



Count on Consumers Title Company

Welcome to the home-selling process. Throughout this process, you can count on Consumers Title Company to guide you smoothly through your transaction and provide expert answers to your questions. **We are happy to serve you.**

SERVICE

Consumers Title Company professionals are proud to provide the title insurance that assures people's home ownership. Backed by Consumers Title Company, your transaction will be expertly completed in accordance with state-specific underwriting standards and state and federal regulatory requirements.

CONVENIENCE

Consumers Title Company has a direct office or agent near you, offering convenient locations in all 58 counties. **We Have California Covered!**

SECURITY

Consumers Title Company places funds in secure banking institutions and maintains detailed internal operating procedures that represent a unique checks and balance system.

COMMITMENT

Consumers Title Company offers more than just title insurance and escrow services. Through our proven systems and detailed process we are committed to proactively protecting you and your clients at every step of the transaction.



Terms You Should Know

Amendments

A change—either to alter, add to, or correct—part of an agreement without changing the principal idea or essence.

Annual Percentage Rate (APR)

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

Appraisal

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

Assumption

Taking over another person's financial obligation; taking title to a parcel of real property with the Buyer assuming liability for paying an existing note secured by a deed of trust against the real property.

Beneficiary

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

Close of Escrow

Generally the date the documents are recorded and title passes from Seller to Buyer. On this date, the Buyer becomes the legal owner, and title insurance becomes effective.

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.

Comparable Sales

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

Deed of Trust

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

Deed of Restrictions

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

Earnest 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.

Hazard Insurance

RE insurance protecting against fire, some natural causes, vandalism, etc., depending upon policy. Buyer often adds liability insurance & extended coverage for personal property.

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.

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 the security for the repayment of a debt or discharge of an obligation. For example, judgments, taxes, mortgages, deeds.

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 combines 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."

Purchase Agreement

The purchase contract between the Buyer and Seller. It is usually completed by the real estate agent and signed by the Buyer and Seller.

Quitclaim Deed

A deed operating as a release, intending to pass any title, interest, or claim which the grantor may have in the real property, but not containing any warranty of a valid interest or title by the grantor.

Recording

Filing documents affecting real property with the County Recorder as a matter of public record.

Settlement Statement

Provides a complete breakdown of costs involved in a real estate transaction.



Key Professionals

Involved in Your Transaction

REALTOR

A Realtor® is a licensed real estate agent and a member of the National Association of Realtors®, a real estate association. Realtors® also belong to their state and local Association of Realtors®

REAL ESTATE AGENT

A real estate agent is licensed by the state to represent parties in the transfer of property. Every Realtor® is a real estate agent, but not every real estate agent has the professional designation of a Realtor®.

LISTING AGENT

A key role of the listing agent or broker is to form a legal relationship with the homeowner to sell the property and place the property in the Multiple Listing Service (MLS).

BUYER'S AGENT

A key role of the buyer's agent or broker is to work with the buyer to locate a suitable property and negotiate a successful home purchase.

MULTIPLE LISTING SERVICE (MLS)

The MLS is a database of properties listed for sale by Realtors® who are members of the local Association of Realtors®. Information on an MLS property is available to thousands of Realtors®.

TITLE COMPANY

These are the people who carry out the title search and examination, work with you to eliminate the title exceptions you are not willing to take subject to, and provide the policy of title insurance regarding title to the real property.

ESCROW OFFICER

An escrow officer leads the facilitation of your escrow, including escrow instructions preparation, document preparation, funds disbursement, and more.



Understanding Title Insurance & The Title Industry

Prior to the development of the title industry in the late 1800's, a home-buyer received a grantor's warranty, attorney's title opinion, or abstractor's certificate as assurance of home ownership. The buyer relied on the financial integrity of the grantor, attorney, or abstractor for protection. Today, home-buyers look primarily to title insurance to provide this protection. Title insurance companies are regulated by state statute. They are required to post financial guarantees to ensure that any claims will be paid in timely fashion. They also must maintain their own "title plants" which house duplicates of recorded deeds, mortgages, plats, and other pertinent county property records.

WHAT IS TITLE INSURANCE?

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.

WHY IS TITLE INSURANCE NEEDED?

Title insurance insures buyers against the risk that they did not acquire marketable title from the seller. It is primarily designed to reduce the risk or loss caused by defects in title from the past. A loan policy of title insurance protects the interest of the mortgage lender, while an owner's policy protects the equity of you, the buyer, for as long as you or your heirs (in certain policies) own the real property.

WHEN IS THE PREMIUM DUE?

You pay for your owner's title insurance policy only once, at the close of escrow. Who pays for the owner's policy and loan policy varies depending on local customs.

Understanding Home Warranty

A home warranty plan covers a variety of mechanical, electrical, and plumbing items, as well as some appliances. Optional coverage is available for additional items such as air conditioners, refrigerators, pools, and spas.

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

- ◆ Increase the marketability of your home by reassuring potential Buyers
- ◆ Help sell your home faster and at a higher price
- ◆ Ward off potential disputes after the sale for repair and/or replacement of covered items

Most home warranty plans can be paid for at the close of escrow. A copy of the invoice is presented to the escrow company, and it becomes part of the Seller's closing costs.

Understanding The Appraisal Process

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

The appraiser will make an appointment to see your home and will take about 30 minutes to an hour to look over the property. He or she will measure your home, draw a representative floor plan, take

photographs inside and out, and review the property's condition, specific improvements, and amenities.

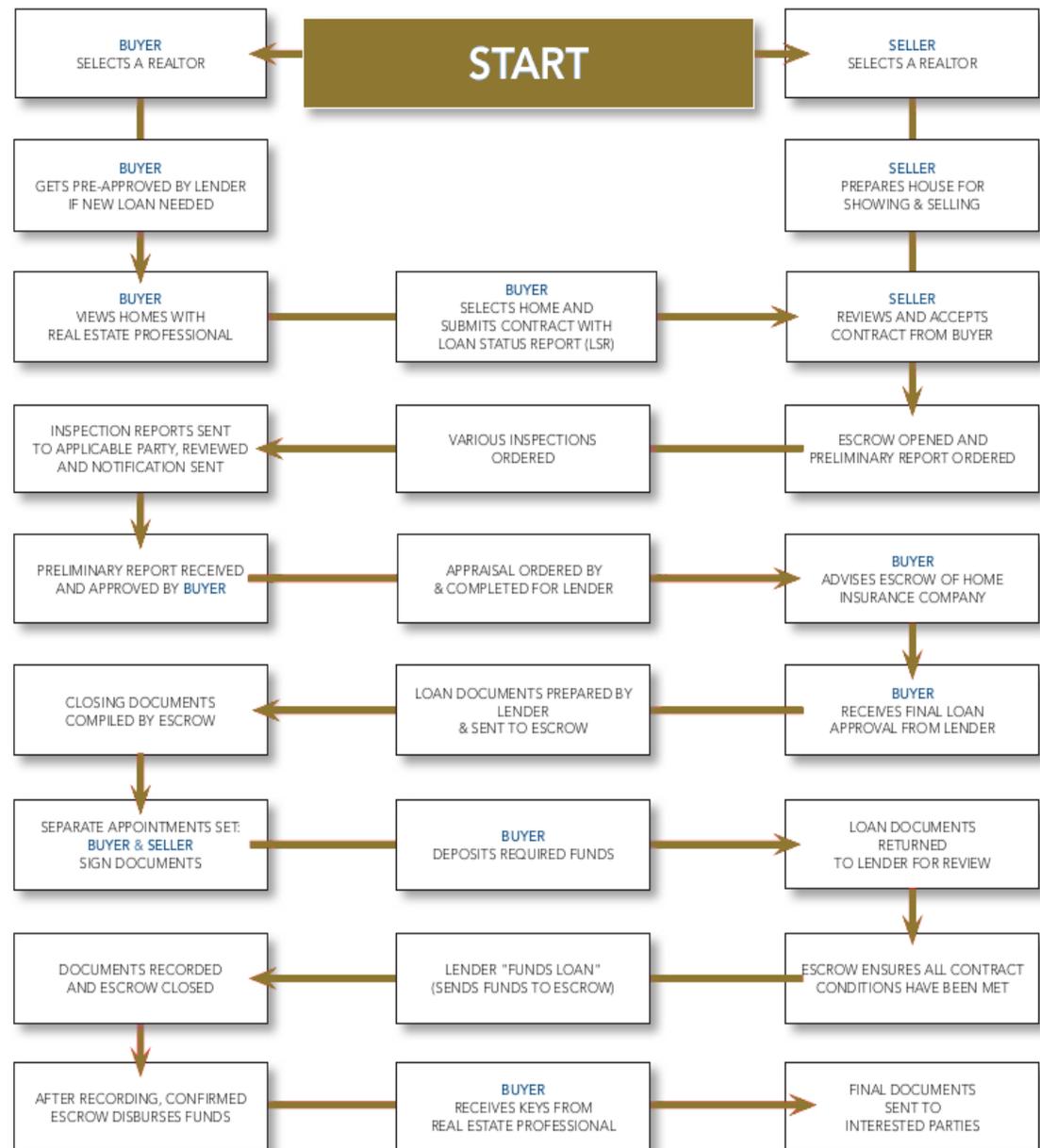
The appraiser will provide a typed appraisal report to the Buyer's lender within a few days after visiting your property. You will be notified if the lender requires repairs before they will lend on your home. If repairs are required, the appraiser will have to return to review the repairs and a re-inspection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

Understanding The Escrow Process

An escrow is a process wherein the Buyer and Seller deposit written instructions, documents, and funds with a neutral third party until certain conditions are fulfilled. It enables the parties to the escrow to deal with each other without risk, provides an accounting of all the funds deposited in the escrow, and provides the Buyer and the Seller with a settlement statement. In a real estate transaction, the Buyer does not pay the Seller directly for the property. The Buyer deposits the funds to an escrow holder. The escrow holder, acting as a neutral third party,

verifies that a title insurance policy can be issued pursuant to the terms of the contract. Then, the escrow holder arranges for the documents transferring title to the property to the Buyer to be recorded, for the issuance of the title policy, pays any liens and all the costs associated with the sale that are chargeable to the Buyer and Seller, and disburses the sales proceeds to the Seller. If the Buyer gets a new loan, then the lender's money is deposited into the escrow and the lender's security documents are recorded at the same time as the Deed.

The Life Of An Escrow





Your Escrow Professional:

- ➔ Opens escrow and deposits good faith funds into an escrow account.
- ➔ Conducts a title search to determine the ownership and title status of the real property.
- ➔ Reviews the preliminary report and begins the process of working with you and the title officer to eliminate the title exceptions the Buyer and the Buyer's new lender are not willing to take subject to. This includes ordering a payoff demand from your existing lender.
- ➔ Works with the Buyer's lender to get the loan documents into escrow.
- ➔ Prorates fees, such as real property taxes, per the contract and prepares the settlement statement.
- ➔ Sets separate appointments allowing the Buyer and Seller to sign documents and deposit funds.
- ➔ Reviews documents and ensures all conditions are fulfilled and certain legal requirements are met.
- ➔ Requests funds from Buyer and Buyer's new lender.
- ➔ When all funds are deposited and conditions met, records documents with the County Recorder to transfer the real property to the Buyer.
- ➔ After recording is confirmed, closes escrow and disburses funds, including proceeds, loan payoffs, tax payments, and more.
- ➔ Prepares and sends final documents to all parties.



THE CLOSING OR SIGNING APPOINTMENT

The escrow holder will contact you or your agent to schedule a closing or signing appointment. You will have a chance to review the settlement statement and supporting documentation. This is your chance to ask questions and clarify terms. You should review the settlement statement carefully and report discrepancies to the escrow officer. This includes any payments that may have been missed. You are responsible for all charges incurred, even if overlooked by the escrow holder. It's better to bring any issues to his or her attention before the closing has been completed. The escrow holder is obligated by law to have the designated amount of money before releasing any funds. If you have questions or foresee a problem, let your escrow officer know immediately. Don't forget your identification. You will need valid identification with your photo I.D. on it when you sign documents that need to be notarized (such as a deed). A driver's license is preferred. You will also be asked to provide your social security number for tax reporting purposes, along with a forwarding address.

WHAT HAPPENS NEXT?

If the Buyer is obtaining a new loan, the Buyer's signed loan documents will be returned to the lender for review. The escrow holder will ensure that all contract conditions have been met and will ask the lender to "fund the loan." If the Buyer's loan documents are satisfactory, the lender will send the check directly to the escrow holder. When the loan funds are received, the escrow holder will verify that all necessary funds are in. Escrow funds will be disbursed to you and other appropriate payees. The keys to the property are then given to the Buyer.



Improvements That Pay Back

Recouping your remodeling investment may be your goal when you sell your house. But when it comes to resale value, all home improvements are not created equal. As a rule, kitchen remodeling projects and bathroom additions almost always pay back 90 percent or more of their costs. However, finishing a basement usually pays back less than 50 percent. Other improvements fall somewhere in between.

Consider these payback estimates* for the most typical home improvement projects:

Project	Cost	Average Payback
Add a new heating or air conditioning system	\$2,000 to \$4,500	100% for heating; 75% for air conditioning
Minor kitchen remodeling	\$2,000 to \$8,500	94% to 102%
Major kitchen remodeling	\$9,000 to \$25,000	90%
Add bathroom	\$5,000 to \$12,000	92%
Add a family room	\$30,000	86%
Remodel bathroom	\$8,500	77%
Add a fireplace	\$1,500 to \$3,000	75%
Build a deck	\$6,000	73%
Remodel home office	\$8,000	69%
Replace windows	\$6,000	68% to 74%
Build a pool	\$10,000 and up	44%
Install or upgrade landscaping	\$1,500 to \$15,000	30% to 60%



It Pays To Work With A Realtor®

Only a real estate professional who belongs to the National Association of Realtors® may call himself or herself a Realtor®. A Realtor® is bound by a Code of Ethics and pledged to protect and promote the interest of the seller by providing fair treatment for all parties involved in the transaction.

Here are some ways a Realtor® can help you sell your home:

- ◆ A Realtor® is knowledgeable of the market and gives you the quickest exposure to the maximum number of buyers.
- ◆ A Realtor® “qualifies” prospects as to their affordable price range and housing needs.
- ◆ A Realtor® knows current real estate values and can help you set a realistic, competitive price. This skilled professional knows how to
- ◆ merchandise your home effectively.
- ◆ A Realtor® is familiar with the local home-loan market and can help you determine whether seller-assisted financing may expedite your sale.
- ◆ A Realtor® can figure the net proceeds from your sale, taking into account your outstanding loan balance, closing costs, and possible owner financing.
- ◆ A Realtor® can tap an even larger market through referrals and marketing techniques.
- ◆ A Realtor® frees you from the problems associated with showing your home. The Realtor® handles inquiries, appointments, showings, and negotiations of the contract. Your home is shown only to serious, qualified buyers.
- ◆ A Realtor® maintains objectivity in presenting offers and counter-offers.
- ◆ A Realtor® can familiarize you with the closing procedures by explaining them all in advance.

HOME
Sweet
HOME



Who Pays For What?

The **SELLER** can generally be expected to pay for:

- ◆ Homeowners Title Insurance Policy
- ◆ Real Estate Commission
- ◆ Document Preparation fee for Deed
- ◆ Documentary transfer tax (\$1.10 per \$1000.00 of sales price)
- ◆ Any City Transfer/Conveyance Tax (according to contract)
- ◆ Payoff of all loans in Seller's name
- ◆ Interest accrued to lender being paid off, Statement Fees, Reconveyance Fees and any Prepayment Penalties
- ◆ Termite Inspection (according to contract)
- ◆ Termite work (according to contract)
- ◆ Home Warranty (according to contract)
- ◆ Any judgments, tax liens, etc., against the Seller
- ◆ Tax proration (for any taxes unpaid at time of transfer of title)
- ◆ Any unpaid Homeowner's dues
- ◆ Recording charges to clear documents of record against Seller
- ◆ Any bonds or assessments (according to contract)
- ◆ Any and all delinquent taxes
- ◆ Escrow Fee - Seller pays 1/2
- ◆ Termite Inspection
- ◆ Homeowner's transfer fee

The **BUYER** can generally be expected to pay for:

- ◆ Lender 's Title Policy
- ◆ Escrow Fee - Buyer pay 1/2
- ◆ All new loan charges (except those required by lender for Seller to pay)
- ◆ New loan interest from funding date to 30 days prior to 1st payment
- ◆ Assumption/Change of Records fees for takeover of existing loan
- ◆ Beneficiary Statement Fee for assumption of existing loan
- ◆ Inspection Fees (roofing, property inspection, geological, etc.)
- ◆ Home Warranty (according to contract)
- ◆ Document preparation (if applicable)
- ◆ Notary Fees
- ◆ Recording charges for all documents in Buyer's names
- ◆ Tax proration (from date of acquisition)
- ◆ Fire Insurance Premium for first year

