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Home Sellers Guide

SELLING A HOME IN AUSTIN FROM CONTRACT TO CLOSE



WHY DO YOU NEED A REAL ESTATE AGENT?



Working with buyers involves advocacy, education, information, guidance, encouragement, patience, protection and accountability. Here are some things agents do to create value for those they represent. Use them to guide your communication and unique value proposition as you talk to buyers in the days ahead.

1. Education

It is critically important that buyers be educated on the local market regarding many different aspects of the purchase process. Things like inventory and price range, how to make an offer, procedures, forms, contingencies, inspections, financing, closing costs, insurance, appraisals and so much more. Agents have the training and education to navigate you through any market conditions.

2. Insight

From the moment an agent engages with a buyer there will be questions about market value, property history, restrictions, HOA's, investment opportunities and a ton of other details buyers do not often think to ask or consider.

3. Accessibility

One of the biggest values a buyer's agent brings to the table is their accessibility and availability. You cannot put a price on having someone in your corner who is inherently expected to be available to respond to anything and everything that comes up during the purchase process. Whether that is a question, running down information, dropping everything to show a new listing that the buyer has see, writing an offer, or what have you, the agent will find a way to be there or, if they can't physically be present, they will have someone in their place.

4. Research and tracking down information

Every property search involves helping the buyer get the information they need to make an informed decision. This takes time and expertise. Information varies widely depending on the properties the buyers are interested in and there is an endless stream of things buyers want and need to know.

5. Strategy

Every buyer needs a strategy when determining which property to buy, how much to offer and any number of factors that are involved in crafting an offer. Strategies have to be continually adjusted and refined for each property that comes on the market. Buyers who work with agents who are savvy strategy-wise have more success.

6. Offer preparation

Speaking of strategy, offer preparation is a critical part of buyer representation. It is extremely important for an agent to go over all the details that need to be completed as part of the offer process and ensure all flows in a logical manner with contract timelines and contingencies.



7. Offer negotiation

Besides offer preparation, negotiation is a huge part of the buyer representation process. Working out all the details and differences between a buyer and seller to establish the terms of the transaction is critical. The agent must hover over every term and discuss the implications with the buyer so they can determine what they are OK with and what terms and conditions they want to negotiate further to finalize the transaction.

8. Finalizing offer

Once all terms have been worked out, this is where everything comes together ensuring all offer documentation and addendums are finalized to accurately reflect the transaction. This is extremely important as the escrow, title and lender will all receive a copy of these documents, so if something is not correct, it could have major implications for the entire transaction.

9. Managing the transaction

The agent needs to ensure that the deposit has been provided in a timely manner to the title or escrow company and inspections are scheduled on time. They also confirm that the buyer gets all required documentation to the lender, has paid for the appraisal and is working to secure insurance all upon going under contract.

All these things are transpiring against the backdrop of contract timeframes that the buyer must stay within. An agent will also know the pitfalls and commons mistakes to be on the look out for.

10. Inspections and repairs

This is often one of the most significant milestones in the transaction and can take several hours and days to complete, depending on the number of specialists the buyer wishes to have check the home and property. An agent often spends a tremendous amount of time at these events.

11. Repairs

This can be an extremely stressful part of the transaction. With a plethora of reports and assessments comes trying to make sense of it all. Agents can help answer questions like how much things will cost, is the repair critical, what concessions should be made and will requesting repairs interfere with their offer. Sometimes the issues are too great or potentially alarming — such as mold, extensive termite damage or structural issues and an agent has the experience to counsel buyers when its time to walk away.

12. Appraisals

The agent working with the buyer needs to ensure the appraisal is turned around in a timely manner to comply with financing and appraisal contingency timelines in the contract. Sometimes, it can take forever for an appraiser to go out to the property or to turn the report around. This is where the buyer's agent must micromanage this process so as not to jeopardize the buyer's escrow deposit.

13. Managing title and escrow

In today's fraud ridden environment the buyer's agent needs to help vet and verify who the providers will be in the transaction and communicate that information to the buyers. They can also educate them as to how to expect communication and requests.

In addition, it is critically important for the buyer's agent to confirm that they have the correct copy of all contract documentation and related addenda. As well as reviewing a draft copy of the settlement statement and going over it with the buyer and lender to verify buyer-side expenses. In the event of any questions or discrepancies, this will allow time to have corrections made before closing.

14. Managing the walkthrough

Any experienced agent in real estate knows walkthroughs are ripe for a plethora of new issues to arise. Whether it is a seller who is still in the process of moving or one who left the property in poor condition or damaged it now becomes the buyer's agent's battle to fight.

Miracles often must be worked at the 11th hour as the agent is frantically sending photos of the evidence to the listing agent and trying to run down estimates to clean, fix or repair the damage. With everyone's back to the wall and the pressure on, the buyer's agent has to figure out a way to make it right because the listing agent and seller have checked out.

15. Managing the closing

On closing day, the buyer's agent needs to ensure that all keys and access cards or fobs to neighborhood amenities, garage remotes, security and garage codes as well as any other specific information about things in the property are provided to the buyer.

Depending on how the walkthrough went and if any issues were uncovered, the buyer's agent needs to make sure all has been addressed before the buyer signs documents and, if not, a last-minute plan may need to be hatched for this.

16. Post-closing issues

The stress doesn't often end at closing. Buyers move into their new home only to discover that something may not be working properly. Thankfully, an inspection report documents what was and was not functioning as of a particular date/time.

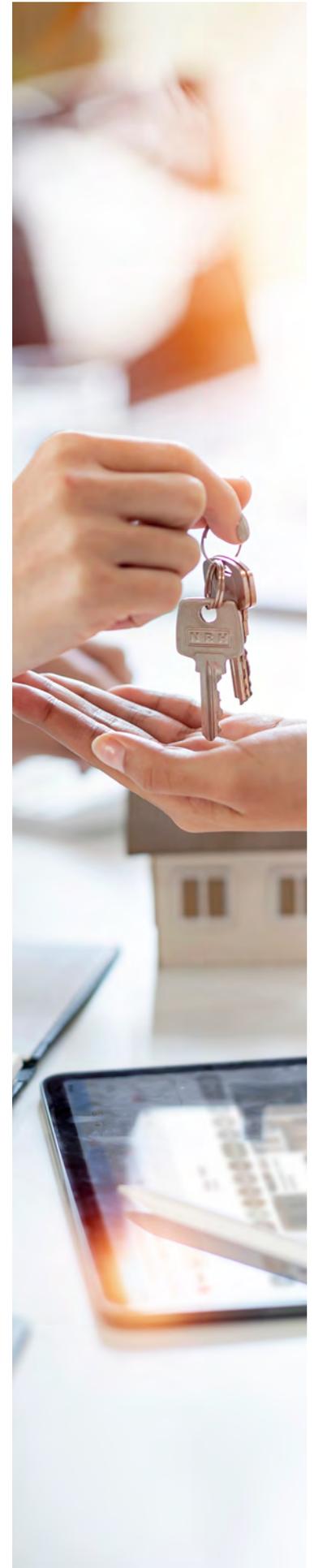
However, a slew of issues may seem to come up that may be just a stroke of bad luck.

The first person the buyer often calls is their agent as their "911" who they look to for help and advice. Their agent often knows just who to call to help the buyer through whatever challenges are happening.

17. Relationships

When it comes to buyer representation, it is about having good relationships to help get things done. A buyer's agent who is well respected and a highly regarded professional to work with has clout with listing agents and can help put transactions together for their buyer.

In some cases, who the agent is matters more when faced with a sea of competing offers and because of that agent's professionalism and reputation, a buyer's offer that may not be as strong as others can be selected to work with. When it comes to solving problems, again, relationships matter. The agent who has trusted connections with various service providers to help solve problems in a pinch for their buyer client is worth their weight in gold.





What is TITLE INSURANCE?

WHAT IS TITLE INSURANCE?

Title insurance is different from other forms of insurance because it insures against events that occurred before the title policy is issued, as opposed to insuring against events in the future, as health, property and life insurance do. Title insurance is in essence loss prevention insurance.

When purchasing real estate, it is of utmost importance that you receive clear title to the property. In order to do so, you must first be informed of any existing rights or claims that may be asserted against the property, then any of those rights or claims that are unacceptable to you must be resolved or extinguished prior to your purchase of the property.

In Texas, many property records go back to grants from the 1880s, hence it is important that the full history of the property is thoroughly researched and presented to you.

WHEN IS THE PREMIUM PAID?

Unlike other forms of insurance, for a relatively low one-time premium, the original title premium is your only cost protecting you for as long as you and your heirs own the property. The premium is paid at closing and there are no annual payments to keep your Owner's Title Insurance Policy in force. Rates for title insurance are regulated by the state and are promulgated in Texas.



Real Estate DEFINITIONS

AMORTIZATION – The killing off of an existing debt by regular partial payments.

APR – Annual Percentage Rate. The yearly interest percentage of a loan as expressed by the actual rate of interest paid.

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

BROKER – One who acts as an agent for another in negotiating sales or purchases in return for a fee or commission.

CHAIN OF TITLE – Beginning with a conveyance out of an original source of title such as a government, each succeeding deed, will or other medium which conveys and transfers the title to succeeding owners constitutes a link in the chain of title. The chain of title is the composite of all such links.

CLOSING – In some areas called a “settlement.” The process of completing a real estate transaction during which deeds, mortgages, leases and other required instruments are signed and/or delivered, an accounting between the parties is made, the money is disbursed, the papers are recorded, and all other details such as payment of outstanding liens and transfer of hazard insurance policies are attended to.

CLOSING DISCLOSURE – The five-page Closing Disclosure must be provided to the consumer three business days before they close on the loan. The Closing Disclosure details all of the costs associated with their mortgage transaction.

CLOSING STATEMENT – A summation, in the form of a balance sheet, made at a closing, showing the amounts of debits and credits to which each party to a real estate transaction is entitled.

CLOUD ON TITLE – An irregularity, possible claim, or encumbrance which, if valid, would affect or impair the title.

CONTRACT – Same as “agreement,” but usually more formal.

DEED – A written document by which title to real estate is conveyed from one party to another.

DEPRECIATION – Loss in value occasioned by ordinary wear and tear, destructive action of the elements, or functional or economic obsolescence.

EARNEST MONEY – Down payment or a small part of the purchase price made by a purchaser as evidence of good faith.

ENDORSEMENT – Addition to or modification of a title insurance policy that expands or changes coverage of the policy, fulfilling specific requirements of the insured.

ESCROW – Technically, this term strictly refers to a deed delivered to a third person to be held by him until the fulfillment or performance of some act or condition by the grantee. In the title industry, it means the depositing with an impartial third party (typically an escrow agent or title company) of anything pertaining to a real estate transaction including money and documents of all kinds. The money and documents are to be disbursed and delivered to the rightful parties by the escrow agent or title company when all conditions of the transaction have been met.

ESCROW AGREEMENT – A written agreement usually made between buyer, seller and escrow agent, but sometimes only between one person and the escrow agent. It sets forth the conditions to be performed incident to the object deposited in escrow, and gives the escrow agent instructions.

EXAMINATION – In title industry terms, to peruse and study the instruments in a chain of title and to determine their effect and condition in order to reach a conclusion as to the title status.

EXAMINER – Usually referred to, in title industry terms, as title examiner. One who examines and determines the condition and status of real estate titles.

EXCEPTIONS – Insurance policies include a list of items excluded from coverage. Items excluded from coverage can be found in section two of Schedule B of the policy.

FORECLOSURE – A legal proceeding for the collection of real estate mortgages and other types of liens on real estate, which results in cutting off the right to redeem the mortgaged property and usually involves a judicial sale of the property.

GENERAL WARRANTY – A warranty provision in a deed or mortgage or other real estate instrument containing all of the common law items of warranty. Also known as a full warranty.

LIEN – The liability of real estate as security for payment of a debt. Such liability may be created by contract, such as a mortgage, or by operation of law, such as a mechanics lien.

MORTGAGE – A temporary conditional pledge of property to a creditor as security for the payment of a debt that may be cancelled by payment.

OWNER'S POLICY – This policy is purchased for a one-time fee and protects a homeowner's investment in a property for as long as they or their heirs have an interest in the property.

POWER OF ATTORNEY – A legal instrument authorizing one to act as another's agent or attorney.

PREMIUM – The amount payable for an insurance policy.

PROBATE – A legal procedure in which the validity and probity of a document, such as a will, is proven.

PROMISSORY NOTE – A written promise to pay or repay a specified sum of money.

QUIT CLAIM DEED – Deed that does not imply the grantor holds title, but which surrenders and gives to the grantee any possible interest or rights that the grantor may have in the property.

SETTLEMENT – In some areas called a "closing." The process of completing a real estate transaction during which deeds, mortgages, leases and other required instruments are signed and/or delivered, an accounting between the parties is made, the money is disbursed, the papers are recorded, and all other details such as payment of outstanding liens and transfer of hazard insurance policies are attended to.

SPECIAL WARRANTY DEED – A deed that warrants the title only with respect to acts of the seller and the interests of anyone claiming by, through, or under him.

SURVEY – The map or plat drawn by a surveyor that represents the property surveyed and shows the results of a survey.

TITLE – (1) A combination of all the elements that constitute the highest legal right to own, possess, use, control, enjoy, and dispose of real estate or an inheritable right or interest therein. (2) The rights of ownership recognized and protected by the law.

TITLE COMMITMENT – An offer to issue a title insurance policy. The title commitment will describe the various conditions, exclusions and exceptions that will apply to that particular policy.

TITLE COVENANTS – Covenants ordinarily inserted in conveyances and in transfers of title to real estate for the purpose of giving protection to the purchaser against possible insufficiency of the title received. A group of such covenants known as "common law covenants" includes: (a) covenants against encumbrances; (b) covenant for further assurance (in other words, to do whatever is necessary to rectify title deficiencies); (c) covenant of good right and authority to convey; (d) covenant of quiet enjoyment; (e) covenant of seisin; (f) covenant of warranty.

TITLE DEFECT – (1) Any possible or patent claim or right outstanding in a chain of title that is adverse to the claim of ownership. (2) Any material irregularity in the execution or effect of an instrument in the chain of title.

TITLE EXAMINATION – To peruse and study the instruments in a chain of title and to determine their effect and condition in order to reach a conclusion as to the status of the title.

TITLE INSURANCE – Insurance that protects purchasers of real estate and mortgages against loss from defective titles, liens and encumbrances.

TITLE PLANT – A geographically filed assemblage of title information which is to help in expediting title examinations, such as copies of previous attorneys' opinions, abstracts, tax searches, and copies or take-offs of the public records.

TITLE SEARCH – A search and perusal of the public records for recorded instruments that affect the title to a particular piece of land.

UNDERWRITER – An insurance company that issues insurance policies either to the public or to another insurer.

WARRANTY DEED – A deed containing one or more title covenants.



UNDERSTANDING TITLE INSURANCE

Before issuing a title policy, title companies check for defects by examining public records, including deeds, mortgages, wills, divorce decrees, court judgments, tax records, liens and maps. The title search determines who owns the property, what outstanding debts are against it and the condition of the title. If someone claims interest in the property, the title company will pay for any actual loss (up to the amount of coverage) and defend your title in court when:

1. A deed or other document in your chain of title is invalid;
2. A lien against your title exists because a previous owner failed to pay either a mortgage or deed of trust, judgment, or a charge by a homeowner's association;
3. A lien exists for labor materials furnished by a contractor without your consent;
4. Leases, contracts or options on your land weren't recorded in the public records or disclosed to you;
5. A notary public error or someone failed to properly sign a document in your chain of title;
6. The title policy failed to disclose legal restrictions on how you can use your property;
7. An easement exists that isn't in public records and that you don't know about;
8. Other liens or encumbrances on your title exist but aren't listed in the policy exceptions.

Possible defects include:

- Errors or omissions in deeds
- Mistakes made in examining records
- Forgery and undisclosed heirs
- Liens for unpaid taxes or contractors

IS MY POLICY STILL ACTIVE IF I REFINANCE MY HOME?

Most lenders require borrowers to buy new loan title policies when refinancing. When the new loan pays off the existing loan, the old title policy is no longer in effect. A title company issues new policies in connection with new loans. Title companies must discount the premium if refinancing occurs within seven years of the original loan date. Your owner title policy remains in full force and effect after a refinance.

WHO DOES TITLE INSURANCE PROTECT?

Most lending institutions won't loan money for a house or other property unless you provide a loan title policy. This policy protects the lender's investment by paying the mortgage if a title defect voids the owner's/buyer's title. Investors who buy the new loan often require a loan title policy. When you buy a house, title companies also issue an owner's policy, unless you reject it in writing. You don't have to buy an owner's policy. The owner's policy protect your title against the covered risk set out in policy.



MUNICIPAL UTILITY DISTRICT Basics

A Municipal Utility District (MUD) is one of several types of special districts that function as independent, limited governments. The purpose of a MUD is to provide a developer an alternate way to finance infrastructure, such as water, sewer, drainage, and road facilities. Managed by a Board elected by property owners within the MUD, a MUD may issue bonds to reimburse a developer for authorized improvements and the MUD will utilize property tax revenues and user fees received from water and sewer services operated by the MUD to repay the debt. As the MUD pays off its debt, more of its tax revenue can be directed to other services.

Originally, MUDs were very limited in what they were allowed to finance and what services they could provide. Over time, MUDs began taking on more responsibilities and providing enhanced services for their residents such as parks and recreation, deed restriction enforcement, and solid waste service. MUDs rely on the County to provide police and road maintenance services and Emergency Service Districts (ESDs) for providing fire protection.



What is a Title COMMITMENT

Schedule A: This is where you will find the who, what, where and how much information. The most important information here will be the name of the person who holds the existing title, the legal description of the land and the name of the proposed insured (buyer), the sales price and the name of the lender. All parties and the title company should make sure all of the information is accurate when it is compared to the sales contract.

Schedule B: This is the section of the title commitment that addresses where other parties have any interest or control of the use of the property. Examples of this are utility easements and building setbacks. A utility easement is a common item to find here. This would be a part of the land that a utility company has the right to use. A setback prevents the owner from building a certain distance from a property line. Schedule B is also the section in which exceptions will be noted. Exceptions in this case are anything that will not be covered by title insurance.

Schedule C: This is the section in which any issues must be resolved before the buyer can close on the property. Common issues here are an existing mortgage that needs to be paid off, a marital status issue or unpaid taxes and liens on the property.

Schedule D: This final section outlines all parties who will collect any part of the insurance premium including underwriters, title agents and attorneys. It will also show the amounts being paid for the owner's title insurance policy, the mortgagee policy amount and any endorsements.



A HOME WARRANTY is a contract between a homeowner and a home warranty company that provides for discounted repair and replacement service on a home's major components, such as the furnace, air conditioning, plumbing and electrical system. A home warranty may also cover major appliances such as washers and dryers, refrigerators and swimming pools. Most plans have a basic component that provides all homeowners who purchase a policy with certain coverages. In addition to the standard items, expanded coverage can usually be added at a premium.

A home warranty is not the same as homeowners insurance, nor is it a replacement for homeowners insurance. Homeowners insurance covers major perils such as fire, hail, property crimes and certain types of water damage that could affect the entire structure and/or the homeowner's personal possessions. A home warranty does not cover these perils.

Home warranty companies have agreements with approved service providers. When something that is covered by a home warranty breaks down, the homeowner calls the home warranty company, and the home warranty company sends one of its service providers to examine the problem. If the provider determines that the needed repair or replacement is covered by the warranty, the homeowner only pays a small service fee per your service call at the time service is rendered.

The annual cost can vary depending on coverages and exclusions, but typically ranges from a few hundred dollars for small condominiums to eight hundred dollars for larger homes. This is a negotiable item on the contract.

For more information about home warranties, please contact your local Austin Title!



THE IMPORTANCE OF SURVEYS

Here are some of the principal reasons to obtain and review a survey:

- To determine whether improvements (buildings, driveways, fences, utility lines, etc.) intended to be located on your property encroach into a neighbor's property, or vice-versa.
- To mark the boundaries on the ground, so that they are clear to observers standing on or near the property.
- To discover trails and other evidence of use by third parties that might suggest that someone has established an implied easement over a portion of the property, or might claim a portion of the property by reason of adverse possession.
- To provide the evidence needed by the title insurer to delete certain standard exceptions to coverage and thereby provide "extended coverage" against off-record title matters (including matters that would be revealed by an accurate survey).

WHEN TO USE AN EXISTING SURVEY

The TREC Contract was revised several years ago giving the option to sellers and buyers to use existing surveys when appropriate. Per the TREC contract, not only does the buyer have to accept the survey, but lenders and title companies must also approve and accept it. Survey affidavits assist in research and review, however, the best information comes from those who have been on the property, particularly prospective buyers and their REALTORS[®].

To avoid costly delays, the following guidelines for using an existing survey are provided:

- Survey should be completely legible. It must have the property address, complete legal description, flood certification and the surveyor's signature and seal on the drawing.

- Survey must reflect all permanent improvements that are currently on the property, including pools, fences, spas, decks, and additional square footage. If the sellers have added permanent structures that are not shown on survey, it is important to identify new improvements, such as a pool, gazebo, fence, etc. when signing the survey affidavit. This notifies all parties that the survey provided is not an accurate rendering of the property as of the current date.

Almost always it is advisable to forego using an existing survey if improvements have been built since the time the initial survey work was performed.

When an incorrect survey is delivered to the buyer and their agent, a new one should be requested. The title company and lender must be informed of the need for a new survey.

WHEN TO OBTAIN A NEW SURVEY

It is recommended that a purchaser obtain a new survey if one or more of the following conditions exist:

- A survey shows that all significant improvements currently located on the property do not exist or cannot be found.
- Surveys exist only for portions of the property, but the property as a whole consists of two or more parcels that are not platted and that are described by "metes and bounds," such that without a surveyor's interpretation of the legal descriptions one cannot be certain of whether the parcels are contiguous, or whether there might exist a "gap" between, or overlap of, property boundaries.

Even when one or more of the foregoing conditions are present, a survey might not be necessary, and the purchaser might wish to bear the risk of proceeding without a survey; unless required by your lender.

Residence Homestead Exemptions

Statutory Authority: Tax Code Chapter 11

Texas offers a variety of partial or total exemptions from appraised property values used to determine local property taxes.

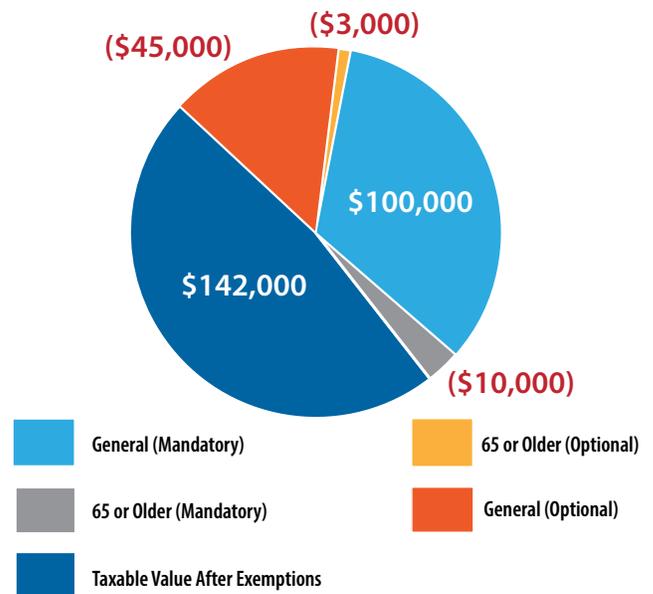
School District Exemptions Example

\$300,000 APPRAISED VALUE BEFORE EXEMPTIONS

Ms. Smith's home has an appraised value of \$300,000 before exemptions. She is 68 years old and receives the following school district exemptions:

- **General (mandatory) = \$100,000**
- **General (local option 15%) = \$45,000**
- **65 or Older (mandatory) = \$10,000**
- **65 or Older (local option) = \$3,000**

After exemptions, her total taxable value is \$142,000. This is the value that will be applied to the school district tax rate to determine the school district taxes she will owe on this property.



Exemption	Taxing Unit(s)	Mandatory or Local Option	Amount
General Residence Homestead	School Districts	Mandatory	\$100,000
General Residence Homestead	Cities, Counties, School Districts or Special Districts	Local Option	An amount up to 20 percent of the property's value, but not less than \$5,000
Farm-to-Market Roads or Flood Control (if collected)	Counties	Mandatory (if collected)	\$3,000
Age 65 or Older or Disabled	School Districts	Mandatory	\$10,000
Age 65 or Older or Disabled	Cities, Counties, School Districts or Special Districts	Local Option	An amount adopted by the taxing unit, but no less than \$3,000
Disabled Veteran with Home Donated by Charitable Organization	Cities, Counties, School Districts or Special Districts	Mandatory	An amount determined by the percentage of service-connected disability
100 Percent Disabled Veteran	Cities, Counties, School Districts or Special Districts	Mandatory	100 percent of the property's value
Surviving Spouse of U.S. Armed Services Member Killed in Action	Cities, Counties, School Districts or Special Districts	Mandatory	100 percent of the property's value
Surviving Spouse of a First Responder Killed in the Line of Duty	Cities, Counties, School Districts or Special Districts	Mandatory	100 percent of the property's value
Disabled Veteran*	Cities, Counties, School Districts or Special Districts	Mandatory	An amount determined by the percentage of service-connected disability

*This exemption can be applied to a residence homestead or any one property the disabled veteran owns.

Residence Homestead Exemptions

What is a residence homestead exemption?

A residence homestead exemption removes a portion of or the total amount of a property's value from taxation for property tax purposes.

Texas offers a variety of partial or total (absolute) exemptions from appraised property values used to determine local taxes. A partial exemption removes a percentage or fixed dollar amount of the property's value from taxation. A total (absolute) exemption excludes the entire property from taxation. Taxing units are mandated by the state to offer certain (mandatory) exemptions and have the option to decide locally on whether or not to offer others.

How do I get a residence homestead exemption?

You have to file an application and supporting documentation for a residence homestead exemption. File the residence homestead exemption application and supporting documentation with the appraisal district office in each county in which the property is located.

What is the deadline for filing an application for a residence homestead exemption?

Generally, the filing deadline for a residence homestead exemption is no later than April 30.

What if I miss the filing deadline?

A late application for a residence homestead exemption, including for a person age 65 or older or disabled, may be filed up to two years after the filing deadline has passed. A late application for a residence homestead exemption filed by a disabled veteran for the 100 percent disabled veteran exemption or the donated residence homestead of a partially disabled veteran exemption may be filed up to five years after the filing deadline has passed. The surviving spouse of a 100 percent disabled veteran or donated residence homestead of a partially disabled veteran exemption may be filed up to two years after the filing deadline has passed.

Who determines if I qualify for the exemption?

Appraisal district chief appraisers determine whether property qualifies for an exemption. They grant exemption applications; disapprove them and ask for more information; modify them; or deny them.

How will I know if my exemption is approved?

Chief appraisers are required to send written notice when an application is modified or denied, but not when they are approved. Check with the appraisal district office to be sure.

What if my exemption application is denied?

You may appeal the chief appraiser's exemption determination by filing a protest with the appraisal review board.

Do I have to apply every year?

Property owners do not need to reapply unless the chief appraiser requires it.

Property owners already receiving the general residence homestead exemption who turn 65 are not required to apply for the additional age 65 or older exemption(s) if accurate birthdate information is included in the appraisal district records.

How do I know if I am eligible?

General Residence Homestead Exemption—You owned and occupied the property as your principal residence on Jan. 1 or you owned and occupied the property as your principal residence after Jan. 1 and the previous owner did not receive the same exemption for the tax year and you did not claim a residence homestead exemption on any other property in the same year.

Disabled Person Exemption—You have a disability that qualifies you for purposes of payment of disability insurance benefits under Federal Old-Age, Survivors, and Disability Insurance. An eligible disabled person age 65 or older may receive both exemptions in the same year, but not from the same taxing units.

Age 65 or Older Exemption—This exemption is effective Jan. 1 of the tax year in which you become age 65. An eligible person age 65 or older and disabled may receive both exemptions in the same year, but not from the same taxing units.

Surviving Spouse of an Individual Who Qualified for Age 65 or Older Exemption—May receive this exemption if you are age 55 or older when your spouse died, the property was your residence homestead at the time of death and remains your residence homestead.

100 Percent Disabled Veteran Exemption—You receive 100 percent disability compensation due to a service-connected disability and a rating of 100 percent disabled or individual unemployability from the U.S. Department of Veterans Affairs.

Surviving Spouse of a Disabled Veteran Who Qualified or Would Have Qualified for the 100 Percent Disabled Veteran Exemption—You are the surviving spouse of a disabled veteran (who qualified for an exemption under Tax Code Section 11.131(b) at the time of his or her death or would have qualified for the exemption if the exemption had been in effect on the date the disabled veteran died), have not remarried, the property was your residence homestead at the time of the veteran's death and remains your residence homestead.

Donated Residence Homestead of Partially Disabled Veteran—You are a disabled veteran with a disability rating of less than 100 percent with a residence homestead donated by a charitable organization at no cost or at some cost that is not more than 50 percent of the good faith estimate of the residence homestead's market value as of the date the donation is made.

Surviving Spouse of a Disabled Veteran Who Qualified for the Donated Residence Homestead Exemption—You are the surviving spouse of a disabled veteran (who qualified for an exemption under Tax Code Section 11.132(b) at the time of his or her death), have not remarried and continue to use the property as your residence homestead.

Surviving Spouse of a Member of Armed Services Killed in the Line of Duty—You are the surviving spouse of a U.S. armed services member who is killed or fatally injured in the line of duty and have not remarried.

Surviving Spouse of a First Responder Killed in the Line of Duty—You are the surviving spouse of a first responder who was killed or fatally injured in the line of duty and have not remarried.

For more information, visit our website:

comptroller.texas.gov/taxes/property-tax

Texas Comptroller of Public Accounts
Publication #98-1070
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Who Pays for What?

Buyer Typically Pays For



- Escrow/closing fees
- Document preparation (if applicable)
- Courier fee
- Recording fees
- Prorated share of taxes
- All new loan charges (except those the lender requires the seller to pay), including:
 - *Appraisal*
 - *Credit report*
 - *Tax service fee*
 - *Loan origination/discount fee*
 - *Reserves for taxes and insurance*
 - *Flood certification*
 - *Mortgage insurance premium*
- Title insurance premium: Lender's Policy
- Interest on the new loan from the date of funding to 30 days before the first payment date
- Property/Termite inspections
- Survey (if applicable)
- Selling agent's compensation
- Homeowner's Insurance
- HOA transfer fee (if applicable)

Seller Typically Pays For

- Listing agent's compensation
- Escrow/closing fees
- Payoff all loans in the seller's name
- Home warranty (according to contract terms)
- Any judgments, tax liens, etc. against the seller
- Document preparation (if applicable)
- Prorated share of taxes
- Any unpaid homeowner's association dues
- Recording fees
- Any outstanding assessments
- HOA resale certificate (if applicable)
- All delinquent taxes
- Title insurance premium: Owner's Policy
- Courier fee
- Survey (if applicable)
- Seller credit for closing costs (according to contract terms)

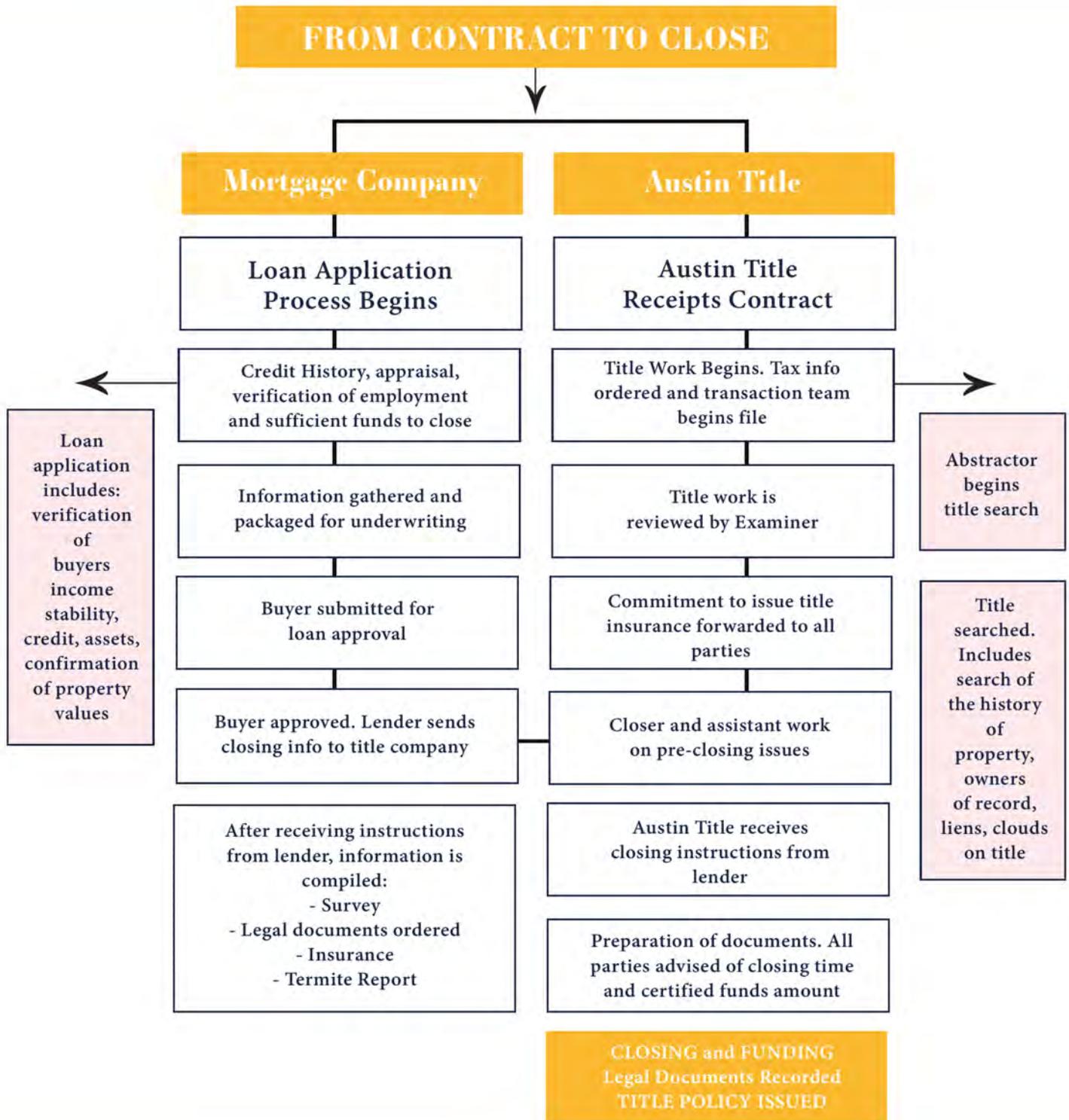
Most fees are negotiable and vary per contract/transaction



19 Steps to the CLOSING PROCESS

1. Choosing your Real Estate Agent.
2. Choosing your lender (know about different types of mortgage loans and pre-qualification).
3. Selecting your home (determine the type, the price, and the location).
4. The Offer (once you have found the property make a written offer through your real estate agent).
5. The escrow process (when you have reached an agreement with the seller, the initial good-faith deposit is given to an escrow representative, and the process begins).
6. The mortgage loan (a mortgage loan is requested, filling out the appropriate forms).
7. Preliminary title report (is reviewed and accepted).
8. Inspections and disclosures (the property is inspected during the period specified in the contract, and all disclosures made by the seller about the property are reviewed).
9. Assessment (the property value is determined by the lender).
10. Loan approval (the lender contacts the escrow agent).
11. Hidden defect insurance (the buyer tells the closer the name of the insurance company that will grant the policy).
12. Conditions (the escrow agent ensures that the conditions are met).
13. Final visit to property (the buyer inspects the property with the Real Estate Agent, before closing the transaction).
14. Document signing (the buyer signs the loan documents and the escrow instructions, and deposits the initial payment with the title company).
15. The escrow agent returns the documents to the lender.
16. The lender's funds are electronically transferred to the title company (the monetary exchange occurs between the lender and the title company).
17. The deed is registered at the county office (this transfers the property title to the buyer).
18. The transaction closes (accounting is finalized and the account statement is remitted).
19. The keys are delivered to the new owner.

STEPS TO THE CLOSING PROCESS





What Each Party Does in Escrow

The Seller:

- Deposits the executed deed to the buyer with the settlement agent.
- Deposits evidence of pest inspection and any required repair work, if applicable.
- Deposits other required documents such as tax receipts, addresses of mortgage holders, any state or federal required documentation, etc.

The Buyer:

- Deposits the funds required, in addition to any borrowed funds, to pay the purchase price with the settlement agent.
- Deposits funds sufficient for home and title insurance.
- Arranges for any borrowed funds to be delivered to the settlement agent.
- Deposits any deed of trust or mortgages necessary to secure loans.
- Approves any inspection reports, the Preliminary Report for title insurance, etc., called for by the purchase and sale agreements.
- Fulfills any other conditions specified in the instructions.

The Lender (if applicable):

- Prepares loan document package for buyer/borrower.
- Deposits proceeds of the loan with the settlement agent.
- Directs the settlement agent on the conditions under which the loan funds may be used.

The Settlement Agent:

- Opens the order for title insurance.
- Obtains approvals from the buyer on the Preliminary Report/ Title Commitment, pest and other inspections.
- Receives funds from the buyer and/or any lender.
- Prorates taxes, rents, etc.
- Disburses funds for title insurance, recording fees, real estate commissions, lien clearance, etc.
- Prepares an estimated statement, as required, for each party, indicating amounts to be disbursed for services and any further amounts necessary to close.
- Records deed and loan documents, delivers the deed to the buyer, loan documents to the lender and funds to the seller.
- Issues final closing statement and forwards to buyer, seller and lender.

Questions? If you have questions about the escrow process, please call your **Austin Title** office



REFINANCING your home

WHY DO I NEED A NEW LENDER'S POLICY?

The original lender's title insurance policy protects the lender's interest on the original loan. With the new refinanced loan, the original loan will be paid off, and the lender will require protection of its interest for the new loan. From the lender's standpoint, a refinanced loan is no different than any other mortgage loan. In addition, if the loan is sold in the secondary market, investors like Fannie Mae will require the security of title insurance on the property.

The good news is the consumer receives a discount on lender's policies for refinance during the first seven years of the loan. If your refinanced loan is with the same lender as your original loan, your lender may provide additional discounts. Austin Title will be happy to point out ways you can save on your refinance loan.

DIDN'T THE ORIGINAL TITLE SEARCH RESOLVE OWNERSHIP ISSUES?

The lender needs the title examined again to confirm that no liens or judgments, such as liens filed by contractors, child support liens or other legal judgments, have been recorded against you or your property. Confirming the absence of these items and other title defects protects the lender's security interest in your property.

DO I ALSO NEED TO GET A NEW OWNER'S TITLE POLICY?

You will be glad to know that your original owner's title insurance policy protects your ownership rights for as long as you and your heirs own your property, as long as no value improvements have been made. So there is no need to get another owner's policy on a refinance loan.

If you did not purchase an owner's title policy, but now want the protection title insurance gives you, Austin Title can issue an owner's title policy for you.



Life of a TITLE SEARCH

Title insurance is a contract of indemnity between the insured and a title company. The form of the contract is determined by the Texas Department of Insurance. Likewise, title insurance rates in Texas are promulgated by the Department and are uniform for all title companies.

THERE ARE TWO MAJOR TYPES OF POLICY

The Owner's Policy of Title Insurance

is issued to an owner/purchaser and insures against certain listed title risks.

The Mortgagee Policy of Title Insurance

is issued to a lender and insures the validity of the lender's lien against the property.

Before issuing a title policy, a careful search is made of the county, state, and federal records that affect real estate. This is accomplished by using the company abstract plant which maintains references to every deed, mortgage, death, divorce, etc. which might affect property. These instruments are examined by lay examiners employed by the title company. Based upon the results of the examination, the title company decides whether to issue a policy.

LIFE OF A TITLE SEARCH

- Customer Service verifies legal property description and how title to real property is held.
- Preliminary order and title search are opened.
- Preliminary search of real property is done.
- Title search examines real property records, general index records and tax records.
- Examiner reviews complete search package, writes and enters preliminary report into the computer.
- Messenger service delivers prelims to escrow and lenders.
- New documents, demand and statement of information submitted to the title company.
- Escrow requests payoff of existing liens and tax certificates.
- Documents are delivered to escrow to lenders.
- Escrow sets up the closing date.
- Escrow is authorized by the parties to the transaction to record the documents. Closing at the title company.
- Documents are recorded, confirmation of recording is received and liens of record are paid off.
- Escrow officer writes title policies.
- Data processor prepares final title policies.
- Title policies released to client.



Reminders for the CLOSING TABLE

THE SELLER

- Bring your check/wiring information in order to receive your proceeds
- Bring a valid, unexpired government issued form of identification to closing, such as a driver's license or passport
- Cancel/transfer utilities, homeowner's insurance & flood insurance upon funding
- House keys
- Garage door openers
- Gate codes
- Mailbox keys
- Owner's manuals
- Trash pick-up dates

THE BUYER

- Bring closing funds (cashier's check or wire transfer) to Austin Title
- Bring a valid, unexpired government issued form of identification to closing, such as a driver's license or passport
- Set up/transfer utilities, homeowner's insurance & flood insurance
- Render your new property with the county appraisal district
- File your Homestead Exemption form (if applicable)



SELLERS CHECKLIST

PRIOR TO CLOSING:

- Provide the title company with current loan company information so that the payoff statement can be ordered from your lender. If your property is subject to dues by homeowners association, provide the name and phone number of the association.
- Provide documentation of any changes in marital status (divorce, marriage, death) during current ownership.
- If you will not be present to sign documents at closing and are planning to use Power of Attorney for signature of legal documents, have it approved by the title company prior to closing. The title company must make contact with you on the day of closing to make sure you're alive and well and you have not revoked the POA. Also the title company releases the original for recording.

REQUIRED AT CLOSING:

Bring these with you:

- Valid drivers' license, passport or other government-issued picture identification
- Social Security Number
- House keys, garage door openers, warranties or operation manuals for appliances (heating, AC, stoves, etc) to transfer to the buyer.

AVOID CLOSING DELAYS:

- The lenders and title insurers require single owners who have been married during the course of ownership of the property to have the spouse join in signing the documents at closing.

AFTER CLOSING:

- Cancel your homeowners insurance with your insurance agent if you are moving from the property after closing and funding. If you are remaining at the property after closing, you should notify your agent of this change.
- Your lender will refund all monies left in your escrow account approximately 12 to 30 business days after he receives the payoff funds. The lender will mail a package containing your original Promissory Note marked "PAID" and other loan file documents. Retain these documents for future reference.
- Lien document. This document must be recorded with the County Clerk's Office to remove the lien of record. Your closing statement serves as a Substitute From 1099 for Tax purposes.

Top 10 Real Estate CLOSING DELAYS



1. DETERMINING OWNERSHIP

Verify all owners/sellers names; make sure they are listed on your contract. If any changes have occurred in marital status, if a death has occurred, or if the property is vested in a trust, we will need to know in advance.

2. FOREIGN SELLER

At the listing appointment, determine if the seller is a “foreign person,” as defined by applicable law. If you believe the seller could be classified as a foreign person, notify your escrow officer and all parties to the contract. A foreign person requires certain IRS documentation with most of the obligation falling upon the buyer.

3. LENDER INFORMATION

We are required to obtain the seller’s loan payoff information. We will need the name and phone number of the lender, the loan number, and the full social security number for each person on the loan.

4. SURVEY

If an existing survey is to be provided to the buyer by the seller per the contract, it must be accompanied with the Residential Real Property Affidavit (T47). Failure to provide the affidavit with the existing survey could result in the seller paying for a new survey.

5. IDENTIFICATION

Valid, unexpired U.S. government issued photo ID is required for each person signing documents. A State issued driver’s license, a military ID and/or a passport are acceptable forms of identification.

6. CLOUDS ON TITLE

Tax liens, judgments, HOA liens, missing liens, IRS liens, bankruptcy and any other involuntary liens will be addressed and some could take an extended time to clear. It is important to have open lines of communication between the seller and the title company to clear any clouds on title.

7. CONTRACT DATES

All dates in the contract should be complete. The effective date is the catalyst for all requirements/conditions in the contract. Incomplete dates in the contract can lead to confusion and misunderstandings which could delay your closing and funding!

8. REPAIRS NOT COMPLETED

Agreed repairs must be completed in a timely fashion. Completion of repairs in the contract is often a lender requirement to satisfy the loan. Lenders can require the appraiser to re-inspect the property prior to closing to certify the repairs were completed.

9. HOA & HOA ADDENDUMS

If the property is in a subdivision with a mandatory owners’ association, pay special attention to the boxes and blanks on the HOA addendum indicating the party responsible for delivering the subdivision information as well as the time frame required for delivery.

10. SHORT SALES & FORECLOSURES

It is important to understand the process when contracting into a short sale or foreclosure. Even after the contract is signed, the current lienholder still requires the seller to go through a process before approving the sale.



THE APPRAISAL PROCESS

ANNUAL HOME VALUE APPRAISAL

On January 1, your home's appraised value for the year is based on its condition and what the property could sell for on January 1. The appraisal district arrives at a figure by calculating the market value of your property. Your home's condition is key as you look at factors that may affect the value. Any damage or improvements after this date, for example, a hail storm damages your roof in April, or you install the addition of solar panels in July, will not affect the taxable value of your home in this year.

HOME VALUE/ APPRAISAL ARRIVES IN MAILBOXES

Late April-Early May, a piece of mail arrives from the appraisal district, telling you the value of your home for tax purposes. Look over the numbers carefully. If your property is not described correctly or if the value looks out of whack, you can protest it.

DEADLINE TO FILE A "NOTICE OF PROTEST"

May 15 is the deadline for filing a "Notice of Protest" of your appraised value. What's the best way to file? You have a couple of options. You can use the form on the back of the "Notice of Appraised Value" that you received from the appraisal district or you may be able to file your protest online.

MEET WITH THE APPRAISAL STAFFER AND THE ARB

In June, following the filing of your "Notice of Protest," your Appraisal District will send you a letter with two dates: an informal meeting with an appraisal staffer and your formal hearing date with the ARB, a group of independent residents appointed to hear these challenges. During the informal meeting, the staffer will review the numbers with you. Bring all of your documentation: Information on comparable homes (records are available on the appraisal district's website), perhaps an independent appraisal if you recently refinanced your house, or photos, repair estimates and other records showing damage that may devalue your home. Once you and a staffer have hashed it out, the district may offer to reduce your value by a certain amount. If you're satisfied, you can accept it.

If not, you can keep your date with the ARB, or technically, with a three-member panel of ARB members. Before that hearing, you have a right to see all of the information the district appraisers plan to present, so be sure to contact the appraisal district to request those documents.

If you take your case to the ARB, come prepared and expect a rapid -fire proceeding. The entire hearing will likely take 15 to 30 minutes. In that time you will be placed under oath and given a chance to present any evidence or witnesses supporting your case. You must conclude by stating the figure you believe your property is worth. Someone from the appraisal district will likely question you and provide additional evidence. Then you can question the appraiser or any witnesses presented by the appraisal district. Members of the ARB can ask clarifying questions, too. Finally, each side gets to make a closing statement, so once again you'll want to reiterate what you believe your property is worth and why. The three-member panel will discuss the case and reach a recommended value.



Seller GETTING STARTED Guide

There are several steps you can take to increase positive feedback from prospective buyers before putting your home on the market. Enlisting the help of a real estate professional can also help sell your property faster.

SELF INSPECTION

- Walk through your home and view it objectively, removing any emotion or sentimentality.
- Make a list of necessary, low-cost updates, and place items that need the most work or outside resources at the top of the list.
- Create a timeline for updates before scheduling home showings.

REPAIRS, CHANGES & CLEANING EXTERIOR

- Clean gutters, downspouts, chimney, etc.
- Patch peeling or chipped paint.
- Replace damaged roof shingles.
- Repair, paint or stain worn wood decks.
- Clean and repair fencing that surrounds the home, and ensure it's intact.
- Maintain good exterior lighting, especially along walkways.

YARD

- Mow the grass and continue lawn maintenance.
- Re-sod the yard and re-mulch flower beds
- Remove overgrowth, weeds and dead or diseased vegetation.

WINDOWS

- Clean windows and doors, inside and out.

- Endure they open and close with ease and without squeaking: repair, if needed.
- Check doorbell functionality.
- Polish hardware, knobs, locks, etc.
- Repair any cracks, tears or holes.
- Apply a fresh coat of paint, if needed.

ENTRY

- Make the entry spotless, clean floors, rugs, decorative pieces, etc.
- Eliminate clutter.
- Ensure good, functional lighting.

LIVING, DINING & FAMILY ROOMS

- Apply a fresh coat of paint to walls
- Repair cracks in ceilings and walls.
- Repair peeling or torn wallpaper.
- Re-paint or re-stain woodwork
- Clean blinds and drapery thoroughly, and ensure they work properly.
- Steam-clean carpets and floors.
- Position furniture in a way that showcases the shape of each room
- Eliminate clutter.

KITCHEN

- Clean countertops and sinks thoroughly.
- Repair leaks and dripping faucets.
- Organize pantry and cupboards.
- Defrost the refrigerator and freezer, and ensure both are odorless

BATHROOMS

- Clean countertops, sinks, showers and bath tubs thoroughly.
- Repair leaks and dripping faucets.
- Remove grout and soap stains from tiles.

- Repair broken or cracked tiles, and re-caulk, if needed.
- Check the functionality of fixtures, lighting, heat lamps, fans, etc.
- Eliminate clutter.

BEDROOMS

- Apply a fresh coat of paint to walls
- Repair cracks in ceilings and walls.
- Repair peeling or torn wallpaper.
- Clean blinds and drapery thoroughly, and ensure they work properly
- Position furniture in a way that showcases the shape of each room
- Make beds.
- Eliminate clutter.

WHY DO I NEED A REAL ESTATE PROFESSIONAL?

Millions of homes are sold each year, and each transaction is unique. With recent changes to contract forms and addendum, home selling has become more complex than it was just five or 10 years ago. A real estate professional can assist you in pricing your home according to current market conditions, give you tips on showing your property, assist you with negotiations and guide you through the process once an offer is presented.



PRICING TO SELL

Once you're ready to put your home on the market, it's important to price it to sell quickly and close to your initial list price. Many factors contribute to the value of your home. Understanding them and enlisting the help of a real estate agent can help you price your home to sell.

CURRENT MARKET VALUE

The best way to assess the current market value of your home is to ask a real estate agent to conduct a Comparative Market Analysis (CMA). The CMA is usually free and helps determine the fair market value of your home based on evaluation of recently sold homes in your neighborhood that match your home's age, features and size.

CONSIDERATIONS WHEN SETTING PRICE

Location — A desirable location (proximity to desirable amenities) adds the most value.

Seller Needs — Is there a need to sell quickly? Is the sale contingent on another sale?

Season — More homes are listed between spring and summer, creating more competition.

Condition of the Home — Does the home have strong curb appeal or attractive features?

Other Factors — Current interest rates, economic conditions, crime rates, etc.

COMMON TERMS

Days on Market (DOM) — The number of days a property has been listed on the market. A higher DOM can signal an unrealistic sales price.

Inventory — The number of homes for sale on the Multiple Listing Service (MLS). A small inventory indicates a high demand; therefore, higher prices.

Seller's Market — A real estate market characterized by small inventories and short DOM. It's common for multiple offers to be made on properties, sometimes exceeding the list price.

Buyer's Market — Occurs when sales slow and inventory accumulates. This market is characterized by high DOM and falling sales prices, giving buyers greater opportunities.

Balanced Market —

Usually a transitional phase between a Seller's and Buyer's Market when neither party has an advantage.

Median Sales Price — The midpoint between the most expensive house and least expensive house sold in an area during a specific time.

Price Discount — The difference, usually expressed as a percentage, between the initial list price for a home and the final sales price.



PRICING TO SELL

Everyone knows the importance of making a good first impression.

Staging your home highlights its best features. Keeping it neat and clean at all times also makes your home more appealing to prospective buyers, who can drop by at a moment's notice.

Gender-Neutral Master Suite — The master bedroom should appeal to both genders. Try to eliminate any decor that may be too gender specific.

Furniture Placement — Arrange furniture to showcase the shape of the room and emphasize space.

Power of Paint — Need to make a room appear larger than it actually is? Paint that room and the room adjacent to it the same color, creating the illusion of one large space.

Kitchen — The kitchen is a major focal point of most homes. Update, replace or paint cabinets, drawers, appliances, hardware, etc. to enhance appeal.

Depersonalize — Prospective buyers want to see your home, not your photos or personal mementos. Remove as many of these items as possible, which will also eliminate clutter.

Curb Appeal — Unfortunately, a book is often judged by its cover. Maintain the exterior of your home (lawn, landscaping, walkways, lighting, etc.) and keep it as clean as the interior.

Declutter — By keeping your home clean and organized, you automatically make it appear larger and more welcoming.

Aroma — Try to refrain from cooking any strong-smelling foods, such as fish. Instead, bake some cookies or fill your home with fresh flowers for a pleasant scent.

Lighting — Don't be afraid to fill your home with natural light; the brightness tends to improve both atmosphere and mood.

Temperature — Maintain a comfortable temperature so prospective buyers feel at ease touring your home.

Privacy — Be sure to give prospective buyers time alone with their real estate agent to address any candid questions they may have.

PLANNING A SMOOTH MOVE

After your purchase offer has been accepted and your loan approved, it is time to plan your move. By pre-planning your move, you will find that the numerous tasks involved will go more smoothly. You will be prepared for the challenge of creating a new home for you and your family.

30 DAYS BEFORE

- Determine what you do not want to move - plan a garage sale if necessary.
- Decide what you are going to pack yourself and what the movers are going to pack.
Keep in mind that the mover is not responsible for any breakage of items you will pack personally.
- Obtain property - packing cartons from your mover for items you will pack personally.
- Notify the post office of your new address.
- Gather medical and dental records for all family members.
- Notify schools and arrange to have transcripts and records forwarded to new schools.

2 WEEKS BEFORE

- Start packing. Plan a little at a time. Don't try to do it all in a day or two.
- Return borrowed items and reclaim items borrowed from you.
- Arrange disconnect/connect dates with local utilities.
- Arrange for maid service and carpet cleaners.
- Develop a floor plan to show the movers where you want your belongings placed.

1 WEEK BEFORE

- Dispose of all flammable materials that shouldn't be moved.
- Dismantle outdoor play or gym equipment.
- Transfer bond accounts and contents of safe deposit box.
- Pack items you want to move yourself and mark them "Do Not Move."

1 DAY BEFORE

- Empty your fridge and freezer. Let the appliances air out for 24 hours.
- Finish packing personal items.
- Get a good night's sleep.

MOVING DAY

- Strip beds, but leave the fitted bottom sheet on the mattress.
- Be present to answer movers' questions.
- Accompany movers through the house for an inventory of things to be moved.
- Confirm a destination address, dates and times with your mover.
- Close all windows, turn out lights and lock doors.



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