. It's attention to the basics that will help increase the marketability of your home.

## **LAST MINUTE DETAILS ON "SHOWING" DAY**

When your agent calls to advise you that your home will be shown to a potential buyer, there are some things you can do to enhance your home's appeal. Attention to these last-minute details can make the difference as to whether you get an offer on your home or not.

- Open draperies, curtains and shutters.
- Turn interior lights on.
- Straighten up.
- Air freshener.
- Remove clutter.
- Confine pets.

If possible, leave home! Let the REALTOR® show your home! Many times, buyers feel more comfortable looking around if you're not there. If you can't leave, greet your guests politely and retreat to another room.

# Moving Expenses

When you meet the IRS's definition of a qualifying move, the following items are tax deductible:

## **TAX DEDUCTIBLE MOVING EXPENSES:\***

- The cost of trips to the area of a new job to look for a home. Your home shopping expedition does not have to be successful for the cost to be deductible.
  - The cost of having your furniture and other household items shipped, including the cost of packing, insurance, and storage for up to 30 days.
  - The cost of getting your family to the new home town, including food and lodging expenses on the trip.
  - The cost of lodging and 80% of food expenses for up to 30 days in the new home town, if these temporary living expenses are necessary because you have not yet found your ideal home or it is not ready when you arrive.
  - Certain costs associated with the sale of your old home and purchase of the new one. These expenses, including real estate commissions, legal fees, state transfer taxes and appraisal and title fees, could be used either to reduce the gain on the sale of the previous home or to boost the basis of the new one. It is usually beneficial to count them as moving expenses up to the allowable dollar limits, because this gives you an immediate tax benefit.
- \* This document is intended for reference only. Clients are advised to consult with an Attorney or CPA for any specific deductions.

## **FREQUENTLY ASKED QUESTIONS**

### **Why do I have to pay interest on my loan payoff past the date of closing?**

Your lender continues to charge interest until they receive funds in the amount necessary to pay off your loan in full. Sometimes this takes 1 to 2 business days from when they receive your funds.

### **When do I cancel my homeowner's insurance?**

Do not cancel your homeowner's insurance until escrow has closed.

### **What is a Statement of Information?**

This is the form we use in order to distinguish you from others with similar names. After obtaining certain information, we can then identify the true buyer and seller in order to disregard any judgments, liens or other matters on public record that have nothing to do with our consumers.

### **What is a Deed of Reconveyance?**

The Deed of Reconveyance is a recorded document issued by your lender once your note is paid in full. This document is recorded in the court in which the property is located and shows that the Deed of Trust (mortgage) that was recorded in your name has been released.

### **When do I get a refund from my previous lender for my impound account?**

Normally, your lender will send any balance left in your impound or escrow account with them within 30-60 days once their loan has been paid in full. If you have any questions regarding your impound or escrow account please contact your lender.

# Staging Your Home to Show

**To make the best impression, keep your home clean, neat, uncluttered and in good repair. Please review this list prior to each showing:**

- Keep everything clean. A messy or dirty home will cause prospective Buyers to notice every flaw
- Clear all clutter from counter tops.
- The kitchen is the most important part of the house, make it bright and attractive, paint if necessary.
- Replace any loose tiles on the counter and walls.
- Let the light in. Raise shades, open blinds, pull back the curtains and turn on the lights.
- Get rid of odors such as tobacco, pets, cooking, etc., but don't overdo air fresheners or potpourri. Fresh baked bread and cinnamon can make a positive impact.
- Send pets away or secure them away from the house, and be sure to clean up after them.
- Close the windows to eliminate street noise.
- If possible you, your pets, and your children should be gone while your home is being shown.
- Clean trash cans and put them out of sight.
- If you must be present while your home is shown, keep the noise down. Turn off the TV and radio. Soft, instrumental music is fine, but avoid vocals.
- Keep the garage door closed and the driveway clear. Park autos and campers away from your home during showings.
- Make sure the garage door opener is in good working condition.
- Clean trash cans and put them out of sight.
- Hang clean attractive guest towels in the bathrooms.
- Check that sink and tub are scrubbed and unstained.
- Make beds with attractive spreads.
- Keep fresh towels in the bathrooms.
- Clean out fireplace and put in fresh logs.
- Straighten up the closets and get rid of excess items.
- Repair any dripping faucets.
- Stash or throw out newspaper, magazines, junk mail.

# Staging Your Home to Show

## THE APPRAISAL PROCESS

If the Buyer is securing a new loan to purchase your home, the Buyer's lender will require an appraisal to determine the fair market value of the property. A licensed appraiser will research nearby houses (within one mile if possible) that have sold in the last six months and are similar to yours in size, age, construction and amenities.

The appraiser will make an appointment to see your home and will take about 30 minutes to an hour to look over the property. He will measure your home, draw a representative floor plan, take photographs inside and out, and review the property's condition, specific improvements and amenities. You can help the appraiser by providing a list of any improvements and remodeling projects completed since you bought your home along with an approximate dollar amount for each improvement. Keep in mind that remodeling projects rarely bring a 100% return on investment, but a list will ensure the appraiser doesn't overlook the added features.

The appraiser will provide a typed appraisal report to the Buyer's lender within a few days after visiting your property. You will be notified if the lender requires repairs before they will lend on your home. If specified in the contract, you must repair three problems. The appraiser will have to return to review the required repairs, and a re-inspection fee will be charged.

Note: If the Buyer is applying for an FHA or VA loan, your property will have to meet certain requirements. Chipped or peeling paint on any structures on the property will have to be scraped and repainted. Missing or damaged shingles and missing slats or blocks in your fence will have to be replaced. Other improvements also may have to be made before the escrow can close. Your Realtor should be able to advise you on the latest FHA/VA requirements.

# Preparing Your Home for Sale

**First impressions have a major impact on potential Buyers. Try to imagine what a potential Buyer will see when they approach your house for the first time and walk through each room. Ask your Realtor for advice; they know the marketplace and what helps a home sell. Here are some tips to present your home in a positive manner.**

- Mow and edge the lawn regularly, and trim the shrubs.
- Make your entry inviting; Paint your front door and buy a new front door mat.
- Paint or replace the mailbox, if needed.
- If screens or windows are damaged, replace or repair them.
- Repair or replace worn shutters and other exterior trim.
- Make sure the front steps are clear and hazard-free.
- Make sure the door bell works properly and has a pleasant sound.
- Ensure that all exterior lights are working.
- Check stucco walls for cracks and discoloration.
- Remove any oil and rust stains from the driveway and garage.
- Clean and organize the garage, and ensure the door is in good working order.
- Repair or replace loose knobs on doors and cabinets. If doors stick or squeak, fix them.
- Shampoo carpeting or replace if very worn. Clean tile floors, particularly caulking.
- Brighten the appearance inside by painting walls, cleaning windows and window coverings, and removing sunscreens.
- Repair leaky faucets and caulking in bathtubs and showers. Make sure toilet seats look new and are firmly attached. Repair or replace loud ventilating fans.
- Replace worn shower curtains.
- Rearrange furniture to make rooms appear larger. If possible, remove and/or store excess furniture.
- Remove clutter throughout the house. Organize and clean out closets and pantry.
- Make sure all kitchen appliances are clean and work properly. Avoid extension cords in plain view.
- Keep washer and dryer clean and empty.
- Air conditions/heaters, evaporative coolers, hot water heaters should be clean, working and inspected if necessary. Replace filters.
- Check the pool and/or spa equipment and pumps. Make sure all are working properly and that the pool and/or spa are kept clean.
- Inspect fences, gates and latches. Repair or replace as needed.

# How Home Upgrades Affect Your Proposal

The following are examples of common improvements and how they may increase the appraisal value of your home. These are only guidelines; please remember the adjustments may vary greatly from property to property and neighborhood to neighborhood.

These statements were provided by Huber Appraisal, Inc., who remind you that the statements are intended only as general guidelines.

**Living Area:** \$30 to \$75 per square foot, depending on construction quality (please note: this reflects adjustments for square footage ONLY. It does NOT reflect total sales price per square foot.)

**Two-Car Garage v. No Garage:** \$6,000 to \$10,000, depending on price range of home.

**Two-Car Garage v. Three-Car Garage:** \$5,000 to \$10,000 depending on price range of home.

**In-Ground pool/spa:** \$12,000 to \$60,000 with \$15,000 to \$25,000 being used for most neighborhoods (the amount used depends on how common they are in the area, and the price range of the neighborhood. For example, a \$60,000+ adjustment would be most appropriate in a neighborhood with market values exceeding \$500,000.)

**Lot Sizes:** \$2 to \$5 per square foot, depending on the neighborhood.

**Covered Patios:** \$2,000 to \$5,000, depending on the patio size & quality (higher figures may be used for large custom homes.)

**Fireplaces:** \$1,500 TO \$2,500

**Basements:** According to appraisal standards, the square footage of a basement must not be included in overall square footage of the home. A basement is measured and valued separately, even if it has a finished interior. The adjustment for a square footage should be slightly lower (perhaps \$5/sq. ft.) than for that of the area above ground, and the amount of the adjustment varies on the quality of the finish.

**Number of Bathrooms:** \$1,000 to \$2,500 per additional bathroom regardless of size.

Security Gates: Electronic gates can add \$5,000 to \$15,000 while manned gates can add \$15,000 to \$50,000 in value.

**Full Landscaping v. None:** \$10,000 (standard lot) to \$25,000 (more than 1/4 acre), depending on size.

**Views:** Must be calculated on an individual basis.

**Remodeling, Builder or Owner's Upgrades:** These can be dealt with only on an individual basis. Dollar per dollar adjustments will not be accepted by most underwriters. Typically, kitchen and bathroom remodeling projects recover most of the original amount of money spent. If completed professionally, these improvements may recover up to 75% of the expenses incurred. Remodeling of other areas of the home usually recovers 25% to 30% of the incurred costs. Upgraded options selected from the developer of a new home typically only recover approximately 25% to 50% of the costs incurred. Lot premiums also typically fall into this percentage range.

# Ideal Home Checklist

## BEFORE YOU LEAVE:

### Give Address Change To:

- Post Office
- Charge Accounts, Credit Cards
- Subscriptions: Notice requires several weeks.
- Friends & Relatives

### Bank

- Transfer funds, arrange check-cashing in new city.
- Arrange credit references

### Insurance

- Notify insurance carriers of new location: Life, Health, Fire & Auto.

### Utility Companies

- Gas, Electricity, Water, Phone and Fuel
- Garbage, Cable
- Get refunds on any deposits made.
- Pets - ask about regulations for licenses, vaccinations, tags, etc.

### Delivery Service:

- Laundry, Dry Cleaning, Newspaper: Change over services

### Medical, Dental, Prescriptions, Histories

- Ask Doctor and Dentist for referrals.
- Transfer prescriptions, eyeglasses, X-rays
- Obtain birth records, medical records, etc.

### Don't Forget To:

- Empty and defrost freezer.
- Clean refrigerator, and place baking soda to dispel odors.
- Have appliances serviced for moving.
- Clean rugs and clothing before moving. Have them wrapped for moving.
- Check with your moving counselor: Insurance coverage, pack & unpack labor, arrival day, various shipping papers, method and time of expected payment.
- Plan special care needs for infants.
- Remember arrangements for TV/Cable

## ON MOVING DAY:

- Carry enough cash or travelers checks to cover the total cost of moving services and expenses until you make the banking connections in the new city.
- Carry jewelry, prescription drugs and documents yourself.
- Plan for transporting pets; they are poor traveling companions if unhappy.
- Double check closets, drawers & shelves to be sure they are empty.
- Leave all old keys needed by new tenant or owner with REALTOR® or neighbor.

## AT YOUR NEW ADDRESS:

- Check on service of phone, gas, electricity, water, tv/cable, internet and garbage.
- Check pilot light on stove, water heater, and furnace.
- Have new address recorded on driver's license.
- Register car within five days after arrival in state or a penalty may be charged when getting a new license – apply for new driver's license.
- Register children in school.
- Arrange for medical services: Doctor, Dentist, etc.
- Obtain inspection sticker and transfer motor club membership
- Apply for state driver's license
- Visit city offices and register for voting
- Have appliances checked
- Ask mailman for mail he may be holding for your arrival.

# Preparing Your Home for Sale

## A HOME WARRANTY

A home warranty is an insurance policy that covers a variety of mechanical, electrical, and plumbing items, as well as some appliances, inside the home. Optional coverage is available for more expensive systems such as air conditions, refrigerators, pools and spas.

The Seller may purchase a home warranty plan prior to selling to protect against repairs needed during the listing period, and the Buyer may be able to assume the policy at the close of escrow, or the Seller may offer to purchase a home warranty policy for the Buyer. Offering a home warranty plan may provide these benefits:

- Increase the marketability of your home by reassuring potential Buyers
- Helps sell your home faster and at a higher price
- Ward off potential disputes after the sale for repair and/or replacement of covered items
- Most home warranty plans can be paid for at the close of escrow. A copy of the invoice is presented to Chicago Title, and it becomes part of the Seller's closing costs.

# Steps For A Successful Escrow

1. Phone an escrow officer at Chicago Title and request an escrow number. It will save you and the escrow officer time if you use this number on all future communications.
2. Read and understand the preliminary report. If an item is not understood, phone your escrow officer or title officer.
3. COMMUNICATE with your escrow officer. Remember, as an escrow agent, we must be instructed when to order payoffs, releases, etc. It is important that you keep us informed as to loan approval and related issues.
4. Inform your escrow officer if any changes occur. All changes should be in writing. Remember, with rare exceptions, escrow acts only on MUTUAL instruction.
5. It is important to understand the fiscal tax year, debits, credits, prepaid interest, impounds and due and delinquent dates in order that this information will be easily understood by your client. Familiarize yourself with "normal" buyer's and seller's closing costs.
6. Check each signature for accuracy as to middle initials and spelling. Have your client sign exactly as shown on the document. Make sure all required documents are signed and notarized when applicable.
7. Double check all papers and documents before returning them to your escrow officer to verify the following:
  - A. They are signed properly. Any and all changes are initialed.
  - B. The vesting shows as the client has requested
  - C. Addresses are supplied for all future correspondence
  - D. Any changes in phone numbers are provided
  - E. Any and all addenda are executed
  - F. All funds held by the broker are deposited into escrow
  - G. Client has noted if they wish their closing statements/funds to be mailed or held for pick up
  - H. The notary completes the acknowledgement, signs it and places the seal clearly thereon
  - I. Closing funds are by certified/cashiers check or wire

# 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

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

# 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**

# 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

# Chicago Title Branch Locations

## 1. Summerlin Branch

7701 West Lake Mead,  
Suite 101  
Las Vegas, NV 89129  
(702) 940-0200

## 2. Diablo Ranch

9075 West Diablo,  
Suite 100  
Las Vegas, NV 89148  
(702) 836-8000

## 3. Corporate Circle

2370 Corporate Circle,  
Suite 100  
Henderson, NV 89074  
(702) 407-8894

