

HOMEBUYER'S

# HANDBOOK

**PTA**

PREMIER TITLE AGENCY

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## HELPFUL REFERENCES

Welcome and thank you for choosing Premier Title Agency. We understand that buying a home can be a complicated process. At Premier Title Agency, you can be assured that your transaction is being handled with experience and care by veteran title and escrow professionals.

For your convenience, we've provided the contact sheet below. Please fill it out. This is important reference information to the closing of your transaction with Premier Title. ***We look forward to working with you!***

Escrow Number \_\_\_\_\_

Escrow Address \_\_\_\_\_

### AGENT CONTACTS

Real Estate Agent \_\_\_\_\_ Email \_\_\_\_\_

Agent Assistant \_\_\_\_\_ Email \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_

Address \_\_\_\_\_

### ESCROW CONTACTS

Escrow Officer \_\_\_\_\_ Email \_\_\_\_\_

Escrow Assistant \_\_\_\_\_ Email \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_

Address \_\_\_\_\_

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## ABOUT PREMIER TITLE AGENCY

**Premier Title Agency (PTA)** provides title searches and examinations, issues title insurance policies, handles commercial and residential escrows, and offers other real estate related services.

Premier Title continues to extend its commercial and residential services by empowering talented, innovative people to make the decisions necessary to satisfy customers on the spot and by utilizing technology that delivers measurable improvement of service to our most valuable end user – our customer.

Premier Title Agency has the distinction of being underwritten by some of the most reputable underwriters in the industry.



Our parent company, **Mother Lode Holding Company (MLHC)**, headquartered in Roseville, California provides title insurance, underwriting and transaction support services to the nation's real estate industry.

Mother Lode has since expanded outside of its original California market to provide title and title related products and services throughout the United States. The Mother Lode family of companies includes Placer Title Company, North Idaho Title, Montana Title & Escrow, Wyoming Title & Escrow, Texas National Title, Premier Title Agency, Washington Title & Escrow, Centric Title & Escrow, Premier Reverse Closings, and our national lender services division—National Closing Solutions.

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## THE PTA STORY

**Premier Title Agency** is a DBA of Placer Title Company, which was founded by Leo French in 1973. Leo's vision was to create a work environment that emphasized people. His dream: "To bring together a group of people who really care about each other and about their customers." Leo believed that if this was accomplished, success would follow. It did. Beginning with only two offices—one in Roseville, California and the other in Auburn, California—Placer Title Company has grown throughout the United States. of companies. By expanding our services, we can better serve our clients and offer solutions to all of their title and escrow needs. At Premier Title Agency, we care about each other and our clients and continually demonstrate why we are a proven leader in the title and escrow industry.

At Premier Title Agency, our title industry veterans are committed to giving exceptional service. Our skilled and knowledgeable team, local decision makers, and a culture that fosters taking care of our clients and each other is what makes PTA different from any other title company. Backed by the strength of our parent company, Mother Lode Holding Company (MLHC), we have been able to diversify our business by creating Premier Reverse Closings and a national lender services division—National Closing Solutions. Furthermore, we have expanded our title and escrow services by adding North Idaho Title, Montana Title and Escrow, Texas National Title, Washington Title & Escrow, Wyoming Title and Escrow, and Centric Title & Escrow to our family of companies. By expanding our services, we can better serve our clients and offer solutions to all of their title and escrow needs. At Premier Title Agency, we care about each other and our clients and continually demonstrate why we are a proven leader in the title and escrow industry.

Visit us on the web at [www.PTAnow.com](http://www.PTAnow.com)

# DREAM HOME WISH LIST

Finding the perfect home starts with determining exactly what you are looking for and what you can realistically afford. Your Real Estate Professional and lender will work with you to accomplish both of these goals, but the worksheet below can help you get your home search off to the right start. *Good luck!*

**In what areas are you interested in purchasing a home?** (City/Zip)

\_\_\_\_\_

**What price range would you like to consider?**

Min \_\_\_\_\_ Max \_\_\_\_\_

**You are looking to move...**

Immediately  Within 3 Months  Within 6 Months  Within 12 Months

**What style of houses appeals to you?**

Contemporary  Traditional  Southwestern  Colonial  No Preference

**Please complete the following:**

Desired Square Footage Min \_\_\_\_\_ Max \_\_\_\_\_

Bedrooms 1 2 3 4 5

Baths 1 2 3 4 5

Garage Space 1 2 3 4 5

Kitchen Appliances  Gas  Electric

Heating (select all that apply)  Gas  Electric  Hot Water

Age of Home Desired \_\_\_\_\_

**How important is energy efficiency and low utility bills to you?**

Not Important  Somewhat Important  Very Important

**Do you want to be close to...**

Schools?  Yes  No Public Transportation?  Yes  No

Parks?  Yes  No Major Corridors/Highways?  Yes  No

Shopping?  Yes  No Work?  Yes  No

**Do you have any physical needs that must be met, such as wheelchair access?**

Yes  No

## INTERIOR

Must Have Would Like

- One Story
- Two Story
- Storm Windows
- Wood Floors
- Wall-to-Wall Carpet
- Separate Dining Room
- Formal Living Room
- Family Room
- Great Room
- Office/Den
- Laundry Room
- Basement
- Fireplace
- Central Heating/Air
- Lots of Windows (light)

## EXTERIOR

Must Have Would Like

- Attached Garage
- Extra Parking
- Swimming Pool
- Spa, Hot Tub or Sauna
- Patio/Deck
- Landscaping
- Fenced Yard
- Large Yard (1 acre or more)
- Small Yard (Less than 1 acre)
- Water View
- City View
- Mountain View
- Golf Course
- Gated Community
- Senior Community

# DREAM HOME FINDER NOTES

Please use this page to keep notes of the homes that you have toured with your Real Estate Professional. You can make multiple copies of this page to note numerous properties.

## THE BASICS

Property Address \_\_\_\_\_

MLS # \_\_\_\_\_

Price \_\_\_\_\_

Number of Bedrooms \_\_\_\_\_

Number of Bathrooms \_\_\_\_\_

Garage Size \_\_\_\_\_

Lot Size \_\_\_\_\_

Year Built \_\_\_\_\_

Square Feet \_\_\_\_\_

Style of House \_\_\_\_\_

Number of Floors \_\_\_\_\_

## NEIGHBORHOOD

	<i>Good</i>	<i>Average</i>	<i>Fair</i>
Appearance of Nearby Homes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Traffic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Noise Level	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Safety/Security	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Emergency Services ( <i>Fire/Police</i> )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Parking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Number of Children	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Age Range of Inhabitants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## GENERAL IMPRESSION

Likes \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Dislikes \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## THE HOME

	<i>Good</i>	<i>Average</i>	<i>Fair</i>
Exterior Appearance/Condition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Floor Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Interior Walls	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Closet and Storage Space	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fireplace	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Basement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Laundry Room	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Landscaping/Yard	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Size of Yard	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Patio/Deck	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Roof - Age and Condition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gutters and Downspouts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## LOCATION & CONVENIENCE

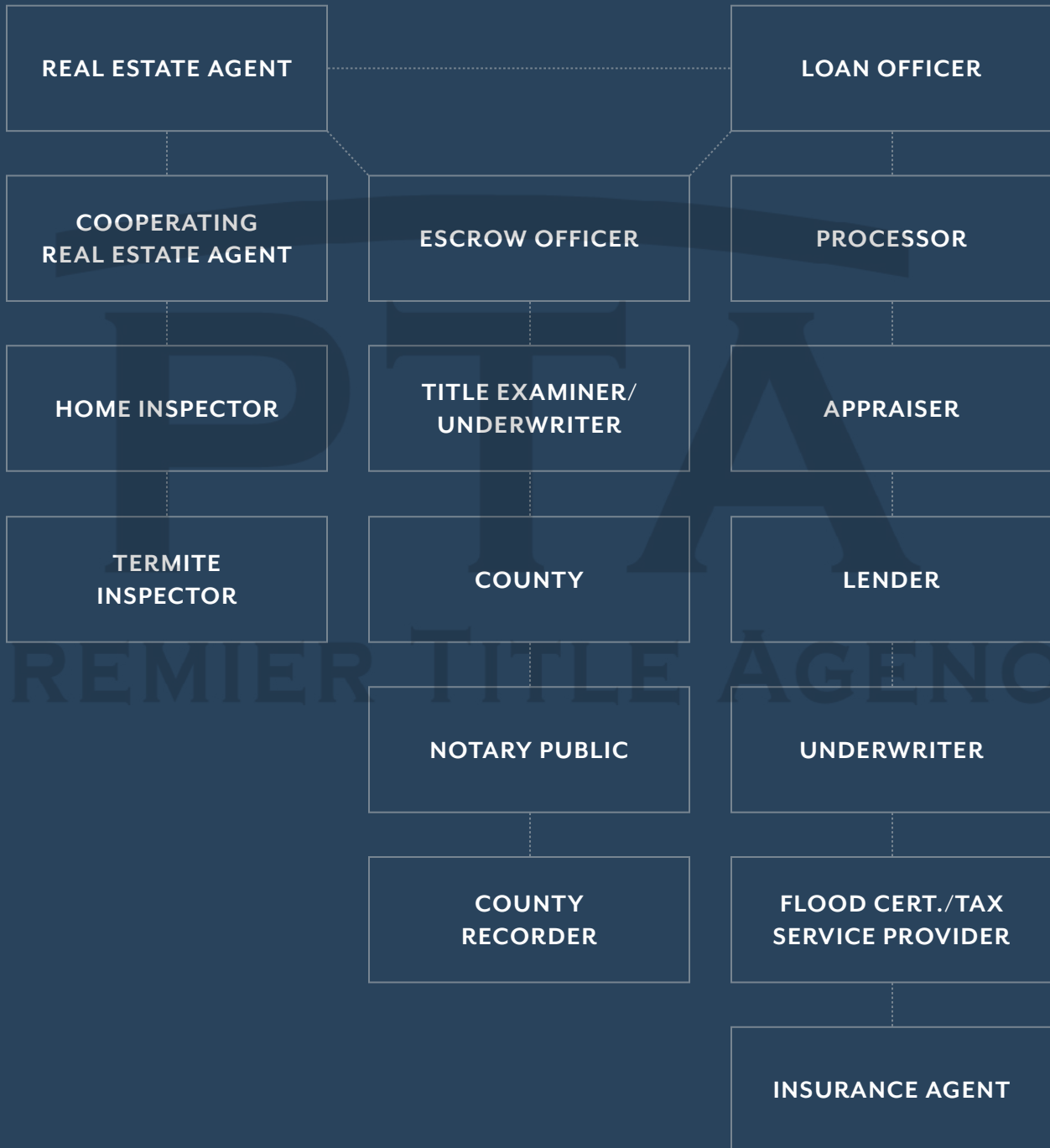
	<i>Good</i>	<i>Average</i>	<i>Fair</i>
Supermarkets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Schools	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Shopping	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Medical Care/Hospitals	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Recreation/Parks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Restaurants/Entertainment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Freeway Access	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Public Transportation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## SCHOOLS

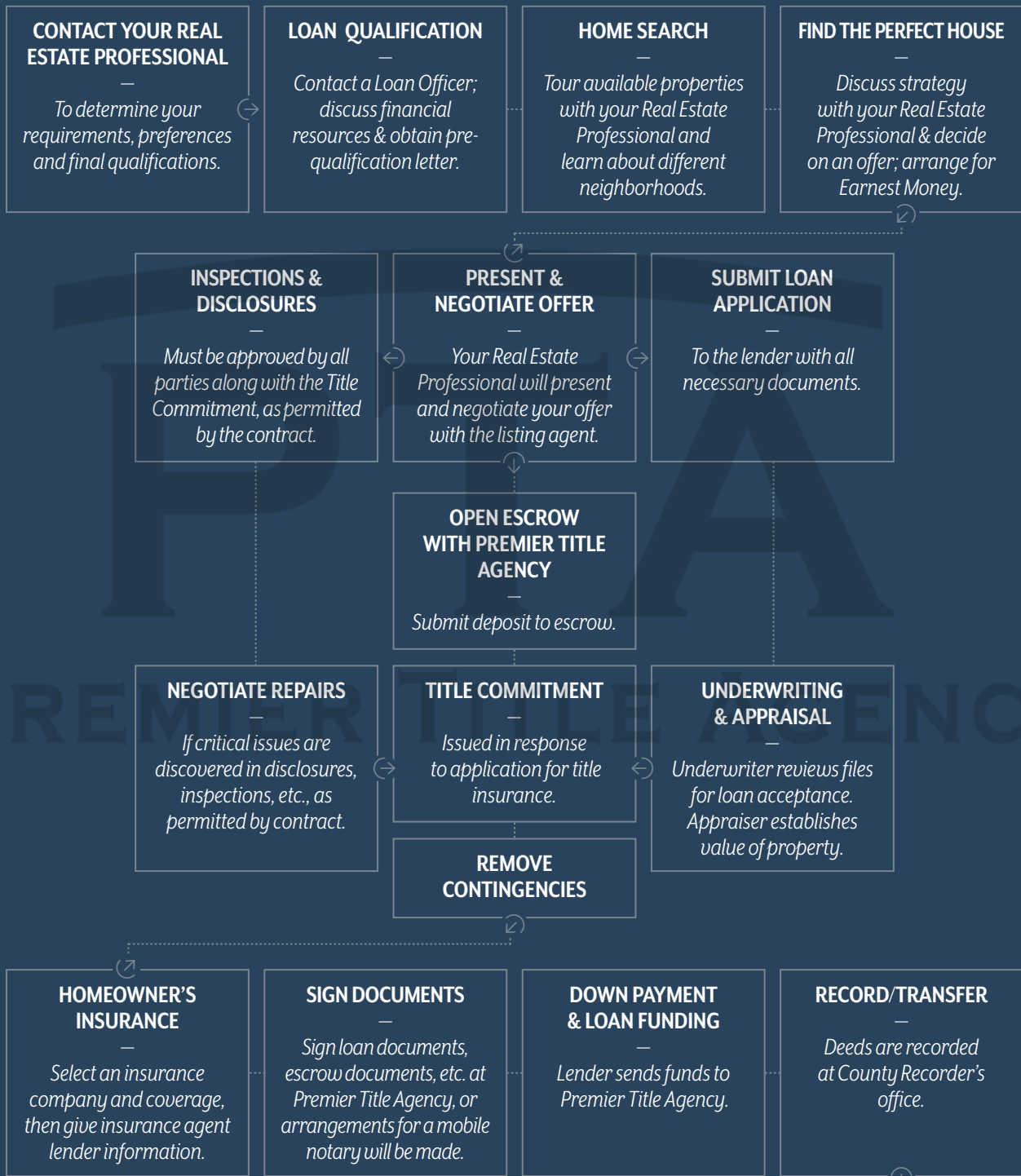
	<i>Good</i>	<i>Average</i>	<i>Fair</i>
Age	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Condition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reputation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Playground	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Curriculum	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Class Size	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
School District	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



# PROFESSIONALS IN THE TRANSACTION



# THE PURCHASE PROCESS



YOU ARE THE OWNER OF A NEW HOME!

The above assumes you are using the services of a Real Estate Professional.



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# UNDERSTANDING TITLE INSURANCE

## **The Title Process**

Premier Title Agency performs a thorough and vigorous search of public records to eliminate any risks that may affect the title to a property. When the title search is complete, Premier Title Agency issues a Title Commitment.

## **What Is A Title Commitment?**

A Title Commitment is prepared prior to issuing a policy of title insurance, and it contains information which can affect the close of escrow. The report lists exceptions and exclusions to the policy of title insurance; it is important to read the exceptions and exclusions set forth. They are intended to provide you with notice of matters which are not covered under the terms of the Title Insurance Policy. The Title Commitment is not a written representation as to the condition of the title and may not list all liens, defects, and encumbrances affecting the title to the property.

## **Why Do I Need Title Insurance?**

Many homeowners assume that when they purchase a piece of property that possession of a deed to the property is all they need to prove ownership. This is not true. You and your lender will want to make sure that the property is indeed yours and that no one else has any lien, claim, or encumbrance on the property. A property owner's greatest protection is an Owner's Title Insurance Policy. Your lender will also seek protection with a Lender's Title Insurance Policy.

## **What Is Title Insurance?**

Premier Title Agency works to identify and eliminate existing claims against a property or discrepancies that cloud title to a property. Title Insurance indemnifies you against loss under terms of the policy. Prior to closing, Premier Title Agency carefully examines public records to identify and eliminate potential claims and defects that may have been created in the past. Premier Title Agency utilizes "Title Plants" that contain information regarding property transfers and liens reaching back many years. However, claims can surface after a property is acquired. Unrecorded liens may surface, missing heirs may claim the property, or taxes might have been unpaid. The Owner's Title Insurance Policy protects the new owner by providing legal and financial redress. It is important to purchase the Owner's Title Insurance Policy because the Lender's Policy only protects the lender.

## **What Protection Will I Receive From My Title Policy?**

A Title Insurance Policy pays for legal fees in defense of a claim against property covered under your policy. It also contains provisions for indemnification against losses that result from a claim. The title insurance premium is paid at the close of escrow and no additional premiums are paid as long as you own the property.

# A COMPARISON OF OWNER'S TITLE POLICIES

Coverage: Subject to your policy's exceptions, exclusions, conditions and stipulations	STANDARD ALTA POLICY	EXTENDED ALTA POLICY	HOMEOWNER'S ALTA POLICY
1 Someone else owns an interest in your property	YES	YES	YES
2 A document is not properly executed	YES	YES	YES
3 Forgery, fraud or duress	YES	YES	YES
4 Defective recording of any document	YES	YES	YES
5 There are restrictive covenants	YES	YES	YES
6 There is a lien on your title because there is:			
> a deed of trust	YES	YES	YES
> a judgment, tax or special assessment	YES	YES	YES
> a charge by homeowner's association	YES	YES	YES
7 Title is unmarketable	YES	YES	YES
8 Mechanic's lien protection	NO	YES	YES
9 Forced removal of structure because it:			
> Extends onto other land or onto an easement	NO	YES	YES
> Violates a restriction in Schedule B	NO	YES	YES
> Violates an existing zoning law	NO	YES	YES
10 Can't use land for a single family dwelling because the use violates a restriction in Schedule B or a zoning ordinance.	NO	YES	YES
11 Pays rent for substitute land or facilities	NO	YES	YES
12 Unrecorded lien by a homeowner's association	NO	YES	YES
13 Unrecorded easements	NO	YES	YES
14 Rights under unrecorded leases	NO	YES	YES
15 Enhanced continuing coverage	NO	YES	YES
16 Building permit violations	NO	YES	YES
17 Compliance with Subdivision Map Act	NO	YES	YES
18 Restrictive covenant violations	NO	YES	YES
19 Forgery occurring after policy date	NO	YES	YES
20 Encroachment occurring after policy date	NO	YES	YES
21 Damage from minerals or water extraction occurring after policy date	NO	YES	YES
22 Coverage continues after transfer to your Living Trust	NO	YES	YES
23 Enhanced access, vehicular and pedestrian	NO	YES	YES
24 Attached map not consistent with legal description	NO	YES	YES
25 Potential increase in policy limit up to 150% due to inflation	NO	YES	YES
26 Adverse possession occurring after policy date	NO	YES	YES
27 Cloud on title occurring after policy date	NO	YES	YES
28 Prescriptive easement occurring after policy date	NO	YES	YES
29 Covenant violation resulting in reversion	NO	YES	YES
30 Boundary, walls and fence encroachment	NO	YES	YES
31 Violations of building setbacks	NO	YES	YES

*Some additional coverage is subject to a deductible and maximum dollar limits of liability. For more details on all coverages, including the coverages outlined above, please refer to the terms of the policy itself. Copies are available from your local Premier Title Agency office. The ALTA Homeowner's Policy is designed for issuance on certain subdivided residential properties and are not available for all properties. Check with your title representative for availability.*

# WAYS TO TAKE TITLE IN ARIZONA

<p><b>COMMUNITY PROPERTY</b></p> <p>—</p> <p><i>Requires a valid marriage between two persons.</i></p> <p>—</p> <p><i>Each spouse holds an undivided one-half interest in the estate.</i></p> <p>—</p> <p><i>One spouse cannot partition the property by selling his or her interest.</i></p> <p>—</p> <p><i>Requires signatures of both spouses to convey or encumber.</i></p> <p>—</p> <p><i>Each spouse can devise (will) one-half of the community property.</i></p> <p>—</p> <p><i>Upon death the estate of the decedent must be “cleared” through probate, affidavit or adjudication.</i></p> <p>—</p> <p><i>Both halves of the community property are entitled to a “stepped up” tax basis as of the date of death.</i></p>	<p><b>JOINT TENANCY WITH RIGHT OF SURVIVORSHIP</b></p> <p>—</p> <p><i>Parties need not be married; may be more than two joint tenants.</i></p> <p>—</p> <p><i>Each joint tenant holds an equal and undivided interest in the estate, unity of interest.</i></p> <p>—</p> <p><i>One joint tenant can partition the property by selling his or her joint interest.</i></p> <p>—</p> <p><i>Requires signatures of all joint tenants to convey or encumber the whole.</i></p> <p>—</p> <p><i>Estate passes to surviving joint tenants outside of probate.</i></p> <p>—</p> <p><i>No court action required to “clear” title upon the death of joint tenant(s).</i></p> <p>—</p> <p><i>Deceased tenant’s share is entitled to a “stepped up” tax basis as of the date of death.</i></p>	<p><b>COMMUNITY PROPERTY WITH RIGHT OF SURVIVORSHIP</b></p> <p>—</p> <p><i>Requires a valid marriage between two persons.</i></p> <p>—</p> <p><i>Each spouse holds an undivided one-half interest in the estate.</i></p> <p>—</p> <p><i>One spouse cannot partition the property by selling his or her interest.</i></p> <p>—</p> <p><i>Requires signatures of both spouses to convey or encumber.</i></p> <p>—</p> <p><i>Estate passes to the surviving spouse outside of probate.</i></p> <p>—</p> <p><i>No court action required to “clear” title upon the first death.</i></p> <p>—</p> <p><i>Both halves of the community property are entitled to a “stepped up” tax</i></p>	<p><b>TENANCY IN COMMON</b></p> <p>—</p> <p><i>Parties need not be married; may be more than two tenants in common.</i></p> <p>—</p> <p><i>Each tenant in common holds an undivided fractional interest in the estate. Can be disproportionate, e.g., 20% and 80%; 60% and 40%; 20%, 20%, 20% and 40%; etc.</i></p> <p>—</p> <p><i>Each tenant’s share can be conveyed, mortgaged or devised to a third party.</i></p> <p>—</p> <p><i>Requires signatures of all tenants to convey or encumber the whole.</i></p> <p>—</p> <p><i>Upon death the tenant’s proportionate share passes to his or her heirs by will or intestacy</i></p> <p>—</p> <p><i>Upon death the estate of the decedent must be “cleared” through probate, affidavit or adjudication.</i></p> <p>—</p> <p><i>Each share has its own tax basis.</i></p>
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Note: Arizona is a community property state. Property acquired by a husband and wife is presumed to be community property unless legally specified otherwise. Title may be held as “Sole and Separate.” If a married person acquires title as sole and separate, his or her spouse must execute a disclaimer deed to avoid the presumption of community property. Parties may choose to hold title in the name of an entity, e.g., a corporation, a limited liability company, a partnership (general or limited), or a trust. Each method of taking title has certain significant legal and tax consequences; therefore, you are encouraged to obtain advice from an attorney or other qualified professional.

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## WHAT IS ESCROW?

Buying, selling, or refinancing real property usually involves the transfer of large sums of money. It is imperative that a neutral third party, known as the Escrow Holder (*Premier Title Agency*), handles the transfer of these funds and related documents from one party to another. The Escrow Holder impartially carries out all written instructions given by the principals (*borrowers*). As a neutral third party, Premier Title Agency oversees the escrow process to ensure that all conditions of the loan are met.

### THE ESCROW HOLDER'S DUTIES

- Serves as the neutral third party and the liaison between all parties involved
- Requests a Title Commitment to facilitate issuance of title insurance
- Prepares the escrow instructions
- Complies with lender's conditions and prepares necessary documentation
- Requests payoff demands for anything to be paid through escrow
- Records the Deed and other related documents
- Receives closing instructions, documents, borrower's funds and reviews file to determine that all conditions have been met
- Closes the escrow
- Disburses funds as authorized by the instructions, including charges for title insurance, recording fees, lender fees, and loan payoff
- Arranges for the Title Insurance Policy for the borrower and the lender

#### What Do I Need to Provide?

You may be asked to complete a Statement of Information as part of the paperwork. Because many people have similar names, the Statement of Information 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 highly confidential.

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## STATEMENT OF INFORMATION

A Statement of Information provides a title company with the information needed to distinguish the buyers and sellers of real property from others with similar names.

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

A Statement of Information is a form routinely requested from the buyer(s) and seller(s) in a transaction where title insurance is sought. The completed form allows the title company to disregard matters that do not affect the property to be insured — matters that actually apply to some other person.

### **What does a Statement of Information do?**

Everyday, documents affecting real property — liens, court decrees, and bankruptcies — are recorded. Whenever a title company uncovers a recorded document in which the name is the same or similar to that of the buyer, seller, or borrower in a title transaction, the title company must ask, “Does this affect the parties we are insuring?”

### **What types of questions are on a Statement of Information?**

Personal information such as date of birth, dependents, marital history (*current and former*), residential history (*present and past 10 years*), and occupational history (*present and past 10 years*).

### **Will the information be kept confidential?**

Yes, the information is completely confidential and only for the title company to use in completing the search of records necessary before a policy of title insurance can be issued.



# THE LOAN PROCESS

Unless you are paying cash for your property, you will need to apply for a mortgage loan. Your lender can explain current financing options and help you select the right type of loan for your situation.

*The following details the steps to securing a loan:*

- ① **PRE-QUALIFICATION/INTERVIEW**
  - > Application interview > Lender obtains all pertinent documents to avoid delays
- ② **LOAN PROCESS PERIOD** *During the loan process, the lender will request:*
  - > Credit report, appraisal of property, verification of employment, mortgage or landlord ratings, verification of funds to close
  - > Title Commitment from Premier Title Agency
  - > Picture ID, W2s (2 years), a Certificate of Eligibility, DD214 (VA only), and any other necessary supporting documentation
  - > Loan Estimate (includes estimate of costs)
- ③ **LOAN SUBMISSION**
  - > Loan package is assembled by the Loan Officer or Processor and submitted to the underwriter for approval
- ④ **LOAN APPROVAL**
  - > Generally takes 24-72 hours > Parties are notified of approval and conditions to the loan
- ⑤ **DOCUMENTS PREPARED BY THE LENDER** *Upon loan approval:*
  - > Closing Disclosure is issued to Borrower and delivery and reviewing period begins
  - > Loan documents are prepared and sent to Premier Title Agency
  - > Borrower is notified of how much money is necessary to close the loan
  - > Borrower will come to Premier Title Agency to sign all final documents
- ⑥ **FUNDING**
  - > Lender reviews the signed loan package > Funds are wired to Premier Title Agency
- ⑦ **RECORDING DOCUMENTS**
  - > Premier Title Agency records the Deed of Trust electronically with the County Recorder's Office, securing the lien against the property
  - > Funds are disbursed to the appropriate parties
  - > Escrow is officially closed





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## CLOSING COSTS

Below are some typical closing costs you may incur during the home buying process. Premier Title Agency will review and explain your closing statement during your signing appointment.

### **Title Insurance Premium**

Fee paid by an individual to insure a marketable title or, in the case of a lender, to insure the lien position.

### **Transfer and Assumption Charges**

Fees charged by a lender to allow a new purchaser to assume the seller's existing loan.

### **Inspection Fees**

The cost for inspections performed. Example: pest, home, roof, etc.

### **Loan Fees**

Fees charged by a lender in connection with the processing of a new loan. These may include points, origination fee and credit report.

### **Prepaid Interest**

Depending upon the time of month a loan closes, the per diem charge may vary from a full month's interest to a few day's interest.

### **Escrow Fees**

Fees charged by a title and/or escrow company for services rendered in coordinating the closing and preparing documents necessary to close a real estate transaction.

### **Taxes**

The buyer may be required to reimburse the seller for property taxes, depending upon the month in which the transaction closes.

### **Real Estate Commission**

Fee paid to a real estate broker for services rendered in listing, showing, selling and consummating the transfer of property.

### **Homeowner's Insurance**

Lenders typically require the first year of fire and hazard insurance be paid by escrowing funds.

### **Recording Fees**

Fees assessed by a County Recorder's Office for recording legal documents of a real estate transaction.

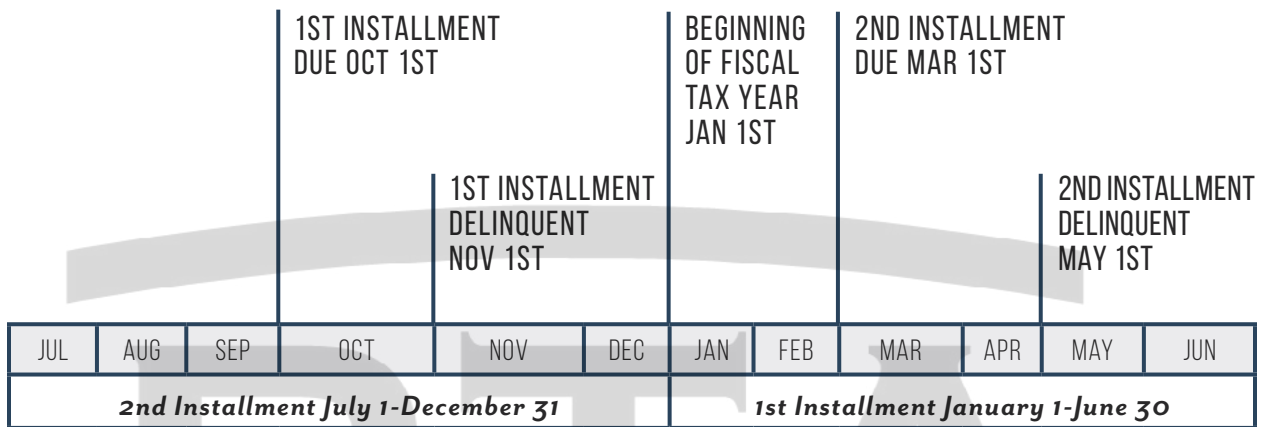


## CLOSING COSTS: WHO PAYS WHAT?

Get to know who customarily pays what costs:	CASH	FHA	VA	CONV.
Down Payment	BUYER	BUYER	BUYER	BUYER
Termite ( <i>Wood Infestation</i> ) Inspection ( <i>negotiable except on VA</i> )			SELLER	
Property Inspection ( <i>if requested by buyer</i> )	BUYER	BUYER	BUYER	BUYER
Property Repairs, if any ( <i>negotiable</i> )	SELLER	SELLER	SELLER	SELLER
New Loan Origination Fee ( <i>negotiable</i> )		BUYER	BUYER	BUYER
Discount Points ( <i>negotiable</i> )		BUYER	BUYER	BUYER
Credit Report		BUYER	BUYER	BUYER
Appraisal or Extension Fee ( <i>negotiable</i> )		BUYER	BUYER	BUYER
Existing Loan Payoff	SELLER	SELLER	SELLER	SELLER
Existing Loan Prepayment Penalty ( <i>if any</i> )	SELLER	SELLER	SELLER	SELLER
Loan Prepayment Penalty ( <i>if any</i> )	SELLER	SELLER	SELLER	SELLER
Next Month's PITI Payment		BUYER	BUYER	BUYER
Prepaid Interest ( <i>approx. 30 days</i> )		BUYER	BUYER	BUYER
Reserve Account Balance ( <i>credit seller/charge buyer</i> )		PRORATE	PRORATE	PRORATE
FHA MIP, VA Funding Fee, PMI Premium		BUYER	BUYER	BUYER
Assessments Payoff or Proration ( <i>sewer, paving, etc.</i> )	SELLER			
Taxes	PRORATE	PRORATE	PRORATE	PRORATE
Tax Impounds		BUYER	BUYER	BUYER
Tax Service Contract		SELLER	SELLER	BUYER
Fire/Hazard Insurance	BUYER	BUYER	BUYER	BUYER
Flood Insurance		BUYER	BUYER	BUYER
Homeowners Association (HOA) Transfer Fee	BUYER OR SELLER	BUYER OR SELLER	BUYER OR SELLER	BUYER OR SELLER
HOA/Disclosure Fee	SELLER	SELLER	SELLER	SELLER
Current HOA Payment	PRORATE	PRORATE	PRORATE	PRORATE
Next Month's HOA Payment	BUYER	BUYER	BUYER	BUYER
Home Warranty Premium ( <i>negotiable</i> )	BUYER OR SELLER	BUYER OR SELLER	BUYER OR SELLER	BUYER OR SELLER
Realtors®' Commissions	SELLER	SELLER	SELLER	SELLER
Homeowners Title Policy	SELLER	SELLER	SELLER	SELLER
Lenders Title Policy and Endorsements		BUYER	BUYER	BUYER
Escrow Fee ( <i>NOTE: charge seller on VA loan</i> )	SPLIT	SPLIT	SELLER	SPLIT
Recording Fees ( <i>flat rate</i> )	SPLIT	SPLIT	SPLIT	SPLIT
Reconveyance/Satisfaction Fee	SELLER	SELLER	SELLER	SPLIT
Courier/Express Mail Fees	SPLIT	SPLIT	SELLER	SPLIT

# ARIZONA PROPERTY TAX GUIDE

Property taxes could affect expenses when closing escrow. See below on how this can impact your transaction.



\*Tax amounts will be prorated through escrow based on closing date and next installment due

NOTE: Penalties for delinquent property taxes include an interest accrual of 16% annually, simple interest, prorated monthly. There will also be advertising fees of \$5.00 or 5%, whichever is greater, and sale fees.

## TAX IMPOUND RESERVE SCHEDULE

Closing Month	1st Payment	Pay 1st in Escrow	Pay 2nd in Escrow	Number of Months Required By Lender to Impound
January	March			6
February	April		Yes	1
March	May		Yes	2
April	June		Yes	3
May	July			4
June	August			5
July	September			6
August	October			7
September	November			9
October	December	Yes		4
November	January	Yes		5
December	February	Yes		6

The number of months shown above are estimates and may vary according to individual lender requirements.

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## FOREIGN INVESTMENT IN REAL PROPERTY TAX ACT (FIRPTA)

The disposition of a U.S. real property interest by a foreign person (the seller) is subject to the Foreign Investment in Real Property Tax Act of 1980 (FIRPTA) income tax withholding. This IRS Rule requires the transferee/buyer to determine if withholding applies and, if so to remit the withholding to the IRS. If the buyer has determined FIRPTA withholding applies, the buyer and seller may mutually instruct the Escrow Officer to deduct the set amount, gather the applicable forms and remit them to the IRS on their behalf.



Foreign sellers are subject to a 15% withholding of the sales price unless ONE of the following exemptions are met:

- > The sales price is \$300,000.00 or less and the buyer(s) signs the FIRPTA Buyer Occupancy Affidavit, which states they are acquiring the real property for use as a residence and that either the buyer or an immediate family member of the buyer will reside at the property for at least 50% of the number of days the property is used by any person during each of the first two 12-month periods following the date of transfer. Note immediate family members are: spouse, brothers, sisters, ancestors, lineal descendants.
- > The seller provides a certification stating that the seller is not a foreign person which means they are a U.S. resident or a resident alien that lives in the U.S. and has a U.S. tax identification number.
- > The buyer receives a waiver from the IRS that excuses or reduces the amount of the withholding prior to close of escrow.

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## IN PREPARATION FOR YOUR SIGNING

Below is a list of items that you will need at your appointment to sign escrow papers. *Check with your Escrow Officer to learn more about acceptable forms of identification. One of these forms of identification must be presented at the signing of escrow for the signature to be notarized.*

### Identification

There are several acceptable forms of identification that may be used during the escrow process.

*These include:*

- > Current State of Arizona Department of Motor Vehicles driver's license
- > Current State of Arizona Department of Motor Vehicles identification card
- > Passport
- > Other Arizona-approved identification card, provided it has a photograph, description of the person, signature of the person and an identifying number

### Cashier's Check

Obtain a cashier's or certified check made payable to Premier Title Agency in the amount indicated by your Escrow Officer. A personal check will delay the closing since Premier Title Agency is required by law to verify good funds before disbursing funds from the escrow.

### Lender's Requirements

You must satisfy your lender's requirements prior to closing.

### Title to Your Home

Decide how you wish to hold title to your new home. You may refer to the chart "Ways to Take Title" on page 9 for more information. Consult a lawyer, tax consultant or other qualified professional if you have questions.



### Fire & Hazard Insurance/Homeowner's Insurance

Your lender will require that the first year of fire and hazard insurance premiums be paid into escrow. If you are purchasing a townhouse, check with your Real Estate Professional to see if your insurance is paid through homeowner's dues.

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## FAQS OF TITLE INSURANCE

A home is the single largest investment most of us will make in our lives. To buy with confidence, get owner's title insurance. It's a smart way to protect your property from financial claims. *To help you understand how it works, here are answers to common questions:*



### **What is Title?**

A title is right to own or use your property. Title also notes any limitations on those rights.

### **What is a Title Search?**

A title search is a standard part of the home buying process that is conducted to uncover issues that could prevent your right to the property. Your closing agent reviews public records to see if there are problems or defects that could cause you legal issues.

### **What is Title Insurance?**

If you're buying a home, title insurance is a policy that protects your investment and property rights. There are two different types of title insurance: owner's policy and lender's policy.

- > An owner's policy protects your property rights for as long as you own the home.
- > A lender's policy is usually required by the lender and protects only the lender's financial interests. We recommend you ask your escrow officer on how it's handled in your area.

### **Why Should I Purchase Owner's Title Insurance?**

Purchasing owner's title insurance is a smart decision because it's the best way to protect your property from possible future claims.

### **What Does Owner's Title Insurance Cost?**

The one-time payment for owner's title insurance is low relative to the value of your home. The typical title insurance policy costs around 0.5% of the home's purchase price.

### **How Long am I Covered?**

Your owner's insurance policy lasts as long as you own your property. Your life will change over time, but your peace of mind never will.

### **What Happens at Settlement?**

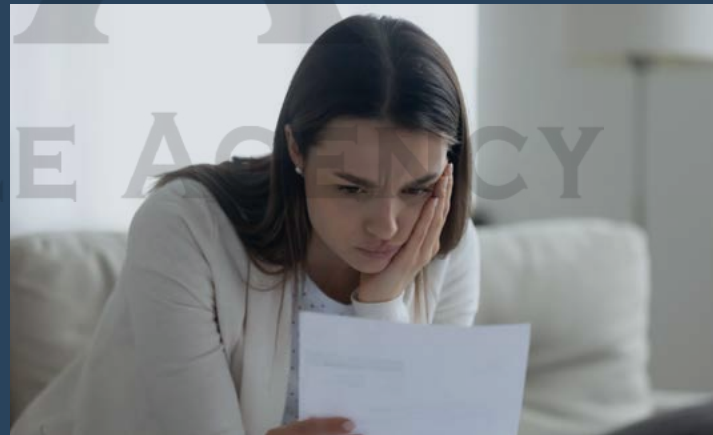
You sign the legal documents and receive the keys to your home.

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## ESCROW DELAYS

There are many situations or title issues that can arise during the escrow process that may cause your transaction to be delayed or have unexpected costs. Below is a list of the most common situations that cause problems originating from the buyer. Remember to always advise your Escrow Officer and/or loan officer as soon as you are aware of any of these issues.

- Buyers leaving town without establishing a power of attorney. Use of a power of attorney must be approved by the title insurer and the buyer's new lender. If a power of attorney is not approved, additional outside signing fees may be incurred.
- Additional funds to close may be needed.
- Method to holding title to the property undecided prior to signing.
- Escrow Officer not made aware of various statuses (*e.g., marriage, separation, registered domestic partnership, sole and separate property, properties held in a trust, 1031 exchange, etc.*).
- Lender requirements not satisfied prior to closing.
- Spouse absent at signing.
- Cashier's or Certified Check missing at closing, or a wire transfer was not arranged.
- Acceptable forms of identification, including current Driver's License, passport, or Arizona DMV Identification Card, not provided at signing.





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## CLOSING'S COMPLETE. NOW WHAT?

Here are some things to expect once your closing is complete:

- › Your Real Estate Professional will be contacted by your Escrow Officer from Premier Title once your documents have been recorded with the County.
- › Your Real Estate Professional can then make arrangements for the transfer of keys to the property and will contact you letting you know how you will receive them.
- › Your Escrow Officer can now close out the file and disburse all the proceeds to the appropriate parties.
- › You can submit a change of address to the DMV and Registrar of Voters by downloading the form from the DMV or the Postal Service.
- › Any recorded documents to which you are entitled will be mailed to you after the close of escrow.
- › A Final Closing Statement and HUD or Closing Disclosure (whichever is applicable) is prepared, showing how all funds were disbursed. A copy is mailed to both the buyer and the seller showing their side of the transaction. If you are receiving a refund check, this will be mailed to you with your Closing Statement unless you have made arrangements to pick it up at our office.
- › And finally, you will receive your Owner's Title Policy from Premier Title reflecting you as the owner of the property and loan information, if you have borrowed money. This normally takes a period of time to receive and will be mailed to you.

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# MOVING CHECKLIST

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## 8 WEEKS BEFORE

- Contact movers for estimates or reserve moving van.
- Clean out your attic, basement, storage shed, and other big storage areas.
- Inventory and evaluate your possessions to determine if anything can be sold or donated. Plan a garage sale to sell unneeded items or arrange to donate them to charity.
- Start to use up things you can't move, such as frozen foods and cleaning supplies.

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## 6 WEEKS BEFORE

- If you're moving at an employer's request, verify what expenses may be reimbursed.
- Locate all auto licensing and registration documents.
- For out of town moves, contact the IRS or your accountant for information on what moving expenses may be tax-deductible.
- If some of your goods are to be stored, make the necessary arrangements.
- Contact schools, doctors, dentists, lawyers and accountants and obtain copies of your personal records or request forwarding.
- Ask doctor and dentist for referrals. Obtain birth records, medical records, etc.
- Notify your vet: "chipped pets" are often forgot about. Make sure your vet knows about your address change.
- Transfer memberships for clubs and civic organizations. Request letters of introduction.
- Begin collecting boxes and other moving supplies.

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## 4 WEEKS BEFORE

- Make change of address notifications: Post Office, credit card and other billing accounts, subscriptions, friends and relatives.
- Arrange special transportation for your pets and plants.
- Contact utility and related companies (*gas, electric, water, telephone, cable TV, Internet, and trash collection*) to establish service at your new home. Contact current vendors and request refunds for any deposits.
- Contact insurance companies (*auto, homeowner's or renter's, medical, fire and life*) to arrange for coverage in your new home.
- If you're packing yourself, purchase packing boxes from your local mover. Pack items that you won't be needing in the next month.
- Arrange for transportation of autos you will not drive yourself.
- Transfer all medical prescriptions to a pharmacy in your new location.
- Call newspaper courier, lawn services, etc. and set a date to cancel.

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## 3 WEEKS BEFORE

- Make sure travel arrangements and reservations are in order.
- Arrange to close accounts at your local bank and open accounts in your new locale. Don't forget automatic deposit and payment items.

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## 2 WEEKS BEFORE

- If moving out of or into a building with elevators, contact the building management to schedule use of the elevators.
- Contact the moving company to review and confirm the arrangements for your move.

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## 1 WEEK BEFORE

- Withdraw the contents of your safety deposit box, pick up any dry cleaning, return library books and rented videos, etc.
- Verify service connection dates with new utility companies.

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# MOVING CHECKLIST

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## 2-3 DAYS BEFORE

- Defrost your freezer and refrigerator.
- Disconnect major appliances and prepare for the move. You should request the gas company to disconnect your gas dryer, oven and any other gas appliance.
- Pack a box of personal items that will be needed immediately at your new home. Ask the movers to load this box last or transport it yourself.
- Set aside those things that you are transporting yourself so that they are not mistakenly loaded by your mover.
- Contact your mover to confirm arrival time of the moving van. Provide directions to your new home (*Include your itinerary, emergency numbers, etc.*).
- Unplug all television sets 24 hours in advance of moving day so that they will be at room temperature.

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## MOVING DAY

- Record all utility meter readings (*gas, electric, water*).
- Read your bill of lading and inventory carefully before you sign them.
- Keep contracts, bills and other moving papers in a safe place until all charges have been paid and all claims have been settled.
- Carry jewelry and documents yourself or use registered mail.
- Carry enough cash or traveler's checks to cover cost of moving services & expenses until you make banking connections in new city.
- Let a close friend or relative know the route and schedule you will travel, including overnight stops.
- Double check closets, drawers, shelves to be sure they are empty.
- Leave old keys needed by new tenant or owner with Real Estate Professional or neighbor.

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## AT YOUR NEW HOME

- Check on service of telephone, gas, electricity, and water.
- Check pilot light on stove, hot water heater, incinerator and furnace.
- Have appliances checked.
- Ask postal worker for mail held for your arrival.
- Have new address recorded on driver's license.
- Register car within five days after arrival in state or face a potential penalty.
- Visit city offices, register for voting, obtain information from Chamber of Commerce.
- Register family in your new place of worship.
- Register children in school.
- Arrange for medical services: doctor, dentist, prescriptions, etc.

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## PACKING TIPS

- Finish packing and prepare an "essentials" box.
- Designate boxes and items to load last into the moving truck. Pack suitcases and valuables separately.
- Pack one room at a time and clearly label each box with a description of contents and the destination room (e.g. kitchen, office).
- Be as specific as possible when labeling boxes. It makes unpacking much easier.
- Keep the weight of boxes reasonable. If possible put heavy items in small boxes to make them easier to carry.
- Double box fragile items and use plenty of cushioning material
- Fill boxes completely, but don't over-pack the box.

*When everything is packed, make sure the items you need first at your new home are loaded last. Items you may need when you arrive should be packed and carried separately. For each person in your household, prepare a change of clothes, towel, prescriptions, toothbrush, sheets, and other personal items. Prepare a bag of plastic eating utensils, paper plates, cups, paper towels, toilet paper, trash bags, soap, first aid kit, snacks, beverages, and food for your pets.*

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## GLOSSARY

*These definitions are to acquaint the homebuyer with terms commonly used in real estate transactions. The terms are intended to be general and brief and are not complete and wholly accurate when applied to all possible uses of the term. Please consult your Real Estate Professional for more information or questions regarding specific terms.*

**ADJUSTABLE RATE MORTGAGE (ARM):** A mortgage instrument with an interest rate that is periodically adjusted to follow a pre-selected published index. The interest rate is adjusted at certain intervals during the loan period.

**ADJUSTMENT PERIOD:** The length of time between interest rate changes on an ARM. For example, in the case of an ARM loan with a one-year adjustment period, the interest rate may change once each year.

**AGENCY:** Any relationship in which one party (*agent*) acts for or represents another (*principal*) under the authority of the principal. Agency involving real property should be in writing, such as listing, trust, powers of attorney, etc.

**AMERICAN LAND TITLE ASSOCIATION (ALTA):** A national association of title insurance companies, abstractors, and agents. The association adopts standard policy forms.

**AMORTIZATION:** Repayment of a mortgage debt with periodic payments of both principal and interest, calculated to retire the obligation at the end of a fixed period of time.

**ANNUAL PERCENTAGE RATE (APR):** A term defined in section 106 of the Federal Truth in Lending Act (15 USC 1606), which expresses on an annualized basis the charges imposed on the borrower to obtain a loan (*defined in the Act as "finance charges"*), including interest, discounts and other costs.

**APPRAISAL:** An opinion or estimate of value. Also refers to the process by which a value estimate is obtained.

**ASSIGNMENT:** The transfer of ownership, rights, or interests in property, as in a mortgage, lease, or deed of trust. Mortgages and other security instruments are regularly assigned from one investor to another and commitments by HUD/FHA to insure mortgages may be assigned by one originating lender to another before insurance.

**BENEFICIARY:** The person who is entitled to receive funds or property under the terms and provisions of a will, trust, insurance policy or security instrument. In the case of a mortgage loan, the beneficiary is the lender.

**BROKER, REAL ESTATE:** One who is licensed by the state to carry on the business of dealing in real estate. A broker is employed on a fee or commission basis to bring together buyers and sellers, landlord and tenant, or parties to an exchange, and assist in negotiating contracts between them.

**CAP:** The limit on how much an interest rate or monthly payment can change, either at each adjustment or over the life of the mortgage.

**CERTIFICATE OF REASONABLE VALUE (CRV):** A document that establishes the maximum value and loan amount for a VA guaranteed loan.

**CLOSING COSTS:** The costs incurred to purchase real estate. These may include loan fees, title fees, appraisal fees, etc.

**CLOSING DISCLOSURE:** This form provides disclosures to help consumers understand all of the costs of the transaction. The Closing Disclosure must be provided to consumers three business days before they close on the loan.

**CLOSING STATEMENT:** The financial disclosure statement that accounts for all of the funds received and expected at the closing, including deposits for taxes, hazard insurance, and mortgage insurance.

**COMMISSION:** An agent's compensation for negotiating a real estate or loan transaction, often expressed as a percentage of the selling price.

**COMMUNITY PROPERTY:** A form of ownership under which property acquired during a marriage is presumed to be owned jointly unless acquired as separate property of either spouse.

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## GLOSSARY

**CONTINGENCY CLAUSE:** A contract term that calls for a condition to be met or action to be performed as a prerequisite for the other obligations and rights under the contract to become binding (*e.g. the sale of the purchaser's home*). A contingency becomes part of a binding sales contract when both parties (*i.e., the seller and the buyer*) agree to the terms and sign the contract.

**DEED:** The document by which title to real property is transferred or conveyed from one party to another.

**DEED OF TRUST:** Type of security instrument in which the borrower conveys title to real property to a third party (*trustee*) to be held in trust as security for the lender, with the provision that the trustee shall reconvey the title upon the payment of the debt, and, conversely, will sell the land and pay the debt in the event of a default by the borrower.

**DEPOSIT:** A sum of money given to (1) bind a sale of real estate, or (2) assure payment or an advance of funds in the processing of a loan. Also called Earnest Money.

**DISCOUNT POINTS:** A negotiable fee paid to the lender to secure financing for the buyer. Discount points are up front interest charges to reduce the interest rate on the loan over the life, or a portion, of the loan's term. One discount point equals one percent of the loan amount.

**DUE ON SALE CLAUSE:** An acceleration clause that requires full payment of a mortgage or deed of trust when the secured property changes ownership.

**EARNEST MONEY:** A deposit made to bind the conditions of a sale of real estate.

**EASEMENT:** A limited right of interest in land of another that entitles the holder of the right to some use, privilege or benefit over the land.

**ESCROW:** The process in which a neutral third party holds money and documents for delivery to the respective parties in a transaction on performance or established conditions.

**FEDERAL NATIONAL MORTGAGE ASSOCIATION:** Commonly known as Fannie Mae. A privately owned corporation created by Congress to support the secondary mortgage market. It purchases and sells residential mortgages insured by FHA or guaranteed by VA, as well as conventional home mortgages.

**FINANCE CHARGE:** The total cost a borrower must pay, directly or indirectly, to obtain credit according to Regulation Z.

**FORECLOSURE:** The legal process by which property is sold to satisfy an unpaid debt in the event of default on terms or payments of a mortgage.

**GOOD FAITH ESTIMATE (GFE):** A document that tells borrowers the approximate costs they will pay at or before settlement, based on common practice in the locality. Under requirements of the Real Estate Settlement Procedures Act (RESPA), the mortgage banker or mortgage broker, if any, must deliver or mail the GFE to the applicant within three business days after the application is received.

**GRADUATED PAYMENT MORTGAGE:** A residential mortgage with monthly payments that start at a low level and increase at a predetermined rate.

**GRANT DEED:** One of many types of deeds used to transfer real property.

**HAZARD INSURANCE:** Real estate insurance protecting against loss caused by fire, some natural causes, vandalism, etc., depending upon the terms of the policy.

**HOMEOWNER'S ASSOCIATION:** (1) An association of people who own homes in a given area, formed for the purpose of improving or maintaining the quality of the area. (2) An association formed by the builder of condominiums or planned developments and required by statute in some states.

**IMPOUND ACCOUNT:** An account held by a lender for the payment of taxes, insurance or other periodic debts against real property.

**INDEX:** A measure of interest rate changes used to determine changes in an ARM's interest rate over the term of the loan.

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## GLOSSARY

**JOINT TENANCY:** A means of ownership in which two or more persons own equal shares in real property. Upon the death of one tenant, his/her share passes to the remaining tenant(s) until title is vested in the last survivor.

**LAND TITLE ASSOCIATION OF ARIZONA (LTAA):** An Arizona statewide association of title insurers and underwritten title companies. The association adopts standard title policy forms.

**LEGAL DESCRIPTION:** A description by which real property can be definitely located by reference to surveys or recorded maps. Sometimes referred to simply as “the legal.”

**LIEN:** A legal hold or claim on property as security for a debt or charge.

**LOAN COMMITMENT:** A written promise to make a loan for a specified amount on specific terms.

**LOAN ESTIMATE:** This document provide disclosures to help consumers understand the key features, costs and risks of the mortgage loan. The Loan Estimate must be provided to consumers no later than three business days after they submit a loan application.

**LOAN TO VALUE RATIO:** The relationship between the amount of the appraised value of the property and the loan, expressed as a percentage of the appraised value.

**LOCK-IN:** A guarantee by the lender of a particular loan rate. The loan must fund before the lock expiration in order to receive the guaranteed or “locked” rate.

**MARGIN:** The number of percentage points the lender adds to the index rate to calculate the ARM’s interest rate at each adjustment.

**MARKET VALUE:** An appraisal term denoting the highest price that a buyer, willing but not compelled to buy, would pay, and the lowest a seller, willing but not compelled to sell, would accept.

**MORTGAGE PAYMENT:** A payment that is owed to the bank/lender each month toward repayment of the loan. The amount is determined by the terms of the loan: principal, interest rate, length of the loan, and periodic adjustments, if applicable.

**MULTIPLE LISTING SERVICE:** An exclusive listing, submitted to all members of an association, so that each may have the opportunity to sell the property.

**NEGATIVE AMORTIZATION:** Occurs when monthly payments fail to cover the interest cost. The interest that isn’t covered is added to the unpaid principal balance, which means that even after several payments you may owe more than you did at the beginning of the loan. Negative amortization can occur when an ARM has a payment cap that results in monthly payments that aren’t high enough to cover the interest.

**NOTE:** A unilateral agreement containing an express and absolute promise of the signer to pay to a named person, order, or bearer a definite sum of money at a specified date or on demand. Usually provides for interest and, concerning real property, is secured by a mortgage or trust deed.

**ORIGINATION FEE:** A fee made by a lender for making a real estate loan. Usually a percentage of the amount loaned, such as one percent.

**PITI (PRINCIPAL, INTEREST, TAXES AND INSURANCE):** The four major components of a usual monthly mortgage payment.

**POINT:** An amount equal to 1% of the principal amount of the investment or note. The lender assesses loan discount points at closing to increase the yield on the mortgage to a position competitive with other types of investments.

**POWER OF ATTORNEY:** An authority by which one person (*principal*) enables another (*attorney-in-fact*) to act for him.

- (1) General power – authorizes sale, mortgaging, etc., of all property of the principal. Invalid in some jurisdictions.
- (2) Special power specifies property, buyers, price and terms.

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## GLOSSARY

**PREPAYMENT PENALTY:** A penalty under a note, mortgage, or deed of trust imposed when the loan is paid before it is due.

**PRE-QUALIFICATION LETTER:** A letter that states a potential borrower's financial status to determine the size and type of mortgage available to him/her.

**PRINCIPAL:** (1) The amount of debt, not including interest. (2) The person who is served by an agent or attorney.

**PRIVATE MORTGAGE INSURANCE (PMI):** Insurance written by a private mortgage insurance company protecting the mortgage lender against loss occasioned by a mortgage default and foreclosure. The premium is paid by the borrower and is included in the mortgage payment. Typically required if down payment is less than 20% of purchase price.

**PROCESSING (OR ORIGATION) FEES:** Fees that cover the administrative cost of processing the loan. These charges vary from lender to lender.

**PROMISSORY NOTE:** A promise in writing and executed by the maker to pay a specified amount during a limited time, on demand or at sight to a named person, or on order to bearer.

**PRORATION:** The method used in dividing charges into that portion which applies only to a party's ownership up to a particular date.

**QUITCLAIM DEED:** A deed operating as a release; intended to pass any title, interest, or claim which the grantor may have in the property, but not containing any warranty of a valid interest or title in the grantor.

**RECONVEYANCE:** The conveyance to the landowner of the title, held by a trustee under deed of trust, when the performance of the debt is satisfied.

**RECORDATION:** Involves filing for record in the office of the County Recorder for the purpose of giving constructive notice of title, claim or interest in real property.

**RIGHT OF SURVIVORSHIP:** The right of a survivor of a deceased person to the property of said deceased. A distinguishing characteristic of a joint tenancy relationship.

**STATEMENT OF INFORMATION (SI):** A confidential form filled out by buyer and seller to help a title company determine if any liens are recorded against either party. It is necessary to differentiate between parties with similar names. Also called a Statement of Identity.

**TENANCY IN COMMON:** An undivided ownership in real estate by two or more persons. The interests need not be equal. In the event of the death of one of the owners, no right of survivorship in the other owner exists.

**TITLE COMMITMENT:** A report which contains specific requirements and our commitment to insure provided all requirements are met prior to or at close.

**TITLE INSURANCE POLICY:** A policy that protects the purchasers, mortgagee or other parties against losses.

**UNIFORM SETTLEMENT STATEMENT:** The real estate closing form required by the Real Estate Settlement Procedures Act (*RESPA*) in order to account for all funds received, all disbursements made, and all expenses and all credits at close. The form is more commonly known as a HUD-1.

**VA LOAN:** A loan that is guaranteed by the Veteran's Administration and made by a private lender.

**VESTING:** Denotes the manner in which title is held. Examples of common vestings are: Community Property, Joint Tenancy, Tenancy in Common, and Community Property with Right of Survivorship.

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NOTES

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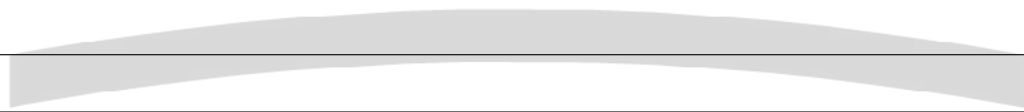
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## NOTES

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