



BUYERS GUIDE



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BENEFITS OF SELECTING A PROFESSIONAL REAL ESTATE AGENT



BUYING A HOME IS A BIG DEAL. It is more than likely your largest investment and a serious transaction with significant financial and emotional ramifications. Having a trained professional guide you and your family through the process will ensure a smooth transaction. Agents are trained and follow a strict code of ethics. They have a responsibility to you which means you have an expert who is looking out for your best financial interests and an expert who's contractually bound to do everything in their power to protect you.

REAL ESTATE AGENTS ARE UP TO SPEED WITH THE COMPLEX, EVER-CHANGING REAL ESTATE REGULATIONS. Buying a home is not like any other transaction. Every home is different, and laws change every year and vary from state to state. Agents are immersed in real estate, and they must stay current with all the updates in regulations, laws, contracts and practices.

AGENTS ARE TRAINED TO NEGOTIATE THE BEST PRICE. There are lots of online sites where you can view price estimates for your home, however online estimates can be extremely off and they often rely on tax records and data that can be as old as 6-12 months.

THEY KNOW YOUR LOCAL MARKET. They have access to the freshest sales data, and can negotiate a price in line with the market. Laws and regulations ensure that consumers are treated professionally and ethically in all transaction related matters.

TIPS ON SHOPPING FOR A LENDER

A very important part of purchasing a home is finding the right lender. Listed below are questions to ask while shopping for a lender and characteristics you should look for when choosing a lender. While shopping for a lender be aware that guidelines and policies vary among different lenders.

QUESTION TO ASK WHILE SHOPPING FOR YOUR LENDER

- Is the company well known in the area and has the company been in business a long time?
- Does the lender have access to a wide variety of loan products?
- When can I lock in an interest rate?
- Will there be additional fees if rate lock expires?

GETTING PREQUALIFIED

Most Real Estate agents and Lenders recommend that home buyers get pre-qualified with a lender before selecting a home to purchase. This way you will have the best information about the right price range for your pocketbook.

REASONS TO GET PREQUALIFIED

- With prequalification, you can determine which loan program best fits your need and which programs you qualify for.
- You will know exactly how much you are qualified for. It's no fun to find your ideal home and then find out you can't afford it!
- You will have a estimate of your monthly payment. This will allow you to budget your money before making this large investment. It will give you estimated closing costs.
- If you are a first-time buyer, you may be able to qualify for a special first –time buyer program which may allow you to afford more home for your money.

INFORMATION NEEDED FOR A LOAN APPLICATION

- Picture ID and proof of Social Security Number
- Residence Addresses—past 2 years
- Name and Address of each employer—past 2 years
- W2's and/or 1099s - past 2 years
- 1 month of payroll check stubs
- 2 months of bank statements for your checking and savings accounts
- Investment Accounts statements - most recent
- List of other real estate owned with loan information
- Certificate of eligibility and DD214 (VA only)
- Money for credit report and appraisal
- Full divorce decree if applicable

THE BUYING PROCESS

MEET WITH A LENDER TO GET PRE-APPROVED

SUBMITTING AN OFFER

Once you have chosen a real estate professional they will guide you through the process of finding a property that will fulfill your needs. When you have chosen a property, the real estate professional will draft a purchase agreement for you, advising you on protective contingencies, customary practices, and local regulations. At this time you will need to provide an "earnest money" deposit. The Buyer will choose the title and escrow company. Equity Title would love the opportunity to service your needs. The seller will then accept, counter or reject the offer.

OPENING ESCROW

Once the offer is accepted and signed by all parties the buyers real estate professional will open escrow with a settlement agent and the earnest money will get deposited into an escrow account. All funds associated with the transaction will be handled through the settlement agent.

THE CONTINGENCY PERIOD

This is the time allowed per your Purchase Agreement to obtain financing, perform inspections, and satisfy any other contingencies to which our purchase is subject. These contingencies may include:

- Approval of the Seller's Real Property Disclosure Statement (SRPD)
- Approval of the Preliminary Report from the title company
- Loan approval
- Appraisal of the property
- Physical inspections of the property
- Pest inspection and certification (if applicable)
- Satisfaction of any purchase contingencies and specific transaction requirements
- Buyer to approve HOA documents and CCR's





HOMEOWNERS INSURANCE

Before the close of escrow the buyer must obtain homeowners insurance that is acceptable by the lender. The real estate professional will coordinate between your insurance agent and the Escrow Officer to make sure your policy is in effect at the close of escrow.

DOWN PAYMENT FUNDS

You will need to wire transfer your down payment funds and closing costs several days prior to the closing date of escrow. Escrow will provide a settlement statement with the required amount of funds needed to close including down payment and closings costs.

SIGNING CLOSING DISCLOSURE/LOAN DOCUMENTS

When all of the conditions of the Purchase Agreement have been met, you will receive your CD "Closing Disclosure" with a mandatory 3-day "review period" per the CFPB (Consumer Financial Protection Bureau). Escrow usually schedules the appointment for your final signing.

CLOSING ESCROW

After loan documents are signed, the buyer has deposited the remaining balance of funds needed to close, and all of the purchase agreement requirements have been met the lender will review the loan documents. If everything is satisfactory, the lender will fund the loan. The Deed will then be recorded at the County Recorder's office and the buyer will take ownership of the home.



WHO PAYS WHAT?

BUYER

- Escrow Fee
- Lenders Title Insurance Premium
- Mobile Notary (if applicable)
- Document Preparation Fee (if applicable)
- Recording Charges for all documents in buyer's name
- Termite Inspection (according to contract)
- Tax Proration (from date of acquisition)
- Set up/Capital Contribution fees
- All new loan charges (except those required by the lender for seller to pay)
- Interest on new loan from date of funding to 30 days prior to the first payment date
- Inspection fees (roofing, property inspection, etc.)
- Home Warranty (according to contract)
- Homeowners Insurance Premium for first year
- FHA/VA upfront fees/premiums due at closing

SELLER

- Escrow Fee
- Owners Title Insurance Premium
- Transfer Tax
- Real Estate Commission
- HOA Sellers Package
- Document Preparation Fee for Deed
- Any loan fees required by Buyer's lender (VA, FHA)
- Payoff all loans in seller's name
- Interest accrued to lender being paid off, Statement fees, reconveyance fees and any prepayment penalties
- Termite Inspection (VA Loan) (negotiable)
- Property Repairs (negotiable)
- Home Warranty (negotiable)
- Any judgments, tax liens, etc., against the seller
- Tax proration (for any taxes unpaid at time of transfer of title)
- Any unpaid Homeowner's dues & transfer fees
- Recording charges to clear all documents of record against seller
- Any bonds or assessments (negotiable)
- Any and all delinquent taxes
- Mobile Notary (if applicable)

APPRAISAL

If you are securing a new loan to purchase your home, the 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 in size, age, construction and amenities.

The appraiser will make an appointment to see the home and will take about 30 minutes to an hour to look over the property. They will measure the home, draw a representative floor plan, take photographs inside and out, and review the property conditions. The appraiser will provide a typed appraisal report to the lender within a few days after visiting the property.

You will be notified if the lender requires repairs before they will lend on the home. The appraiser will have to return to review the required repairs, and a re-inspection fee will be charged. Once the appraisal is finalized, the appraisal report will be sent to your lender.

NOTE: If you are applying for an FHA or VA loan, the 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 slates or blocks in your fence will have to be replaced. Other improvements may also have to be made before the escrow can close. Your agent should be able to advise you on the latest FHA/VA requirements.



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 conditioners, 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. The seller or the buyer may purchase a home warranty as part of the transaction.

BENEFITS OF A HOME WARRANTY

- 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 Equity Title, and it becomes part of the seller's closing costs.

THE PROPERTY CRITIQUE

ADDRESS: _____

Beds: _____
Bath: _____
Sq. Ft.: _____
Floorplan: _____
Living: _____
Dining: _____

Pros	Cons

ADDRESS: _____

Beds: _____
Bath: _____
Sq. Ft.: _____
Floorplan: _____
Living: _____
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Pros	Cons

ADDRESS: _____

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Pros	Cons

WHAT IS ESCROW?

WHAT IS AN ESCROW?

An escrow is an independent “stakeholder” account and is the vehicle by which the interests of all parties to the transaction are protected. The escrow is created after you execute the contract for the purchase of your home and becomes the depository for all monies, instructions and documents pertaining to the sale. Some aspects of the sale are not part of the escrow. For example, the buyer and seller must decide which fixtures or personal property items are included in the sales agreement. Similarly, loan negotiations occur between the buyer and the lender. Your real estate agent can guide you in these non-escrow matters.

HOW DOES THE ESCROW PROCESS WORK?

The escrow officer takes instructions based on the terms of your Purchase Agreement and the lender’s requirements. The escrow officer can hold inspection reports and bills for work performed as required by the purchase agreement. Other elements of the escrow include hazard and title insurance, and the grant deed from the seller to you. Escrow cannot be completed until these items have been satisfied and all parties have signed escrow documents.

HOW DO I OPEN AN ESCROW?

Either your real estate agent or the buyer’s agent may open escrow. As soon as you execute the Purchase Agreement, your agent will place your initial deposit into an escrow account at the title company

HOW DO I KNOW WHERE MY MONEY GOES?

Written evidence of the deposit is generally included in your copy of the sales contract. The funds will then be deposited in a separate escrow or trust account and processed through your local bank. You will receive a receipt for the funds from the title company.

WHAT INFORMATION DO I NEED TO PROVIDE?

You may be asked to complete a Statement of Identity as part of the paperwork. Because many people have the same name, the Statement of Identity is used to identify the specific person in the transaction through such information as date of birth, social security number, etc. This information is considered confidential.

HOW LONG IS THE ESCROW?

The amount of time necessary to complete the escrow is determined by the terms of the Purchase Agreement. It is normally 45 to 60 days, but can range from a few days to several months.



WHAT A TITLE COMPANY IS RESPONSIBLE FOR

A title company is a third party entity responsible for securing ownership for the buyer and seller. Title insurance offers financial protection against hidden hazards through negotiation by the title insurer with third parties, payment for defending against an attack on title as insured, and payment of claims. Because of title insurance, home buyers can enjoy complete protection against claim and loss.

TITLE REPORT

A report showing the condition of title before a sale or loan transaction. After completion of the transaction, a title insurance policy is issued.

TITLE POLICY

Title insurance is insurance against loss resulting from defects of title to a specifically described parcel of real property. Defects may run to the fee (chain of title) or to encumbrances on the property.

PAYS OFF EXISTING LOANS

The title company pays off existing loans when so ordered.

TAXES AND INSURANCE

The title company prorates the taxes and insurance upon instructions from the buyer and the seller.

SIGNING OF DOCUMENTS

Assists the buyer and seller when signing documents.

RECORDING DOCUMENTS

The title company records the appropriate documents with the county office, giving public notice.

DISBURSEMENT

The title company disburses the documents and money to each party involved.

WHAT IS TITLE INSURANCE?

Title insurance is a contract in which the title insurance company, in exchange for a one-time premium at close of escrow, protects against future losses resulting from defects in the title to real property that exist at the time of purchase but are unknown or undisclosed.

Title insurance is significantly different from homeowners insurance and other casualty insurance. Casualty insurance provides protection from losses due to unknown future events such as fire or theft for a specified period of time (e.g. a yearly premium for a year of coverage). Title insurance provides protection for a one-time premium for an indefinite period of time from future losses because of events that have already occurred (e.g. claims of ownership). Because of this, title insurers eliminate risks and prevent losses in advance through extensive searches of public records and thorough examination of the title.

For example, in the event that there is a claim against the title to your property by the ex-wife of the seller that was unknown or undisclosed at the time the title policy was issued, the title insurer would be obligated to defend that claim against your property. If it was proven in a court of law that the ex-wife did have a right to the property, the title insurer would be obligated to compensate you for your losses.



BUYERS CHECKLIST

- Select your Real Estate Agent, lender and get pre-qualified
- View properties that you consider your ideal home
- Your Real Estate Agent will present and negotiate your offer to purchase
- Open Escrow with Title Company and complete paperwork as needed
- Review property disclosures, schedule inspections, and appraisal
- Order Home Warranty and Home Owner's Insurance policy
- Sign "Closing Disclosure" and begin three day waiting period
- Schedule final Walk-through
- Final documents prepared and signed at Title Company
- Ownership transferred to buyer and monies disbursed

MOVING CHECKLIST

CHANGE OF ADDRESS

- 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 or 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
- Pets — Ask about regulations of pet licenses, vaccinations, tags, etc.

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 special care and needs of infants, children, pets and potted plants

ON MOVING DAY

- Carry currency, jewelry, documents yourself
- Plan for transporting pets — They can be poor traveling companions if unhappy
- Let a close friend or relative know route and schedule you will travel including overnight stops; use him/her as message headquarters
- Double check old closets, drawers, shelves to be sure they are empty
- Leave extra keys needed by new owner