



Home Buyer's Guide

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Commonwealth

Home Buyer's Guide



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Dear Home Buyer,

The purchase of a new home can be one of the most important financial decisions you will make—owning your own home is “The American Dream.” There are many advantages to purchasing a home:

- Tax benefits
- Investment vehicle (build equity vs. paying rent)
- Stable housing costs
- Pride of ownership

This booklet has been prepared to assist you in understanding the general process from beginning to end, and introduce you to the various services that LandAmerica and other industry professionals will provide.

We hope you find this information beneficial in making your transaction and experience a smooth and positive one.



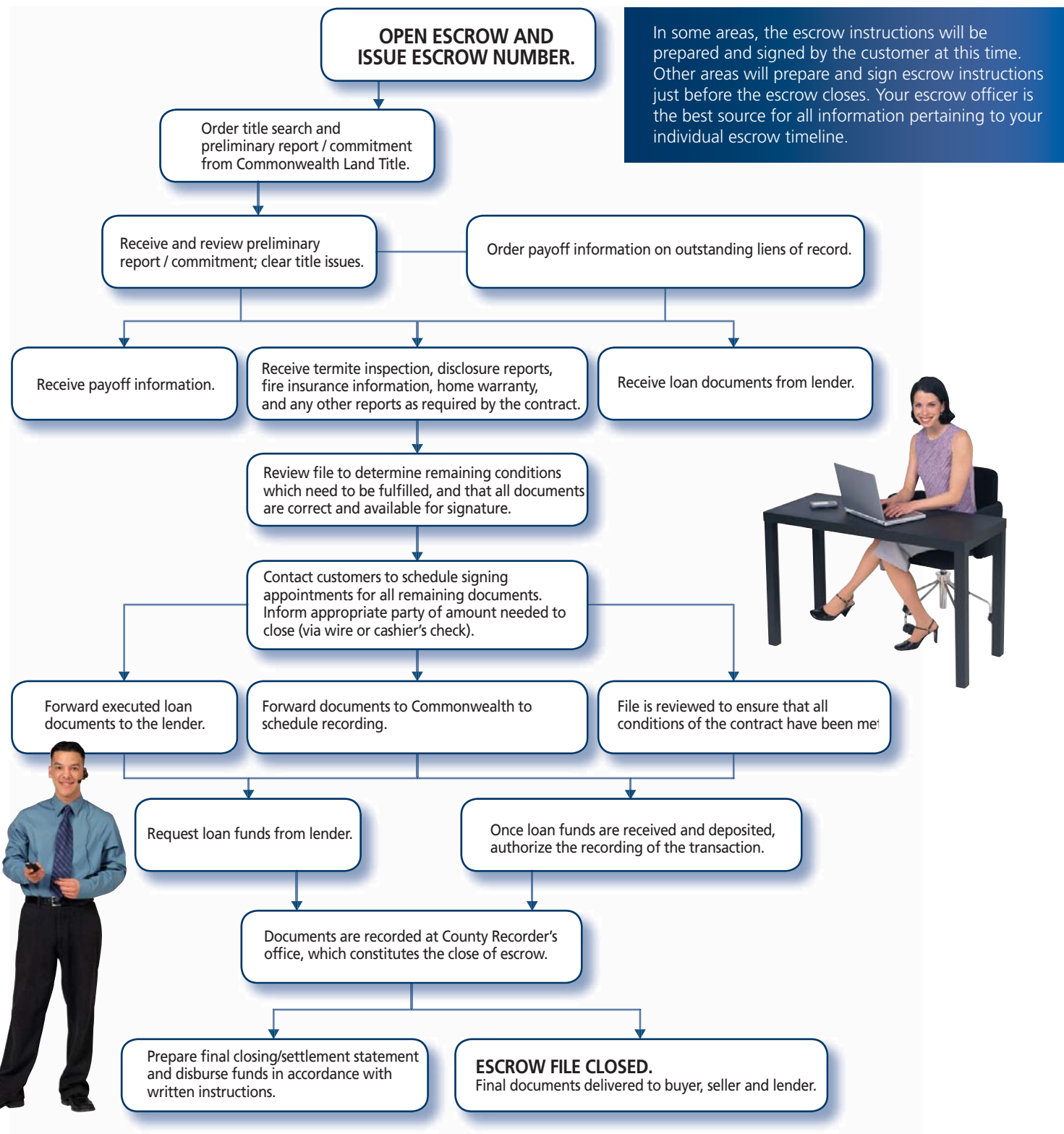


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Home Buying Flowchart

Home Buying—Step by Step



- **Interview Process.** Select an agent and establish a committed relationship.
- **Initial Consultation.** Your agent will evaluate your needs, wants and financial resources.
- **Lender Referrals.** Determine your loan qualification and purchase price range.
- **Home Shopping.** View homes fitting your criteria.
- **Home Selection & Offer to Purchase.** Your agent will draft a Purchase Agreement, advising you on customary practices, protective contingencies, and local regulations.
- **Earnest Money Deposit.** You will need to provide from 1%-3% of the purchase price (the deposit is not cashed until your offer has been accepted by the seller).
- **Presentation of Offer.** Your agent will present your offer to the seller and the seller's agent.
- **Acceptance or Negotiation.** The seller has three options: Accept the offer, give a counter offer, or reject the offer. Your agent will negotiate on your behalf in reaching a final agreement.
- **Open Escrow.** When the Purchase Agreement is accepted and signed by all parties, your escrow will be opened. At this time, your earnest money will be deposited. The escrow or title company will receive and disburse all funds associated with your transaction.
- **Contingency Period.** This is the time allowed per your Purchase Agreement to obtain financing, perform inspections, and satisfy any other contingencies to which your purchase is subject. Typical contingencies include:
 - o Approval of Seller's Transfer Disclosure Statement
 - o Approval of the Preliminary Report/Title Commitment
 - o Loan approval, including an appraisal of the property
 - o Pest inspection and certification
 - o Physical inspections of the property
- **Homeowner's Insurance.** You should coordinate between your insurance and escrow company to make sure your policy is in effect at the close of escrow.
- **Down Payment Funds.** You will need a cashier's check or money wire transfer prior to the closing date of escrow.
- **Close of Escrow.** When all conditions of the Purchase Agreement have been met, you will sign your loan documents and closing papers. You will deposit the balance of your down payment and closing costs to escrow and your lender will fund the balance of the purchase price. The deed will then be recorded at the County Recorder's office and the keys to your new home will be delivered to you by your agent.

Congratulations!

Home Buyer & Agent Relationship

A professional real estate agent is educated in all aspects of the real estate transaction and is licensed to provide real estate services. Many also belong to the National Association of Realtors® (NAR) and the various state and local community chapters of this professional association, which entitles them to use the term “Realtor®” as part of their title. A professional relationship with your agent is critical to the successful purchase of your home.

Specialized Services

A large part of the agent’s work is performed “behind the scenes”—previewing homes, researching comparable sales, gaining market knowledge, evaluating changing legislation, and maintaining professional credentials. For every hour spent showing you homes, they may have spent up to ten hours preparing.

Commissions

Agents are generally paid by “commission,” which is received only if they initiate and complete a transaction. Your agent is compensated only when all requirements have been satisfied and you take ownership of your new home. Real estate commissions are traditionally paid at close of escrow.

Buyer’s Commitment

The agent will invest substantial time and effort in locating your home and should represent you with unequalled integrity throughout the purchase of that home. In return, your loyalty is requested—a commitment that you will work with that agent exclusively in selecting and purchasing your home.

Working Together

If you see any home that interests you, ask your agent about it. Whether it is advertised in the newspaper or by a sign, listed with another agent, a “For Sale by Owner,” a newly-built home in a new subdivision or a tip on a home that is not yet on the market, your agent can best represent you in the pursuit of the property.

Advantages of Buying a Home Through an Agent

- **Education, Knowledge and Experience.** An agent is trained in all aspects of the real estate transaction.
- **Analysis of Your “Needs and Wants.”** An agent will help to identify your ideal home.
- **Pre-Qualification.** An agent can refer you to a professional lender to determine how much home you can afford and the different financing options available.
- **Information.** An agent can provide you with sales comparables, statistics and trends, and information about taxes, community information, etc.
- **Multiple Listing Service.** An agent will provide a list of homes fitting your criteria and arrange for viewings of these properties.
- **Communication.** The agent will be the point person to handle all phone calls, inquiries, appointments, showings and negotiations.
 - **Objectivity.** The agent will assist in comparing properties, presenting offers and counter-offers, off-setting the emotional aspect of decision making.
 - **Paperwork.** An agent will prepare the Real Estate Purchase Contract and Receipt for Deposit containing escrow instructions and the terms and conditions of the sale.
 - **Opening of Escrow.** The agent will deliver the contracts and buyer’s earnest money deposit to escrow.
 - **Coordination of Transaction Services.** The agent will communicate with the various service providers such as inspectors, appraisers, insurance agents, etc.
 - **Closing Process.** The agent will coordinate the various aspects to close your transaction.



Step 1: Application

Your loan process should go smoothly if you complete your loan application properly and provide all necessary documentation to your loan consultant at the time of application.

Step 2: Ordering Documentation

Your loan consultant will order the necessary documentation for the loan as soon as it is received. Any verifications will be mailed and the credit report and appraisal will be ordered. You will also receive a Good Faith Estimate of your costs and details of your loan.

Step 3: Awaiting Documentation

Within approximately two weeks, all necessary documents should be received from your loan consultant. Each item is reviewed carefully in case additional items may be needed from you to resolve any questions or problems.

Step 4: Loan Submission

Submitting your loan is a critical part of the process. All of the necessary documentation will be sent to the lender, along with your credit report and appraisal.

Step 5: Loan Approval

Loan approval may be obtained in stages. Usually within one to three days, your loan consultant should have pre-approval from the lender. If the loan requires mortgage insurance, or if an investor needs to review the file, final approval could take additional time. You do not have final loan approval until ALL of the necessary parties have underwritten the loan.

Step 6: Lender Preparation of Documents

As soon as the loan is approved and all requirements of the lender have been met, the loan documents will be prepared. These documents will be sent to the escrow officer, and you will be asked to sign the documents. Your lender may require an impound account for tax installment payments, depending on the type of loan.

Step 7: Funding

Once you have signed the documents and they have been returned to the lender, the lender will review them and make sure that all conditions have been met and all of the documents have been signed correctly. When this is completed, they will “fund” your loan. (“Fund” means that the lender will give the title company the money by check or wire.)

Step 8: Recordation

When the loan has been funded, Commonwealth will record the Deed of Trust with the county in which the property is located (usually by the next day). Upon receipt of confirmation of the deed being recorded, title or escrow will then disburse monies to the appropriate parties. At this time, in most cases, your loan is considered complete.

A professional lender will handle your transaction with care and confidentiality. The home buyer has many advantages when working with a reliable lender including:

Pre-Qualification

Your lender can pre-qualify you by a thorough examination of your current financial situation and credit checks. This is very important so you don't waste time shopping for a home which is not in your price range.

Helping You Find the Right Loan

The lender can shop for the loan best suited for your specific needs. This gives you the ultimate in options for rates and terms available.

Handling the Details

The lender works closely with you and the other support team members in order to make sure that the loan is approved and funded in a timely manner and your transaction closes successfully.

Lender Selection Tips

A lender will play an important part of your real estate transaction. Here are some considerations for interviewing and selecting the right lender for your needs.

- References from past clients; call several.
- Reputation within the community or industry?
- Company reputation and stability? How long in the business?
- Experience—how many loans do they close each year?
- Can the interest rates be locked in at no cost? For how long? How much for an extended lock?
- With “0” Discount Points, what is your rate?
- Mortgage broker? Do they have access to a wide variety of loans?
- Do NOT call around asking for interest rate quotes. The interest rate you are quoted over the phone by a lender may not be a program that will fit your needs or situation.
- What are the lender's closing costs and what do they include?

Loan Application Information Checklist

- Alien registration card or Visa (if not a U.S. Citizen)
- Auto pink slip (if purchased in last three years and no loan balance)
- Check to pay for credit report and/or appraisal
- Certificate of eligibility and DD214s (V.A. only)
- Checking/savings/securities accounts—last two months of statements
- Divorce decree/interlocutory if applicable
- Employment history for past two years
- Estimated value of furniture and personal property
- Gross monthly salary, base only: overtime & bonus listed separately
- Loan information on other real estate owned (bring rental/lease agreements)
- Loan and credit card balances (bring current statements)
- Picture ID with proof of social security number(s)
- Proof of any other source of income
- Residence addresses for past two years
- School transcript (if employed less than two years and recently out of school)
- Social security, retirement or pension income (most recent check or award letter)
- Tax returns for past two years
- W2s or 1099 for past two years

Points Explained



The term “points” may come up during a discussion of real estate financing and can be a very important consideration when choosing a loan. Points are fees paid at closing, with each point equal to one percent of the loan amount. For example, on a \$120,000 mortgage, one point is \$1,200.

There are two different types of points that may be associated with your loan:

Discount Points

Discount points can actually be considered as “prepaid interest” on your loan, so they may be tax deductible and reduce the amount of interest you will have to pay later on. Paying discount points may make you, as a borrower, look more attractive to the lender. Check with your tax professional about the potential tax deductions that this and other closing and moving expenses can provide you when you buy a home.

Origination Points

Origination points are essentially lender fees. If you have good credit, you probably won’t pay origination points. However, if your credit is less than stellar, you may have to pay points in order to provide the lender with additional “insurance” for the credit risk taken by loaning you money. The point may be called a loan origination fee, commitment fee, discount fee, warehousing fee, or funding fee.

Points are not set by government regulation, but by each lender individually. It is important to discuss points with your lending professional so that you understand what you are paying and why.

Home Buyer Needs & Wants



Name(s): _____

Address: _____

Phones: _____

Children's Names: _____ Ages: _____

Why have you decided to move? _____

When would you like to move? _____

How long have you been looking? _____

What do you like most about your present home? _____

What do you like least about your present home? _____

What are your special interests & hobbies? _____

Are there any areas, neighborhoods, or homes you like? _____

What type of home would you like?

# of Bedrooms _____	# of Baths _____	Lot Size _____
Stories _____	Community _____	Sq. Feet _____
<input type="checkbox"/> Eat-In Kitchen	<input type="checkbox"/> Separate Dining Room	<input type="checkbox"/> Family Room
<input type="checkbox"/> Level Yard	<input type="checkbox"/> School District	<input type="checkbox"/> Floor Plan
<input type="checkbox"/> Play Area	<input type="checkbox"/> Pool	<input type="checkbox"/> Hot Tub
<input type="checkbox"/> Transportation Needs		

Are there any other special needs or features? _____

Do you currently rent or own? _____

If you own, is your home currently on the market? _____

If so, who is your listing agent? _____ What price? _____

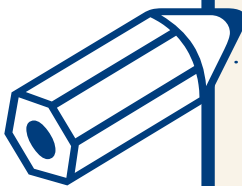
Is there anything which will preclude you from purchasing a home today?

Home Selection Comparison Guide



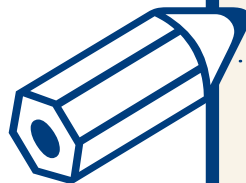
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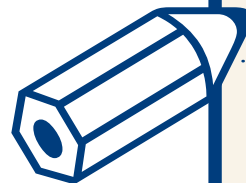
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There are numerous statutes which have a significant effect on real estate transactions in the areas of “disclosures.” The following is a brief overview of some disclosure requirements in certain states. Because the laws concerning disclosure obligations may change, you should research any area of interest before proceeding and consult an attorney or knowledgeable real estate professional.

- A) Disclosures Upon Transfer of Residential Property
 - 1. Real Estate Transfer Disclosure Statement
 - 2. Local Option Real Estate Transfer Disclosure Statement
 - 3. Natural Hazards Disclosure
 - 4. Mello-Roos Bonds and Supplemental Taxes
 - 5. Ordinance Location
 - 6. Window Security Bars
- B) Earthquake Guides
- C) Smoke Detector Statement of Compliance
- D) Disclosure Regarding Lead-Based Paint Hazards
- E) Structural Pest Control Inspection and Certification Reports
- F) Energy Conservation Retro Fit and Thermal Insulation
- G) Foreign Investment in Real Property Tax Act
- H) Notice and Disclosure to Buyer of Site Tax Withholding on Disposition of Property
- I) Furnishing Controlling Documents and Financial Statement
- J) Advisability of Title Insurance
- K) Certification regarding Water Heater’s Security against Earthquake
- L) Database—Locations of Registered Sex Offenders

You may also contact these related government agencies for more information:

California Department of Real Estate www.dre.ca.gov
Arizona Department of Real Estate www.re.state.az.us
Nevada Real Estate Division www.red.state.nv.us

Federal Trade Commission
901 Market Street #570
San Francisco, CA 94103
(415) 848-5100

Department of Housing and Urban Development
Office of Single Family Housing and Mortgage Activities
451 7th Street S.W., Room 9282
Washington, D.C. 20410
(202) 708-3175

Internal Revenue Service
1111 Constitution Avenue N.W.
Washington, D.C. 20224
(800) 829-1040

Information deemed reliable but not guaranteed and is subject to change.

Understanding the appraisal process can help maximize the appraised property value and avoid costly details and re-inspections. The following steps are typically followed by appraisers:

- Research the subject property as to year built, bedrooms, baths, lot size and square footage.
- Compare data of recent sales in the subject’s neighborhood, typically within a one mile radius. The appraiser usually locates at least three (and preferably more) similar homes that have sold within the past six months. These homes are considered the “Comparable Properties” or “Comps” for short.
- Field inspection is conducted in two parts: (1) the inspection of the subject property, and (2) the exterior inspection of the comparable properties.

The subject property inspection includes taking photos of the front and rear of the home (that may include portions of the yard) and photos of the street scene. The appraiser also makes an interior inspection for features and conditions which may detract from or add to the value of the home. A floor plan of the home is drawn and included while doing the inspection.

The comparable properties inspection is limited to exterior inspections. For features that cannot be seen from the street, the appraiser has reports from various sources such as Multiple Listing Services (MLS), market data services, county public records and appraisal records to help determine the condition and amenities of the comparables. The appraiser then goes through a reconciliation process with the comparable properties to determine a final estimated value.

Photographing the street scene gives the lender an idea as to the type of neighborhood in which the home is located. The photo of the front of the home gives the lender an idea of its condition and its curb appeal. Lastly, a photo of the back of the home and part of the rear yard is taken. Many homeowners do not take care of the rear portion of their home and back yards, so for this reason the rear photo is required.

An appraiser should call in advance to set up the appointment for inspection. At that time, any pertinent information about the home should be supplied, as the more that is known about the property prior to inspection, the better the appraiser can focus on researching the comparables.



What is a Home Inspection?

A home inspection is a non-invasive physical examination to identify material defects in the systems, structure and components of a building. A material defect is a condition that significantly affects the value, desirability, habitability or safety of the building.

What Systems, Structures and Components Will be Inspected?

Foundations, basements and under-floor areas, exteriors, roof coverings, attic areas and roof framing, plumbing, electrical systems, heating systems, central cooling systems, fireplaces and chimneys, and building interiors.

What to Look for in an Inspection Company?

Experience, longevity, stability; reports that are professional, clear and understandable.

Is Your Home Inspector Insured?

Professional Liability Insurance Coverage (how much), General Liability (how much) and Workers Compensation.

Does Your Inspector Belong to any Professional Organization?

All LandAmerica Inspection Services inspectors are required to obtain and maintain membership in a State or National Inspection Association assuring a professional Standard of Practice.

How the Seller Should Prepare for a Home Inspection

The seller should have the property fully accessible, including elimination of stored objects that may prevent the inspector from accessing key components of the home. Areas of special concern are attics, crawlspaces, electric panels, closets, garages, gates/yards, furnaces and water heaters. All utilities should be on and functioning pilots lit.

Inspector's Responsibility to the Homeowner

Respect the property. Do not damage. Leave the property as they found it. Answer questions about the report after the inspection is completed. Provide a copy of the report on-site.

LandAmerica Inspection Services

90-Day Inspection Guarantee • Computerized Report On-Site • 12 Month Extended Advice
Contact 1-800-285-3001 or www.landam.com for more information.

Home Warranty

The LandAmerica Home Warranty plan is recommended for purchase through closing to provide peace of mind against the high cost of major system and appliance home repairs. In the first year after closing, buyers place two claims on average per warranty plan issued. When a covered system malfunctions, the buyer can call Home Warranty 24 hours a day, 365 days a year, and Home Warranty will dispatch a pre-screened repair professional to perform necessary repairs or replacements. The buyer pays only a small trade call fee. Additional optional coverage is available for certain items like air conditioning, pool, spas, and roof. Call 1-800-443-5599 or visit www.landamwarranty.com for more information.

What is Escrow?

Escrow is a service which provides the public with a means of protection in the handling of funds and/or documents.

Why is Escrow Needed?

Whether you are the buyer or the seller, you want assurance that no funds or property will change hands until all instructions have been followed. With the increasing complexity of business, law and tax structures, it takes a trained professional to supervise the transaction.

Who Chooses the Escrow?

The selection of the escrow holder is normally done by agreement between the principals. If a real estate agent is involved, they may recommend an escrow holder. However, it is the right of the principals (seller and buyer) to use an escrow holder who is competent and experienced in handling the type of escrow at hand. You can ask a real estate agent or lender to recommend two or three different escrow companies to choose from. You may also find escrow companies listed in the yellow pages of the phone book under either Real Estate Escrow, Escrow or Real Estate Title Insurance.

Escrow Functions Typically Include the Following Valuable Transaction Services:

- Prepare escrow instructions
- Serve as the communication link to all transaction parties
- Request preliminary report/commitment from Commonwealth Land Title
- Request a beneficiary's statement or pay-off demand relating to existing financing
- Comply with lender's requirements as specified in escrow agreement
- Receive purchase funds from the buyer
- Prepare or secure the transfer deed or other documents related to escrow
- Prorate taxes, interest, insurance and rents according to instructions
- Secure releases of all escrow contingencies or other conditions as required
- Record deeds and any other documents as instructed
- Request issuance of the title insurance policy as instructed in Purchase Contract
- Disburse funds as authorized, including charges for title insurance, recording fees, commissions and loan payoffs
- Prepare final accounting statements for the parties
- Escrow is considered "closed" when all documents are recorded and instructions have been carried out

Escrow Does Not offer legal advice/investment advice or negotiate the transaction.

Tips for a Successful Escrow

You can help your agent and escrow officer bring your transaction to a successful conclusion by acting promptly to answer any requests for information and by following these helpful hints:

- Completely fill out and sign all paperwork sent to you from your escrow officer or lender as quickly as possible.
- Make sure you have ordered insurance for your new home and provide the insurance agent's name and number to the escrow officer. Insurance is required before the lender will fund your loan on your new home.
- Review vesting choices (how you will take title to the property) and discuss them with your tax attorney or CPA. This is an important choice that catches many buyers by surprise. Be prepared so that you may choose the best vesting option for your situation.
- During the course of your escrow, you may have questions or concerns. It helps to know who to call! In general, you may:
 - o Call your lender if you have questions about the loan (rate, terms, costs, time frames, etc.)
 - o Call your real estate agent if you have questions about your new home or the property
 - o Call your escrow officer if you have questions about the escrow process or title insurance
- Be sure to bring your valid photo ID with you to the document signing appointment. You (and anyone signing with you) should bring a current driver's license, passport or valid state-issued ID card.
- Please keep in mind that your escrow officer is a neutral third party who follows mutual instructions from the parties to the transaction. Your escrow officer cannot give you advice, and you are encouraged to seek the advice of your tax attorney or legal counsel if necessary.

The Title Company's Role

The purchase of a home is often the largest single financial investment many people may make in their lifetime. The importance of fully protecting such an investment cannot be overly stressed. A basic home ownership protection essential to the security of the home is safe, sound, reliable title insurance.

What is Title Insurance?

It is the application of the principles of insurance to risks present in all real estate transactions. These risks are divided into two main categories: hidden hazards that cannot be detected in the examination of title, and human errors which will always be with us.

Examples of hidden hazards are forgery, incompetence of grantor or mortgagor, unknown heirs, fraud, and impersonation.

Title insurance differs from other types of insurance by protecting against future losses arising out of events that have happened in the past. There are no annual premiums. One premium, based on the amount of the sale or mortgage, is paid when the policy is issued and is good for the life of the policy. A lender's policy, insuring the lender, stays in effect until the loan is paid off. An owner's policy, insuring the buyer, is good as long as the owner or owner's heirs own the property.

Title Commitment or Preliminary Report

Commonwealth will search and examine the public records to investigate information surrounding title to the property. The title search is used to create a preliminary report provided to the lender or purchaser before closing, and reveals the following:

- The legal owner of the property
- That the "estate" or degree of ownership being sold is currently and accurately vested in the seller
- Property tax status and other public or private assessments
- The presence of any unsatisfied mortgages, judgments or liens that must be satisfied before "clear title" can be conveyed
- Existing easements, restrictions, rights of way or other rights granted to others

Teamwork

The title company is involved in the real estate transaction almost from the time the purchase agreement is signed, through and beyond the closing. Working mostly behind the scenes, but always in close coordination with real estate agents, lenders, escrow officers, and legal counsel, Commonwealth strives to carry out an important, complex procedure in an efficient and professional manner.



Vesting Descriptions (Arizona)

COMMUNITY PROPERTY
Community property is a method of co-ownership for married persons only. Ownership interests are equal and both co-owners must join in transferring or encumbering the property. Upon the death of one spouse, the deceased spouse's interest will pass by intestate succession or through a will.

COMMUNITY PROPERTY WITH RIGHT OF SURVIVORSHIP*
This is a method of co-ownership that allows a married couple to hold title as husband and wife while providing for succession outside of probate on the death of either spouse. Each spouse holds an undivided one-half interest in the estate. It requires signatures of both spouses to convey or encumber. Both halves of the community property are entitled to a "stepped up" tax basis as of the date of death. (Effective January 1, 1995/ARS 33-341).

JOINT TENANCY WITH RIGHT OF SURVIVORSHIP
Joint tenancy is a method of co-ownership that gives title to the property to the last survivor. There is one title to the whole property, and ownership interests cannot be divided. Title can be acquired by any number of persons or a husband and wife. Upon a co-owner's death, his or her interest ends and is transferred by operation of law to survivor(s). The joint tenancy may be broken if a co-owner conveys his or her interest without the other(s) or if a creditor acquires the interest through an execution sale.

TENANCY IN COMMON
This is a method of co-ownership where parties do not have survivorship rights and each owns a specific undivided interest in the entire title. Each co-owner has a separate title to his interest, and can transfer or encumber his or her interest without the other co-owners. Ownership can be divided into any number of interests, equal or unequal, any number of persons, or a husband and wife can acquire title. Upon a co-owner's death, his or her interest passes by will or succession. A co-owner's interest can be sold through an execution sale and the creditor then becomes a tenant in common.

SOLE AND SEPARATE
This method of ownership is for a married person dealing with their sole and separate property. A husband or wife can acquire title as sole and separate if the property is owned by either spouse before marriage or acquired after marriage by gift, devise, decent or specific intent. If a married person acquires title as sole and separate property, his or her spouse must execute a disclaimer deed to avoid the presumption of community property. (If you are divorced, the title company may request proof of your divorce to verify legality of this method of ownership).

CORPORATION
Title may be taken in the name of a corporation provided the corporation is duly formed and in good standing in the state of its incorporation.

GENERAL PARTNERSHIP
Title may be taken in the name of a general partnership duly formed under the laws of the state of the formation of the partnership. A partnership is defined as a voluntary association of two or more persons as co-owners in a business for profit.

LIMITED PARTNERSHIP
A partnership formed by two or more persons under the laws of Arizona or another state and having one or more general partners and one or more limited partners. A certificate of limited partnership must be filed in the Office of the Secretary of State, a certified copy of which must be recorded.

*Note: Arizona is a community property state. Property acquired by a husband and wife is presumed to be community property unless legally specified otherwise. Parties may choose to hold title in the name of a limited liability company 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.

This chart is for reference purposes only. How title is vested has important legal consequences, and this chart should not be relied upon to make that decision. You should consult an attorney to determine the most advantageous form of ownership for your particular situation. Someone who is not an attorney cannot give advice regarding how to hold title because doing so would constitute the unlawful practice of law.

Vesting Descriptions (California & Nevada)

	Community Property	Community Property with Right of Survivorship	Joint Tenancy	Tenancy in Common	Partnership	Trust
Parties	Husband and wife or domestic partners (California)	Husband and wife or domestic partners (California)	Any number of persons (can be husband & wife or domestic partners) (California)	Any number of persons	Any number of partners	Any number of beneficiaries of the trust
	Husband and wife (Nevada)	Husband and wife (Nevada)	Any number of persons (can be husband & wife) (Nevada)			
Division of Interests	Equal	Equal	Equal	Any number of interests, equal or unequal	Partnership interests may be equal or unequal	Beneficial interests under trust may be equal or unequal
Title	In the names of the individual owners	In the names of the individual owners	In the names of the individual owners	In the names of the individual owners	In the name of the partnership	In the name of the trustee, "as trustee"
Possession	Equal rights of possession	Equal rights of possession	Equal rights of possession	Equal rights of possession	According to partnership agreement	According to trust agreement
Conveyance	Both parties must join in a conveyance	Both parties must join in a conveyance (California)	Conveyance by one co-owner breaks the joint tenancy	Each co-owner's interest may be conveyed separately	Any general partner authorized by the partnership agreement may convey	Trustee may convey in accordance with the trust agreement
		Both parties must join in a conveyance of the entire interest (Nevada)				
Death	Decedent's 1/2 interest passes to survivor unless devised by will (California)	Decedent's 1/2 interest passes to survivor	Decedent's interest passes to the survivor(s)	Decedent's interest passes to decedent's estate	Partnership agreement provides for either termination or continuance of the partnership	Trust agreement usually provides for distribution upon death of the settlor
	Decedent spouse's 1/2 interest passes to decedent's estate (Nevada)					
Successor's Status	Tenancy in common between devisee and survivor results	Survivor owns entire interest	Last survivor owns entire interest	Devisees of heirs become tenants in common	Heirs or devisee have rights in partnership interest but not in specific property	Trust agreement usually provides for distribution upon death of the settlor
Creditor's Rights	Community property is liable for the debts of either party incurred before or during marriage or domestic partnership (California)	Community property is liable for the debts of either party incurred before or during marriage or domestic partnership (California)	Co-owner's interest may be sold at an execution sale to satisfy the co-owner's judgment creditor (California)	Co-owner's interest may be sold at an execution sale to satisfy the co-owner's judgment creditor (California)	Only a partner's right to receive profits can be executed upon by the partner's judgment creditor	Usually, a creditor cannot execute on a beneficiary's interest
	Community property is liable for the debts of either party incurred before or during marriage (Nevada)	Community property is liable for the debts of either party incurred before or during marriage (Nevada)	Creditor may force the sale of a co-owner's interest to satisfy the creditor's judgement (Nevada)	Creditor may force the sale of a co-owner's interest to satisfy the creditor's judgement (Nevada)		

This chart is for reference purposes only. How title is vested has important legal consequences, and this chart should not be relied upon to make that decision. You should consult an attorney to determine the most advantageous form of ownership for your particular situation. Someone who is not an attorney cannot give advice regarding how to hold title because doing so would constitute the unlawful practice of law.

* When noted in blue, information is different for California and Nevada

Closing Costs

This list will give you an idea of what items are typically included in closing costs (not the specific amounts, as fees can vary). Remember to negotiate who pays what before you sign a purchase contract. Nothing is standard and most everything is negotiable. Once you have signed, you have agreed. The instructions cannot be changed unless mutually agreed by all parties, again in writing! Upon closing, make sure each service was actually performed and completed to your satisfaction. This includes everything from pest inspections, attorney fees, etc. Should you have any disagreement on closing costs, don't sign estimated closing statements until you are satisfied that all fees are valid and correctly calculated.

1. Commission

If a home is listed or sold by an agent, there will be a commission to pay. Always make sure it is calculated correctly (usually 3-7%) on the closing statement.

2. Taxes

The seller is required to pay the property taxes through the last day of ownership. Taxes will be prorated in escrow.

3. Homeowner's Insurance

Normally the buyer gets a new homeowner's policy (fire/hazard insurance). Sometimes the lender requires the first year's insurance premium be paid at close of escrow.

4. Assessments and Liens

Assessments or liens against individuals and/or the property need to be paid off before the close of escrow. This could be a back tax lien or judgment. Always make sure to double-check the figures so that these are not overpaid.

5. Escrow and Title Insurance

The seller or the buyer can pay the title insurance fee that is referred to as the "Owner's Policy" covering the new owner's interest and "title" to his new property. The buyer typically pays for his "Lender's Policy" that will cover his new lender's interest in the "title" to the property. The base escrow fee is negotiable, but typically split between the buyer and the seller (except VA Loans).

6. Inspection and Other Fees

There are several types of inspection and miscellaneous fees. Carefully check all charges on your closing statement. Make sure the service was provided before you agree to pay for it and that the charges are fair and not excessive. Here are some examples of fees you may expect:

- Pest Inspection
- Pest Correction Costs
- Deed Recording Charges
- Loan Fees
- Home Warranty
- Attorney's Fees
- Document Preparation Fees
- Tax Service Fees (if giving 2nd mortgage)

Buyer's Estimated Costs

Property Address _____

Sale Price: \$ _____
 Down Payment \$ _____
 Amount Financed \$ _____

<u>Loan Items</u>		<u>Additional Title & Closing Charges</u>	
Loan Origination Fee	_____	Recording Fees	_____
Appraisal Fee	_____	Tax Stamps	_____
Credit Report	_____	Other Fees	_____
Additional Loan Fees	_____	_____	_____
_____	_____	_____	_____
_____	_____		

<u>Prepaid Items</u>		<u>Additional Settlement Charges</u>	
Interest	_____	Pest Inspections	_____
Hazard Insurance	_____	Home Warranty	_____
Mortgage Insurance	_____	Home Inspection Fee	_____
Taxes	_____	Other Fees	_____
Assessments	_____	_____	_____
Other Fees	_____	_____	_____
_____	_____	Total Settlement Charges	_____
_____	_____	Down Payment	_____
_____	_____	Total Buyer's Costs	_____

<u>Title & Closing Charges</u>		<u>Loan Type</u>	
Escrow Fee	_____	Amount Financed	\$ _____
Title Insurance	_____	Interest Rate	_____ %
Notary Fee	_____	Term	_____ years
Other Fees	_____		
_____	_____		
_____	_____		
_____	_____		

<u>Estimated Monthly Payment</u>	
Principal & Interest	_____
Mortgage Ins. Premium	_____
Taxes & Insurance	_____
H.O.A. Fee (if any)	_____
Total Monthly Payment	_____

NOTE: This worksheet has been prepared to assist the buyer in computing costs. Lenders and other related services will vary in their charges; therefore, this worksheet is not guaranteed.

Property Taxes & Impound Accounts

Property tax is a tax which is assessed and collected by local government districts. Tax rates vary from county to county, state to state, and are based on a predetermined percentage of an annually assessed value of each individual property. Property taxes are usually paid in installments, either biannually or quarterly, depending upon the requirements of your area. Ask your local tax collector or real estate agent for the tax payment dates pertinent to your property.

Your escrow officer will work with your lender, the seller, the real estate agent, and government agencies to determine how much tax is due and payable at the time your escrow closes. You may be required to pay a share of the taxes for the year depending upon what time of year your escrow closes. Some of the considerations that determine this amount include how much of the year's taxes on the property have already been paid by the seller, and whether or not the local tax collector has posted the payment.

Your lender may ask you to open an "impound account." This enables the lender to collect property tax and hazard insurance payments from you on a monthly basis. The impound payment is collected with your monthly mortgage principal and interest payment and is calculated by taking your yearly tax and annual insurance payment and amortizing it over 12 months, along with at least two additional months worth of payments for each. Generally the lender will pay the county tax collector and the insurance company directly by drawing the property tax and insurance premium from the account when they are due.



Moving Checklist

At Your Present Address

- Post Office: give forwarding address
- Change accounts: credit cards/subscriptions
- Notify friends and relatives

Banking & Insurance

- Transfer funds if changing banks, arrange check cashing in new location
- Obtain cashier's check if necessary for closing real estate transaction
- Arrange credit references
- Notify company of new location regarding coverage: life, health, fire and auto

Utility Companies

- Gas, electricity, water, telephone, fuel, cable
- Get refunds on any deposits made

Delivery Services

- Laundry, newspaper, groceries

Medical, Dental, Prescription Histories

- Ask doctor/dentist for referrals: transfer prescriptions, eyeglasses, x-rays
- Obtain birth records, medical records, etc.

Schools, Church, Club, Civic Organizations

- Transfer memberships: get letters of introduction
- Pre-register children in new schools

Pets

- Ask about pet regulations for licenses, vaccinations, tags, etc.
- Plan for transporting pets

Don't Forget

- Empty refrigerator; defrost freezer; place charcoal to dispel odors
- Have appliances serviced for moving
- Clean rugs before moving and wrap them
- Check with your moving counselor regarding insurance coverage

On Moving Day

- Carry cash/travelers checks to cover expenses while you move
- Carry jewelry and important documents yourself or use registered mail
- Let a relative or friend know the route/schedule of travel
- Leave old keys with the real estate agent, buyer or neighbor

At Your Future Address

- Check on service of phone, gas, electricity and water
- Check pilot light on stove, hot water heater, incinerator and furnace
- Have appliances checked
- Ask your mailman for mail he may be holding for your arrival
- Have your new address recorded on your driver's license; apply for a new license
- Visit city offices and register for voting
- Register your car promptly after arrival in a new state or a penalty may apply

Glossary of Terms

Adjustable Rate Mortgage (ARM):

A mortgage in which the interest rate is adjusted periodically in accordance with a market indicator, to more closely coincide with the current rates. Also sometimes known as renegotiable rate mortgage, the variable rate mortgage, or the graduated rate mortgage.

Amortization:

Reduction of the principal of a debt in regular, periodic installments.

Annual Percentage Rate (APR):

An interest rate reflecting the cost of a mortgage as a yearly rate. This rate is likely to be higher than the stated note rate or advertised rate on the mortgage, because it takes into account point and other credit costs. The APR allows home buyers to compare different types of mortgages based on the annual cost for each loan.

Assumption of Mortgage:

An obligation undertaken by a new purchaser of land to be liable for payment of an existing note secured by a mortgage.

Caps:

Consumer safeguards that limit the amount the interest rate on an adjustable rate mortgage can change at each adjustment or over the life of the loan.

Conditions, Covenants & Restrictions (CC&R's):

A document that controls the use, requirements and restrictions of a property.

Certificate of Reasonable Value (CRV):

An appraisal issued by the Veterans Administration showing the property's current market value.

Closing (also called "settlement"):

The completion of a real estate transfer, where the title passes from seller to buyer, or a mortgage lien is given to secure debt.

Condominium:

A statutory form of real estate development of separately- owned units and jointly-owned common elements in a multi-unit project.

Conventional Mortgage:

A mortgage securing a loan made by investors without governmental underwriting, i.e., a loan which is not FHA insured or VA guaranteed.

Deed:

Written instrument which, when properly executed and delivered, conveys title.

Discount Point:

An additional charge made by a lender at the time a loan is made. Points are measured as a percent of the loan, with each point equal to one percent.

Earnest Money:

A deposit of funds made by a buyer of real estate as evidence of good faith.

Easement:

A non-possessory right to use all or part of the land owned by another for a specific purpose.

Equity:

The difference between the fair market value and current indebtedness, also referred to as the owner's interest. The value an owner has in real estate over and above the obligation against the property.

Escrow:

An account held into which the home buyer pays money for tax or insurance payments. Escrow can also be a neutral third party to hold funds through the closing of a transaction.

Federal Housing Administration Loan (FHA Loan):

A loan insured by the Federal Housing Administration, open to all qualified home purchasers.

Farmers Home Administration Loan (FMHA Loan):

A loan insured by the federal government similar to FHA loan, but usually used for residential properties in rural areas.

Federal National Mortgage Association (FNMA):

Also known as "Fannie Mae." A U.S. government sponsored corporation dealing in the purchase of first mortgages for the secondary market.

Fee Simple Deed:

The absolute ownership of a parcel of land. The highest degree or ownership that a person can have in real estate, which gives the owner unqualified ownership and full power of disposition.

Joint Tenancy:

An equal undivided ownership of property by two or more persons. Upon death of any owner, the survivors take the decedent's interest in the property.

Lien:

A claim upon a piece of property for the payment or satisfaction of a debt or obligation.

Loan-To-Value Ratio:

The relationship between the amount of the mortgage loan and the appraised value of the property expressed as a percentage.

Mortgage:

A conditioned pledge of property to a creditor as security for the payment of a debt.

Negative Amortization:

Occurs when your monthly payments are not large enough to pay all the interest due on the loan. This unpaid interest is added to the unpaid balance of the loan. The danger of negative amortization is that the home buyer ends up owing more than the original amount of the loan.

Personal Property:

Any property which is not real property, e.g., money, savings accounts, appliances, cars, boats.

Points

(also called "commission or discount" points"): Each point is equal to 1% of the loan amount (e.g., two points on a \$100,000 mortgage would cost \$2000).

Principal, Interest, Taxes and Insurance (PITI):

Also called monthly housing expense.

Private Mortgage Insurance (PMI):

In the event that a buyer does not have a 20% down payment, lenders will allow a smaller down payment—as low as 5% in some cases. With the smaller down payment loans, however, borrowers are usually required to carry private mortgage insurance. Private mortgage insurance will usually require an initial premium payment and may require an additional monthly fee, depending on the loan's structure.

Glossary of Terms

Real Estate (also called "real property"):

Land and anything permanently affixed to the land, such as building, fences and those things attached to the buildings, such as plumbing and heating fixtures, or other such items that would be personal property if not attached.

Realtor®:

A real estate broker or an associate holding active membership in a local real estate board affiliated with the National Association of Realtors®.

Subdivision:

A tract of land surveyed and divided into lots for purposes of sale.

Tenancy in Common:

An undivided ownership in real estate by two or more persons, without right of survivorship—interests need not be equal.

Title Insurance Policy:

A contract of title insurance under which the insurer, in keeping with the terms of the policy, agrees to indemnify the insured against loss arising from claims against the insured interest.

Trust Account:

An account separate and apart and physically segregated from the broker's own, in which the broker is required by law to deposit all funds collected for clients.

Veterans Administration Loan (VA Loan):

Housing loan to veterans by banks, savings and loans, or other lenders that are guaranteed by the Veterans Administration, enabling veterans to buy a residence with little or no down payment.

Warranty:

In a broad sense, an agreement or undertaking by a seller to be responsible for present or future losses of the purchaser occasioned by deficiency or defect in the quality, condition or quantity of the item sold. In a stricter sense, the provision or provisions in a deed, lease or other instrument conveying or transferring an estate or interest in real estate under which the seller becomes liable to the purchaser for defect in or encumbrances on the title.

