



# HOMEBUYER GUIDE



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# QUICK REFERENCE

Escrow #	
New Address	
City/State/Zip	

Complete the following information as it becomes available.

REAL ESTATE AGENT	
Name	
Team Members	
Company	
Address	
City/State/Zip	
Phone #	
Cell #	
Email	
Website	

CLOSING AGENT OR ATTORNEY	
Name	
Phone #	
Email	
Assistant	
Phone #	
Email	
Address	
City/State/Zip	

SERVICE	COMPANY	PHONE #	ACCOUNT #	ACTIVATION DATE
Internet				
Cable/Satellite				
Gas				
Electric				

HOME INSURANCE	
Current Agent	
Phone #	
Policy #	
<b>END</b> Date	

PHONE SERVICE	
Company	
Phone #	
Account #	
Activation Date	

New Agent	
Phone #	
Policy #	
<b>START</b> Date	

HOME WARRANTY	
Company	
Plan #	
Policy #	

# RENT OR BUY... YOU DECIDE

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Not sure if you should buy a home? The rent you pay could build equity in your own real estate. Do you realize how much you pay in rent over a period of years? The chart below gives you a total picture of what is happening to your money. The rent you pay adds up to a sizeable sum.

RENT	1 YR	3 YRS	5 YRS	10 YRS	15 YRS	RETURN
\$800	\$9,600	\$28,800	\$48,000	\$96,000	\$144,000	\$0
\$900	\$10,800	\$32,400	\$54,000	\$108,000	\$162,000	\$0
\$1,000	\$12,000	\$36,000	\$60,000	\$120,000	\$180,000	\$0
\$2,000	\$24,000	\$72,000	\$120,000	\$240,000	\$360,000	\$0
\$2,500	\$30,000	\$90,000	\$150,000	\$300,000	\$450,000	\$0

## Rent

1. No interest-payment deductions
2. Rental amount may increase at any time
3. Landlord approval needed for any changes
4. No capitalization; your money disappears forever
5. Rental is temporary and often subject to a 30-day notice

## Buy

1. Mortgage interest may be tax deductible
2. Decorate and make changes, without prior approval
3. The value of your property may increase in time
4. Your house will become a home, not a temporary living situation; you are not at the mercy of a landlord

# LOAN APPLICATION PREPARATION

BE PREPARED TO PROVIDE THE FOLLOWING TO YOUR LOAN OFFICER (AS APPLICABLE)

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- Addresses of residences (2 Years)
- Social Security Number
- Driver's License or other valid ID
- Employer names/addresses (2 Years)
- Two recent pay stubs
- Federal tax returns (2 Years)
- W-2s (2 Years)
- Bank statements
- Loans/Credit Cards: Names, addresses, account numbers, and payment amounts
- Addresses and values of other real estate owned
- Funds to pay for credit report and appraisal
- Value of personal property - Your best estimate of the value of all your personal property (autos, boats, furniture, jewelry, television, electronics, etc.)
- For a VA loan: Certificate of Eligibility or DD 214s
- Divorce decree, if applicable
- Letters of Explanation regarding credit inquiries or special circumstances

# HOW MUCH HOME CAN YOU AFFORD

Lenders abide by certain ratios when calculating the loan amount their customers can qualify for and the ratios vary by lender and loan program. Contact your loan officer to determine more accurately what price range you should consider. Many use 28% of your gross monthly income as the maximum allowed for your mortgage payment (principal/interest/taxes/insurance or PITI); for your total monthly debt, the ratio may be 36%. Total monthly expenses means PITI plus long-term debt (such as auto loans) and revolving/credit-card debt. Do not include other expenses such as groceries, utilities, clothing, tuition, etc., to calculate this ratio.

## SAMPLE MORTGAGE PAYMENT\*

LOAN	3%	3.5%	4%	4.5%	5%	6.5%	7.0%	7.5%	8%
\$100,000	\$422	\$449	\$477	\$507	\$537	\$632	\$665	\$699	\$734
\$150,000	\$632	\$674	\$716	\$760	\$805	\$948	\$998	\$1,049	\$1,101
\$200,000	\$843	\$898	\$955	\$1,013	\$1,074	\$1,264	\$1,331	\$1,398	\$1,468
\$250,000	\$1,054	\$1,123	\$1,194	\$1,267	\$1,342	\$1,580	\$1,663	\$1,748	\$1,834
\$300,000	\$1,265	\$1,347	\$1,432	\$1,520	\$1,610	\$1,896	\$1,996	\$2,098	\$2,201
\$350,000	\$1,476	\$1,572	\$1,671	\$1,773	\$1,879	\$2,212	\$2,329	\$2,447	\$2,568
\$400,000	\$1,686	\$1,796	\$1,910	\$2,027	\$2,147	\$2,528	\$2,661	\$2,797	\$2,935
\$450,000	\$1,897	\$2,021	\$2,148	\$2,280	\$2,416	\$2,844	\$2,994	\$3,146	\$3,302
\$500,000	\$2,108	\$2,245	\$2,387	\$2,533	\$2,684	\$3,160	\$3,327	\$3,496	\$3,669
\$550,000	\$2,319	\$2,470	\$2,626	\$2,787	\$2,953	\$3,476	\$3,659	\$3,846	\$4,036
\$600,000	\$2,530	\$2,694	\$2,864	\$3,040	\$3,221	\$3,792	\$3,992	\$4,195	\$4,403
\$650,000	\$2,740	\$2,919	\$3,103	\$3,293	\$3,489	\$4,108	\$4,324	\$4,545	\$4,769
\$700,000	\$2,951	\$3,143	\$3,342	\$3,547	\$3,758	\$4,424	\$4,657	\$4,895	\$5,136

*\*This formula is only a guide and not to be construed as actual lending calculations.*



# OBTAINING A NEW LOAN

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## **WHEN AND WHERE TO APPLY FOR A LOAN?**

There are many sources for home loans including banks, credit unions, mortgage companies, and mortgage brokers. Apply for your loan as soon as possible. In fact, it's probably a good idea to know what you can afford before you begin looking for your new home. It can give you more bargaining power when negotiating with a seller, especially in today's market. A lender can prequalify you for a certain price range and help you avoid disappointment later.

## **WHAT IS HAZARD (OR FIRE) INSURANCE?**

Hazard insurance covers the dwelling itself and is required by the lender to protect their "risk" in your home. Your lender will explain the necessary hazard insurance coverage. If you are buying a condominium, a master policy should already exist to include your unit – but it does not cover your personal belongings.

**CONTACT YOUR INSURANCE AGENT EARLY** in the buying process, because this coverage must be provided in order for the lender to release loan funds to your settlement/closing agent. Hazard insurance is one of the items frequently postponed until the last minute, which can result in a delay of closing. Order your insurance as soon as your loan is approved; then provide the insurance agent's name and phone number to your settlement/closing agent. Be sure to ask about coverage in your homeowner's policy to insure your personal belongings and to protect against liability for such events as injuries to visitors.

**YOUR LENDER WILL MAIL VERIFICATION REQUESTS** and order an appraisal on the property you are buying. If your lender asks for additional items, make sure to comply promptly in order to avoid possibly delaying loan approval.

# WIRE FRAUD PROTECTION

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When you buy, sell or refinance a home, you'll be required to submit personal information to your lender or closing/ settlement agent. Unfortunately, would-be fraudsters sometimes attempt to steal personal information and even money through real estate transactions.

## **WIRE FRAUD PROTECTION TIPS:**

- Do not share your online banking credentials (user ID and password) with anyone. Avoid sharing your account number with anyone who does not need it.
- Never access your bank account using a public computer (e.g., at a library or hotel business office).
- Monitor your accounts regularly for unauthorized transactions. Report any unauthorized transactions to your bank immediately.
- Be suspicious of emails from free, public email account domains. They are often a source of risk.
- Watch out for phishing emails with embedded links, even when they appear to come from trusted sources.
- Install a firewall on your computer to prevent unauthorized access.
- Confirm wire and other disbursement instructions received by email via confirmed telephone at a known or independently-confirmed number, not the telephone number at the bottom of the email.
- Be skeptical of any change in wiring instructions.



# KEY PROFESSIONALS

## Involved in a Real Estate Transaction

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Knowledgeable, customer-focused professionals are available to answer your title and settlement questions. Throughout the purchase process, you may also encounter the following industry specialists who are able to professionally answer questions in their area of expertise.

**REAL ESTATE AGENT** A real estate agent is licensed by the state to represent parties in the transfer of property.

**LISTING AGENT**

A key role of the listing agent is to form a legal relationship with the homeowner to sell the property and place the property into the local Multiple Listing Service.

**BUYER'S AGENT**

Works with the buyer to locate a suitable property and negotiate a successful home purchase.

**HOME INSPECTOR** Objectively and independently provides a comprehensive analysis of a home's major systems and components.

**LOAN OFFICER** Bank or other financial institution representative who helps buyers identify their borrowing options and understand the terms of their loan.

**APPRAISER** Works on behalf of a lender and provides a market analysis of the subject property. An appraiser's finding is subjective and combined with market findings of sold properties within the surrounding neighborhood.

**INSURANCE AGENT** Helps a homebuyer determine the homeowner's protection coverage needed and then finds the right insurance policy to fit those needs.

**REAL ESTATE ATTORNEY** Can give advice on all legal aspects of the real estate transaction. Additionally, they are able to draft and review contracts, help decide how to take title and assist with the closing process. In some states, real estate closings can only be conducted by attorneys.

**ESCROW/CLOSING OFFICER** A non-biased third party who works with all participants to facilitate a successful closing of a real estate transaction. At closing, the closing officer will collect the purchase money funds from the buyer and lender as well as the settlement costs from each party. They disburse the funds in accordance with the closing documents and record the necessary documents to transfer ownership of the property.

**CLOSING/SETTLEMENT/TITLE AGENT** Performs property title search to ensure a clear title so a title insurance policy can be issued. In some states, they facilitate the transfer of real estate.



# HOME COMPARISON CHART

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Remembering each home would appear easy, but it can quickly become confusing. Which home was near the school? Which one had the great pool? Did it have a family room? How many bathrooms? In the “Something Memorable” category, note something you think is unusual and memorable about each home, such as a stained glass window, fruit trees, a child’s playhouse. This will make it easier for you to recall the property later and refer to a specific address. And, last but not least, maybe the most important question, does this house feel like home? This home comparison chart is designed to help you remember the homes you visit and what you liked best and least about each one. Rate features or make notes that will help you determine what pleased or displeased you.

	Home 1	Home 2	Home 3	Home 4
<b>Address</b>				
Asking Price				
Bedrooms/Baths				
Square Footage				
First Impression				
Location				
Neighborhood				
Appealing Style				
Living Room				
Dining Room				
Great Room				
Kitchen				
Family Room				
Bathroom				
Master Bedroom				
Master Bath				
Bedrooms				
Floor Plan				
Patio				
Pool				
Landscaping				
Garage or Carport				
Something Memorable				
Does This Feel Like Home?				

# WHAT IS TITLE INSURANCE

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Title insurance provides coverage for certain losses due to defects in the title that, for the most part, occurred prior to your ownership. Title insurance protects against defects such as prior fraud or forgery that might go undetected until after closing and possibly jeopardize your ownership and investment.

## OVERVIEW

When a piece of real property is financed, purchased or sold, a record of that transaction is generally filed in public archives. Likewise, other events that may affect the ownership of a property are also documented and filed. These may include liens, levies, encumbrances, etc. When a buyer purchases title insurance, the title company searches these records to find (and remedy, if possible) issues that may affect the purchaser's ownership.

## TITLE SEARCH AND EXAM

That's where title insurance differs from traditional insurance models. When you purchase a policy insuring you for matters relating to your car or health, the insurance company assesses the risk of insuring you, and bases its premium on the risk being assumed. With title insurance, the insurer first works to identify the status of ownership, liens and other matters affecting title by collecting documents affecting title from the public records that are statutorily identified for the recording of real estate transactions. This process is called the search. Once the search is complete, the title insurance underwriter can then determine the insurability of the title and list exceptions from coverage and requirements to insure.

## UNDISCOVERED RISKS

Of course, even the most skilled title professionals may not find all title problems. Other risks include matters that are more difficult to identify, such as title issues resulting from filing errors, forgeries, undisclosed heirs, and other unforeseen problems. That's one reason why your title insurance policy can play a key role in protecting your real estate investment.

## OWNER'S POLICY

You will have the option of purchasing an Owner's Policy of title insurance, which provides insurance directly to the insured owner listed in the policy, and describes the type of real property interest owned. The insurance in both an Owner's and Loan Policy is subject to the policy provisions, which include the covered risks, exclusions from coverage, the conditions and the exceptions to title listed on a schedule to the policy.

## LOAN POLICY

When you purchase a new home or other piece of real property by securing a mortgage, you may be required by your lender to purchase a Loan Policy of title insurance. This policy insures the lender against covered title defects up to the amount of insurance. This coverage in favor of the lender lasts for the life of the loan under limited circumstances stated within the policy.

## PREMIUM

If purchased, you will pay a one-time premium for each policy (Owner's Policy and Loan Policy) at the close of your transaction, based on the total value of your home and the amount of your loan. This is another way in which title insurance differs from other insurance models, where premiums are paid on an ongoing basis. The purchase of a home or other real estate may be the largest financial investment you ever make. Title insurance can give you added peace of mind in knowing that the title to your investment is insured.

# COMMON TITLE PROBLEMS

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Your home may be new to you, but every property has a history. A thorough title search can help uncover any title defects tied to your property. And, subject to the terms of the policy, your title insurance provides protection for you from title problems that may become known after you close your transaction. Common title issues may include:

**ERRORS IN PUBLIC RECORDS** To err is human, but when it affects your home ownership rights, those mistakes can be devastating. Clerical or filing errors could affect the deed or survey of your property and cause undue financial strain in order to resolve them.

**UNKNOWN LIENS** Prior owners of your property may not have been meticulous bookkeepers – or bill payers. And, even though the former debt is not your own, banks or other financing companies can place liens on your property for unpaid debts even after you have closed on the sale. This is an especially worrisome issue with distressed properties.

**ILLEGAL DEEDS** While the chain of title on your property may appear perfectly sound, it's possible that a prior deed was made by an undocumented immigrant, a minor, a person of unsound mind, or one who is reported single but in actuality married. These instances may affect the enforceability of prior deeds, affecting prior (and possibly present) ownership.

**MISSING HEIRS** When a person dies, the ownership of their home may fall to their heirs, or those named within their will. However, those heirs are sometimes missing or unknown at the time of death. Other times, family members may contest the will for their own property rights. These scenarios – which can happen long after you have purchased the property – may affect your rights to the property.

**BOUNDARY/SURVEY DISPUTES** You may have seen several surveys of your property prior to purchasing, however, other surveys may exist that show differing boundaries. Therefore, a neighbor or other party may be able to claim ownership to a portion of your property.

**FORGERIES** Unfortunately, we don't live in a completely honest world. Sometimes forged or fabricated documents that affect property ownership are filed within public records, obscuring the rightful ownership of the property. Once these forgeries come to light, your rights to your home may be in jeopardy.

**UNDISCOVERED ENCUMBRANCES** When it comes to owning a home, there can be a crowd. At the time of purchase, you may not know that a third party holds a claim to all or part of your property – due to a former mortgage or lien, or non-financial claims, like restrictions or covenants limiting the use of your property.

**UNKNOWN EASEMENTS** You may own your new home and its surrounding land, but an unknown easement may prohibit you from using it as you'd like, or could allow government agencies, businesses, or other parties access to all or portions of your property. While usually non-financial issues, easements can still affect your right to enjoy your property.

**UNDISCOVERED WILL** When a property owner dies with no apparent will or heir, the state may sell his or her assets, including the home. When you purchase such a home, you assume your rights as owner. However, even years later, the deceased owner's will may come to light and your rights to the property may be seriously jeopardized.

**FALSE IMPERSONATION OF PREVIOUS OWNER** Common and similar names can make it possible to falsely impersonate a property owner. If you purchase a home that was once sold by a false owner, you can risk losing your legal claim to the property.

**PLAY IT SAFE** These and other issues are often covered by an Owner's Policy of title insurance. When you buy a home, make sure you're protecting that investment with title insurance.

# WHAT IS ESCROW

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Escrow is a term that describes the neutral third-party handling of funds, documents, and tasks specific to the closing (or settlement, as it is also known), as outlined on the real estate purchase agreement or sales contract. The purpose of escrow is to facilitate the transaction by managing the disbursement of funds.

## KEY PLAYERS

In accordance with local custom, the buyer or seller involved in the transaction will select the escrow provider, though they often defer to their real estate agent to make this decision. This provider could be an escrow company, title officer, or title/escrow attorney, depending upon many considerations, including the geographical location of the transaction.

## ROLES

The escrow provider may have a duty to arrange and/or track the requirements and contingencies outlined within the purchase contract. These might include home inspections, the purchase of homeowners insurance, the completion of negotiated repairs, and financing requirements.

## PROCESS

Once all transaction contingencies are met, including the execution of all documents necessary to complete the transaction, the escrow company will disburse funds to the appropriate parties, all in accordance with the purchase agreement.

## COST

The cost of escrow services is covered by the buyer or seller as determined by local custom, market conditions, or contractual agreements made within the purchase offer.

## CLOSING/CONSUMMATION

Once all the tasks described within the sales purchase agreement have been completed and the appropriate funds are disbursed, the transaction is complete and the escrow closes.

# MAIL-AWAY CLOSING TIPS

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As opportunities for real estate transactions expand across county and state lines, the frequency of mail-away closings is increasing. If you are involved in a closing that requires the mailing of documents, here are some tips that can help you avoid delays:

- Inform your closing/settlement agent of the need to mail documents as soon as possible. This will allow them to better coordinate the document preparation and signing process.
- Provide your closing/settlement agent with a physical address and the best phone number for each party involved in the transaction. NOTE: Most overnight delivery services will not deliver to a P.O. Box.
- Not all lenders allow documents to be signed in advance of the closing date, and some require that the documents be signed in the presence of an attorney or at a local settlement agent's office.

Allow sufficient turnaround time for the documents to be signed. This may decrease the chances of funding delays due to errors in the signing process. In order to disburse funds on a transaction, your closing/settlement agent may require the original documents to be returned and in their possession. **The minimum time required to send and receive documents is three business days.**

# WHAT TO AVOID DURING CLOSING

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## **CHANGING YOUR MARITAL STATUS**

How you hold title is affected by your marital status. Be sure to make both your lender and the title company aware of any changes in your marital status so that documents can be prepared correctly.

## **CHANGING JOBS**

A job change may result in your loan being denied, particularly if you are taking a lower-paying position or moving into a different field. Don't think you're safe because you've received approval earlier in the process, as the lender may call your employer to re-verify your employment just prior to funding the loan.

## **PAYING OFF EXISTING ACCOUNTS UNLESS YOUR LENDER REQUESTS IT**

If your Loan Officer advises you to pay off certain bills in order to qualify for the loan, follow that advice. Otherwise, leave your accounts as they are until your escrow closes.

## **MAKING ANY LARGE PURCHASES**

A major purchase that requires a withdrawal from your verified funds or increases your debt can result in your not qualifying for the loan. A lender may check your credit or re-verify funds at the last minute, so avoid purchases that could impact your loan approval.

## **SWITCHING BANKS OR MOVING YOUR MONEY TO ANOTHER INSTITUTION**

After the lender has verified your funds at one or more institutions, the money should remain there until needed for the purchase.



# CLOSING DAY

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## **VALID PHOTO IDENTIFICATION**

To help defend against forgery and fraud, state notary laws include requirements that parties signing documents in a real estate transaction to provide acceptable forms of identification. Although specific requirements may vary from state to state, here is a general overview of the type(s) of identification typically used to substantiate and affirm identity.

### **ACCEPTABLE IDENTIFICATION**

Document must be current and contain the signer's photograph, physical description, signature, and bear a serial or other identifying number.

- Valid Driver's License or Non-Driver ID Issued by any State
- U.S. Passport or Foreign Passport Stamped by the U.S. Citizenship and Immigration Services (USCIS)
- Valid U.S. Military ID
- Veterans Health ID Card
- Valid Canadian or Mexican Driver's License Issued by the Official Agency

### **UNACCEPTABLE IDENTIFICATION**

- Temporary Driver's License
- Driver's License without a Photograph
- Social Security Card
- Employee ID Badge
- Permanent Resident ID Card

Closing document signatures must match the name that appears on the identification presented. An abbreviated form (John D. Smith instead of John David Smith, for example) may be acceptable. However, deviation is only allowed if the individual is signing with less than and not more than what is on the identification document. If your name has changed, or will change, prior to the closing, documentation must be provided to support the change.

## **CASHIER'S CHECK, TREASURER'S CHECK, OR WIRE TRANSFER**

In the event you are required to bring funds to closing, personal checks or cash cannot be accepted. If you prefer to wire your funds, contact your closing/ settlement agent for bank routing instructions. If you will be bringing a proceeds check from another settlement, contact your closing/settlement agent to verify the acceptance of those funds.

## **HAZARD INSURANCE POLICY AND RECEIPT**

A hazard policy, also known as homeowner's insurance, with the lender designated as the insured holder of the mortgage, is required on most loans. Evidence of hazard insurance, including a paid receipt, must be provided prior to closing.

## **IF POSSIBLE, ALL PARTIES WHO HOLD TITLE TO THE PROPERTY SHOULD ATTEND THE CLOSING**

State-specific laws may require the spouse of the parties in title, even though their name does not appear on the deed, to sign certain documents when obtaining a mortgage. If anyone is unable to attend closing, contact your closing/settlement agent to arrange a power of attorney or closing by mail.

## **IF APPLICABLE**

- Home Warranty Application
- Payoff Authorization to Release Information
- Power of Attorney (original needed at closing)
- Divorce Decree and Quit Claim Deed (original needed at closing, if not recorded)
- Court Order from Bankruptcy Court
- Corporation Documents: Board of Resolution, Certificate of Good Standing and Articles of Organization
- Death Certificate (original needed at closing)
- Prior Owner's Title Policy
- Trust Agreement and Attorney Contact
- Letter of Authority for Probated Estate (original needed at closing, if not recorded)
- Limited Liability Company Documents

# MOVING CHECKLIST

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## NOTIFY OF ADDRESS CHANGE

- Post Office
- Bank
- Credit card companies
- Insurance companies – Medical, auto
- Automobile – Registration, drivers license
- Utility companies
  - Arrange for any refunds of deposits
  - Arrange for service in new location
- Home delivery subscriptions
- School(s)
- Doctor(s)
- Pharmacy – Transfer prescriptions
- Church, clubs, civic organizations

## DON'T FORGET TO

- Empty freezers – Plan use of foods
- Have appliances serviced for moving
  - Stay in contact with mover and confirm: insurance coverage, packing/ unpacking labor, time/date of move, details of payment

## MOVING DAY

- Carry currency, jewelry, and important documents
- Let a friend or relative know route, scheduled stops and arrival estimate
- Double-check closets, attic, shed
- Leave any keys needed by new owner – Garage, sheds, mailbox, etc.

# TIPS FOR MOVING WITH PETS

Moving to a home in a new location can be an exciting adventure, but it can also be the cause of stress and confusion for household pets. To minimize the trauma, here are a few tips that may help make your pet's transition a little easier:

- **SCHEDULE A VET CHECK-UP** Obtain a copy of your pet's medical history along with rabies certifications that state when/where your pet was vaccinated. Keep an ample supply of current medications to last until a veterinarian in your new location can provide refills.
- **PROPER IDENTIFICATION IS ESSENTIAL** Be certain that any required license tags are secured properly and the contact information is current.
- **CONSIDER BOARDING** your pet during the most hectic of moving days. Pets can become anxious with the increase of activity prior to a move.
- **GATHER CAR SUPPLIES** Kennel and/or safely restraint, favorite toy or two, a leash for when stops are made, and plenty of water to keep your pet hydrated.
- **KNOW STATE REQUIREMENTS** for the movement of pets across state lines. Contact the State Veterinarian in your new location to obtain the most current information.
- **PET-FRIENDLY ACCOMMODATIONS** Long-distance moves may require an overnight stay. People and pet-friendly accommodations can be found by searching a number of internet sites.
- **ALLOW TIME TO ACCLIMATE** Once you have arrived in your new location, allow sufficient time for your pet to adjust to the new neighborhood; it could take a few days or a few weeks.
- **CARRY A CURRENT PHOTOGRAPH** If your pet is lost during the move, a photograph will make it much easier to search effectively.



# WHAT HAPPENS AFTER CLOSING

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It is recommended you keep all records pertaining to your home together in a safe place, including all purchase documents, insurance, maintenance and improvements

## **KEYS TO HOME**

You have been supplied with a set of keys to your new home. To ensure security, change the locks upon moving in.

**UTILITIES** If you have not already done so, contact the local service providers to make arrangements for electricity, gas, water, phone and cable or satellite services. While some providers may need as little notice as a day to activate your services, it's best to give them a few weeks' notice.

## **OWNER'S TITLE INSURANCE POLICY**

You may have received a First American Title Owner's Policy at the closing table. If this service is not available in your area, you will receive your policy by mail in four-to-six weeks.

## **RECORDED DEED**

Once recorded in the official county records, the original deed to your home will be mailed directly to you, generally within four-to-six weeks.

## **LOAN PAYMENTS**

Instructions were provided as part of your closing with information and details to make your first loan payment. If you have questions about your tax and insurance escrows, please contact your closing agent or attorney.

## **PROPERTY TAXES**

At the closing, prorated property taxes were collected based on occupancy time in the home. You may not receive a tax statement for the current year; however, it is your obligation to make sure the taxes are paid when due. Check with your lender to find out if taxes are included with your payment and if the tax bill will be paid by the lender from escrowed funds.

## **FILING FOR HOMESTEAD**

If the home you purchased is in a homestead state, you may be required to declare homestead or file a homestead exemption. A homestead exemption reduces the value of a home for state-tax purposes. Please check with the local county recorder's office to determine eligibility, filing requirements and deadlines.

## **POSTAL SERVICE**

Your local Post Office can provide the necessary Change of Address forms to expedite the delivery of mail to your new home. You can speed up the process by notifying everyone who sends you mail of your new address and the date of your move. Many bills provide an area for making an address change.

## **DRIVER'S LICENSE, VEHICLE REGISTRATION AND INSPECTION**

You are required by law to notify your state Department of Motor Vehicles (DMV) after any relocation so a new driver's license can be issued. You will also need to have your auto registration transferred to your new address and depending on your state, submit to a driving test and vehicle inspection. Check with your state DMV to determine requirements.





# TERMS TO KNOW

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## APPRAISAL

An estimate of value of property resulting from analysis of facts about the property; an opinion of value.

## ANNUAL PERCENTAGE RATE-APR

The borrower's costs of the loan term expressed as a rate. This is not their interest rate.

## BENEFICIARY

The recipient of benefits, often from a deed of trust; usually the lender.

## CLOSING DISCLOSURE (CD)

Closing Disclosure form designed to provide disclosures that will be helpful to borrowers in understanding all of the costs of the transaction. This form will be given to the consumer three business days before closing.

## CLOSE OF ESCROW

Though varied from state-to-state, escrow generally refers to the date the buyer becomes the legal owner and title insurance becomes effective.

## COMPARABLE SALES

Sales that have similar characteristics as the subject real property, used for analysis in the appraisal. Commonly called "comps".

## CONSUMMATION/CLOSING

Occurs when the borrower becomes contractually obligated to the creditor on the loan, not, for example, when the borrower becomes contractually obligated to a seller on a real estate transaction. The point in time when a borrower becomes contractually obligated to the creditor on the loan depends on applicable State law. Consummation is not the same as close of escrow or settlement.

## DEED OF TRUST

An instrument used in many states in place of a mortgage.

## DEED RESTRICTIONS

Limitations in the deed to a parcel of real property that dictate certain uses that may or may not be made of the real property.

## DISBURSEMENT DATE

The date the amounts are to be disbursed to a buyer and seller in a purchase transaction or the date funds are to be paid to the borrower or a third party in a transaction that is not a purchase transaction.

## EARNST MONEY DEPOSIT

Down payment made by a purchaser of real property as evidence of good faith; a deposit or partial payment.

## EASEMENT

A right, privilege or interest limited to a specific purpose that one party has in the land of another.

## ENDORSEMENT

As to a title insurance policy, a rider or attachment forming a part of the insurance policy expanding or limiting coverage.

## ESCROWS/IMPOUNDS

A trust type of account established by lenders for the accumulation of borrower's funds to meet periodic payments of taxes, mortgage insurance premiums and/or future insurance policy premiums, required to protect their security.

## HAZARD INSURANCE

Real estate insurance protecting against fire, some natural causes, vandalism, etc., depending upon the policy. Buyer often adds liability insurance and extended coverage for personal property.

## LEGAL DESCRIPTION

A description of land recognized by law, based on government surveys, spelling out the exact boundaries of the entire parcel of land. It should so thoroughly identify a parcel of land that it cannot be confused with any other.

## LIEN

A form of encumbrance that usually makes a specific parcel of real property the security for the payment of a debt or discharge of an obligation. For example, judgments, taxes, mortgages, deeds of trust.

## LOAN ESTIMATE (LE)

Form designed to provide disclosures that will be helpful to borrowers in understanding the key features, costs and risks of the mortgage loan for which they are applying. Initial disclosure to be given to the borrower three business days after application.

## MORTGAGE

The instrument by which real property is pledged as security for repayment of a loan.

## PITI

A payment that includes Principal, Interest, Taxes, and Insurance.

## POWER OF ATTORNEY

A written instrument whereby a principal gives authority to an agent. The agent acting under such a grant is sometimes called an Attorney-in-Fact.

## RECORDING

Process of filing documents affecting real property with the appropriate government agency as a matter of public record.

## SETTLEMENT STATEMENT

Document providing a detailed breakdown of costs involved in a real estate transaction.

## TILA-RESPA INTEGRATED DISCLOSURE (TRID)

A rule issued by the Consumer Financial Protection Bureau (CFPB) that combines and integrates the disclosures under the Truth in Lending Act (TILA) and the Real Estate Settlement Procedures Act (RESPA). Effective in October 2015.



# NOTES

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