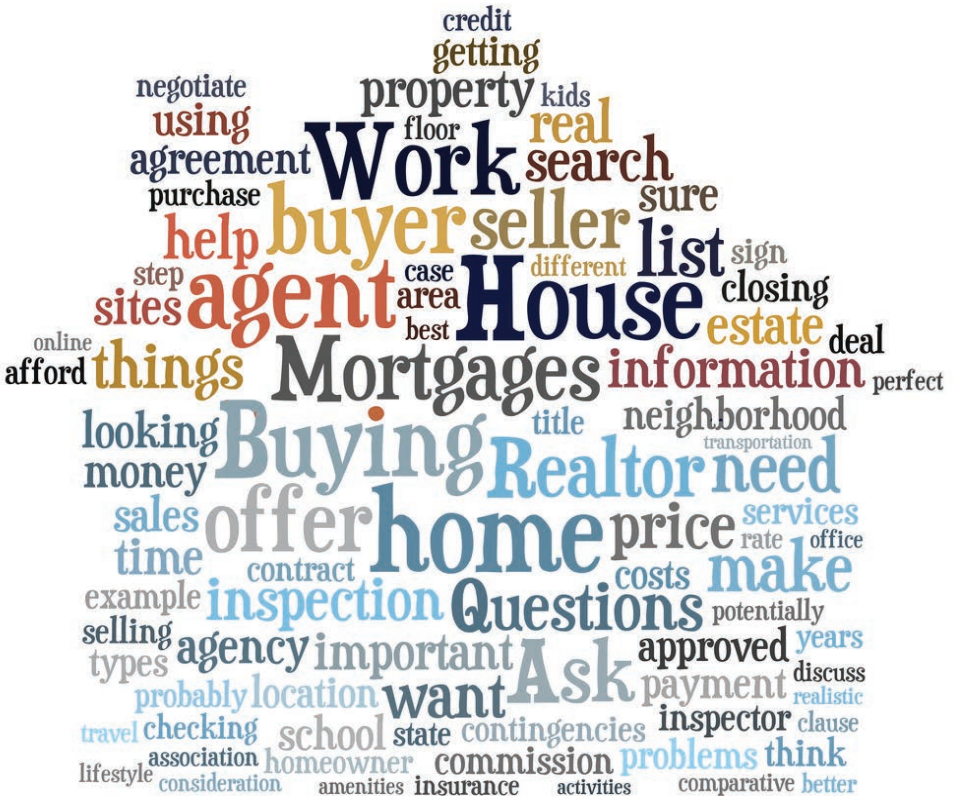




# Austin Title

## Home Buying, Selling, Mortgage & Title Insurance Guide





Austin Title Company has been a part of the Austin landscape for over 22 years. We have assembled the best and most experienced team of Real Estate transaction specialists in the area and are ready to handle your closing with expediency and care.

Austin Title is a member of the Fidelity National Financial group of companies. This provides our customers the best of both worlds with strong local roots and the financial strength of a national company. We are uniquely positioned to provide the unprecedented strength of the nation's #1 title insurer, as well as a powerful network of talented local title and escrow professionals.

At Austin Title, our vision is to be the best title company in the Austin area and continue the tradition of being "Where Austin Closes".

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# Texas Title Insurance

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.

Some of the risks that exist which a title policy may protect against include: forgeries, false representations, mistakes at law, undisclosed heirs, illegal trusts, delinquent taxes, fraud, lost wills, mistakes in legal description, clerical mistakes, defective acknowledgments on documents and platting discrepancies. In most cases, it is customary that the seller of the property pay for the Owner's Policy, but this is sometimes a matter of negotiation, and in many instances is paid for or partially paid for by the buyer. The premium for the Owner's Policy is based on the sales price. The borrower is re-

sponsible for paying for a Mortgagee's Policy, which is based on the amount of the loan.

The title insurance company also acts as an escrow agent between the seller, buyer and lender and has responsibilities to all parties for fair dealing. The title insurance company receives the buyer's money as well as all other documentation required for the transaction. When all requirements of the contract and the lender are satisfied, the transaction is "closed."

## Title Policy Protections

- *Forgeries*
- *False representations*
- *Mistakes at law*
- *Undisclosed heirs*
- *Illegal trusts*
- *Delinquent taxes*
- *Fraud*
- *Lost wills*
- *Mistakes in legal description*
- *Clerical mistakes*
- *Defective acknowledgments on documents*
- *Platting*

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# Texas Community Property

The community property system, which is governed by Texas case law and statutes, is mandatory for all married couples in Texas, whether the marriage is by civil law or by common law. Likewise, when a husband and wife who are nonresidents, purchase property in Texas, the laws of the State of Texas would govern (as to that property), and the property would be considered community property. However, property in the other states, acquired by married couples who subsequently move to Texas, is governed by the case law of the state in which the property is located. Also, the system does provide statutory methods allowing spouses to divide community property into separate property.

To understand more clearly what constitutes community property, it is necessary to know what constitutes separate property. Sections 5.01 and 5.02 of the Texas Family Code set forth the following:

A spouse's separate property consists of:

- Property owned or claimed by the spouse before the marriage;
- The property acquired by the spouse during marriage by gift, devise, or descent; and
- The recovery for personal injuries sustained by the spouse during marriage, except any recovery for loss of earning capacity during marriage.

Property which cannot be proven to be separate is presumed to be community,

with one-half owned by each spouse, regardless of whether both spouses work or who earned the money used to purchase the property.

Other significant provisions of the Texas Family Code which affect community property include the following:

- Whether the homestead is the separate property of either spouse or is community property, neither spouse can sell, convey, or encumber it without the joinder of the other spouse except as provided by the Code or by other rules of law.
- When one of the spouses is found judicially incompetent, the Texas Family Code provides for a remedy allowing sale of property without the joinder of the incompetent spouse, and there are sections of the Code which also cover situations where a spouse has either abandoned the remaining spouse, has disappeared or is missing in public service (in action).
- The Texas Family Code also provides a section for postnuptial and prenuptial marital agreements. In essence, parties to a marriage can agree to predetermine the community or non-community character of their property so long as it is not a detriment to the husband or wife's creditors.

However, prenuptial agreements are documents requiring very special legal skills and should be prepared only by legal experts.

# Texas Municipal Districts (MUDS)

*A Municipal Utility District (MUD) is a political subdivision of the State of Texas authorized by the Texas Water Code (TWC) to provide water, sewage, drainage, and other services within the MUD boundaries.*

*During the 1970s, Austin voters defeated several bond issues intended to finance the extension of city services to new subdivisions. Without MUDs people would have to depend on wells and septic systems.*

## **How is a MUD created?**

A majority of property owners in a proposed district petition the Texas Water Commission to create a MUD. The TWC evaluates the petition, holds a public hearing, and grants or denies the petition. After approval, the TWC appoints five temporary members to the MUD's Board of Directors, until an election is called to elect permanent board members, who then confirm the MUD's creation, and authorize bonds and taxing authority for bond repayment.

## **How does a MUD work?**

The publicly elected Board of Directors manages and controls all of the affairs of the MUD, subject to the continuing supervision of the Texas Water Commission. The Board establishes policies in the interest of its residents and utility customers. A MUD may adopt and enforce all necessary charges, fees and taxes in order to provide district facilities and service.

## **Will my taxes be higher in a MUD?**

Some older established MUDs around Austin have tax rates more than 22% lower than those of the City. MUD tax rates, like all property tax rates, vary according to prop-

erty values and debt requirements. MUD rates generally decline over time as the MUD is built out and operating and debt service costs are shared by more homeowners.

## **How do MUDs provide for parks, pools and recreation facilities?**

In addition to their common functions of water and wastewater service, MUDs are legally empowered to engage in conservation, irrigation, electrical generation, fire-fighting, solid waste collection and disposal, and recreational activities (such as parks, swimming pools, and sports courts). A MUD can provide for itself the recreational amenities that are approved by the Board of Directors and funded by the District.

## **What is a developer's responsibility to MUDs?**

Developers must petition the Texas Water Commission to create a MUD. Developers are prohibited from serving or placing employees, business associates, or family members on the MUD Board of Directors. Developers must pay for or put up a letter of credit equal to 30% of the cost of subdivision utilities. This requirement ensures against "fly-by-night operators" who are not committed to the success of the MUD. The "30% rule" also offers protection to MUD residents in the event that a subdivision is not built according to schedule. Unless they are voting residents within a MUD, developers have no authority or control over the MUD's Board of Directors. If they are voting members of a district, they have the same power to vote and attend board meetings as any other resident.

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# Texas Homestead Exemption

Texas Homestead laws date back to 1839 when many families lost their homes and farms through foreclosures after the 1837 depression. In order to preserve the integrity of the family, to provide the family with a home and to keep the family from becoming a burdensome charge upon the public welfare, certain homestead protections became a part of the State constitution.

In the residential context, the homestead is owned and occupied as the home and is protected from forced sale for general debts. Only certain types of liens are valid against the homestead, and these include:

- *To finance the purchase of the homestead.*
- *To pay taxes due on the homestead.*
- *To obtain money for work and material to repair or renovate existing improvements.*
- *For owelty of partition liens, including divorce or probate.*
- *For refinancing a federal tax lien.*
- *For home equity loans as defined by Section 50 (A) (6), Article XVI of the Texas Constitution.*

Certain types of documentation are required to establish each type of lien on the property. In order to prevent the legislative branch of the government from casually changing the homestead exemption, the exemption was incorporated into the constitution in 1845. Now, only constitutional amendments may change the substance of the exemption, such as with the recent home equity legislation.

There are limits to the extent a homestead is

protected. An urban homestead may be up to one acre of land in one or more parcels. A rural homestead may be up to 200 acres for a married couple (100 acres for single persons) in one or more parcels. The improvements on the land are unlimited as to dollar value.

Homestead rights cannot be waived by the property owner; however, if the property is in excess of that allowed by law, the owner may designate that portion of the property which is homestead.

## 2011 Changes to the Homestead Exemption

In 2011, the Texas Legislature passed HB 252 which made comprehensive changes to the residence homestead exemption, including new requirements for applications and modifications to the exemption for manufactured homes.

## New Requirements for Residence Homestead Applications

HB 252 sets forth new requirements for the application, including requiring the property owner to state on the application form that the owner is not claiming a residence homestead exemption on another residence homestead in or outside Texas.

## Manufactured Home Residence Homestead Exemption

HB 252 modifies how an applicant can prove ownership of a manufactured home, qualifications for the land on which a manufactured home is located to be a residence homestead, and how the exemption is apportioned between the land and the home.

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# Home Buyers



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# Finding And Using A REALTOR®

Since the commission for the sale of a house is almost always paid for by the seller, buyers are able to get assistance and information from REALTORS®, usually at no cost to them. It is for this reason that the vast majority of home buyers employ the services of a REALTOR® for their purchase. In addition, since most houses are listed by Real Estate Agencies, it gives them the maximum number of available properties to consider.

The relationship between a home buyer and a their REALTOR® is a little like a marriage: it must be based on trust, mutual goals (to get you the house that best suits your needs!) and understanding. To a large degree, the home buyer entrusts the REALTOR® to always keep their (the buyer's) interest first and foremost. It is important that you understand who the REALTOR® with whom you are working represents.

## **What to Look for in a REALTOR®**

- An understanding of your needs.
- A willingness to work with you until your needs are fulfilled.
- A sense of professionalism.
- Someone who is dedicated to their profession.
- A familiarity with the area in which you have an interest.
- A familiarity with the price range in which you have an interest.
- Professional designations: ie, GRI--Graduate of the REALTORS® Institute, or CRS--Certified Residential Specialist.
- Strong references from previous buyers.

## **Questions to Ask a Prospective REALTOR®**

- Are you familiar with the area in which we want to look?
- How many home sales did you participate in last year?
- Are you a full time REALTOR®?
- How long have you been in Real Estate?
- Do you normally work with sellers or buyers?
- How many buyers are you presently working with? How many sellers?
- Where do you feel your strengths lie?
- What 3 buyers can you give me as references?

# 11 Reasons to Buy a Home Now!

1. **Selection** – Homes are available in every area and at all price ranges. The quantity of houses on the market allows you to pick and choose the qualities you want to find just the home you want. It wasn't so long ago that buyers were jumping on new listings as soon as they came onto the market, that is no longer a concern for buyers in this economy.
2. **It's a buyer's market** – The best time to buy is when most people want to sell. If you buy now you can get a lot more house for your money, and you have a lot more negotiating power.
3. **Homes are more affordable** - Real estate, which was overpriced during the housing bubble, has returned to earth. That's especially good news for first-time home buyers who were priced out of the market 4 or 5 years ago.
4. **Interest rates are low** – Mortgage interest rates are at their lowest point in the last several years. This means your mortgage payment takes you a lot farther than it did before. We're not that far off of the all time lows we hit several years back. It is smart to take advantage of the low mortgage rates while they are still available.
5. **Tax savings** – Buying a home is one of the best ways to save money on taxes. Your mortgage interest, real estate taxes and in many cases mortgage insurance are all tax deductible. If you are a first time home buyer this means that after-tax, you can pay a lot less for a mortgage payment than you pay for rent.
6. **Appreciation** – This might not seem like the best reason to buy, with prices stagnating and falling in some areas, but in the long run, home prices always move up. There is a lot of pessimism in the real estate market today, but even the most pessimistic are bullish in the long run.
7. **Equity build up** – As you pay down your mortgage you build up equity in your home. Most people don't even think of this because it is so gradual, but every mortgage payment (as long as it is an amortizing loan) pays a little less interest and a little more principal. In a way owning a home is a form of forced savings.
8. **Rising rents** – Buying a home means you can fix your mortgage payment, at least the principal and interest portion. Rents are projected to rise this year and over time.
9. **Lots of homes are Move-In Ready** - In order to sell a home in a tough buyer's market, sellers have to put their best foot forward. This means sellers will paint, landscape, and do any necessary repairs to make their homes look the best as compared to their competition. For a buyer this means, you are getting a nice looking home with no maintenance issues.
10. **Incentives** - Buying in a buyer's market gives the buyer the upper hand. As a buyer, you may ask the seller to sell you their washing machine, refrigerator or pool table. In addition to material things, you can ask the seller for a homeowner's warranty, lawn or maid service for six months to a year, etc.
11. **First Time Homebuyer Program** - provides below market interest rate mortgage loans through a network of participating lenders to eligible families and individuals who are purchasing their first home or who have not owned a home in the past three years.

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# What Should You Buy?

## Your Current and Future Needs

Before you start searching for a home, you need to think about your needs both now and in the future. Here are some things to consider:

*\* Size requirements. Do you need several bedrooms, more than one bathroom, space for a home office, a two-car garage?*

*\* Special features. Do you want air conditioning, storage or hobby space, a fireplace, a swimming pool? Do you have family members with special needs?*

*\* Lifestyles and stages. Do you plan to have children? Do you have teenagers who will be moving away soon? Are you close to retirement?*

*Try to buy a home that meets most of your needs for the next 5 to 10 years, or find a home that can grow and change with your needs.*

## Choosing a Location That Is Right for You

Even if the home you choose has everything you need, the location might not be appropriate. When deciding where to live, you should take the following things into consideration:

*\* Whether you want to live in a city, a town or even in an out-of-town location.*

*\* Where you work and how easy it is to commute.*

*\* Where your children will attend school and how they will get there.*

*\* Whether you need a safe walking area or recreational facilities nearby.*

*\* How close you would like to be to family and friends.*

## New Home, Previously Owned or Build Your Own?

When thinking about the kind of home you want, the first thing you should consider is whether you want a previously owned home (often called a resale) or a new home. Here are some characteristics that may help you decide:

## **New Home**

- \* Personalized choices. You may be able to upgrade or choose certain items such as siding, flooring, cabinets, plumbing and electrical fixtures.
- \* Up-to-date with the latest codes/standards. The latest building codes, electrical and energy-efficiency standards will be applied.
- \* Maintenance costs. Lower maintenance costs because everything is new and many items are covered by a warranty.
- \* Builder warranty. A homebuilder's warranty is usually available. This can be important if a major system such as plumbing or heating breaks down. This warranty does not apply if you build the home yourself.
- \* Neighborhood amenities like schools, shopping malls and other services may not be complete for years.
- \* Extra costs. You may have to pay extra if you want to add a fireplace, plant trees and sod, or pave your driveway. Make sure you know exactly what's included in the price of your home.

## **Resale Home**

- \* Easy access to services. Probably established in a Neighborhood with schools, shopping malls and other services.
- \* Landscaping is usually done and fencing installed. Previously owned homes may have extras like fireplaces or finished basements or swimming pools.
- \* Possible redecorating and renovations. You may need to redecorate, renovate or do major repairs such as replacing the roof, windows and doors.

## **Building Your Own Home**

Some people prefer the challenge and flexibility of building their own home. On one hand you can get exactly what you want in terms of size, design, location, quality of material, level of energy-efficiency, etc. However, you should expect to invest lots of time and energy.

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# Tax Benefits to Home Ownership

**1. Mortgage Interest** Interest that you pay on your mortgage is tax deductible, within limits. If you're married and filing jointly, you can deduct all your interest payments on a maximum of \$1 million in mortgage debt secured by a first or second home. The maximums are halved for married taxpayers filing separately. You can't use the \$1 million deduction if you pay cash for your home and later use it as collateral for an equity loan.

If your lender required you to buy PMI (private mortgage insurance, often required when the loan is for more than 80% of the home's purchase price), the PMI premiums are tax-deductible for mortgages taken out in 2007 through 2011. However, the amount of the deduction depends on your income – if your household earnings are over \$100,000 per year, the deduction starts to phase out.

**2. Points** Your mortgage lender will charge you a variety of fees, one of which is called "points." One point is equal to 1% of the loan principal. One to three points are common on home loans, which can easily add up to thousands of dollars. You can fully deduct points associated with a home purchase mortgage.

Refinanced mortgage points are also deductible, but only over the life of the loan, not all at once. Homeowners who refinance can immediately write off the balance of the old points and begin to amortize the new.

**3. Equity Loan Interest** You may be able to deduct some of the interest you pay on a home equity loan or line of credit. However, the IRS places a limit on the amount of debt you can treat as "home equity" for this deduction.

Your total is limited to the smaller of: \$100,000 (or \$50,000 for each member of a married couple if they file separately), or the total of your home's fair market value – that is, what you'd get for your house on the open market – minus certain other outstanding debts against it.

**4. Home Improvement Loan Interest** If you take out a loan to make substantial home improvements, you can deduct the interest, with no dollar limit. However, the work must be a "capital improvement" rather than ordinary repairs.

Qualifying capital improvements are those that increase your home's value, prolong its life, or adapt it to new uses. For example, qualifying improvements might include adding a new roof, fence, swimming pool, garage, porch, built-in appliances, insulation, heating/cooling systems, landscaping, or more. (Keep in mind that increasing the square footage of your home could trigger a re-assessment and higher property taxes, though.)

Work that doesn't qualify for an interest deduction includes repainting, plastering, wallpapering, replacing broken tiles, patching your roof, repairing broken windows, and fixing minor leaks. You might want to wait until you're about to sell to do such work, in order to gain the maximum tax benefits.

**5. Property Taxes** Often referred to as "real estate taxes," property taxes are fully deductible from your income. If you have an impound or escrow account, you can't deduct escrow money held for property taxes until the money is actually used to pay your property taxes. And a city or state property tax refund reduces your federal deduction by a like amount.

**6. Home Office Deduction** If you use a portion of your home exclusively for business purposes, you may be able to deduct home costs related to that portion, such as a percentage of your insurance and repair costs, and depreciation.

**7. Selling Costs** If you decide to sell your home, you'll be able to reduce your taxable capital gain by the amount of your selling costs. Real estate broker's commissions, title insurance, legal fees, advertising costs, administrative costs, and inspection fees are all considered selling costs.

All selling costs are deducted from your gain. Your gain is your home's selling price, minus deductible closing costs, selling costs, and your tax basis in the property. (Your basis is the original purchase price, plus the cost of capital improvements, minus any depreciation.)

**8. Capital Gains Exclusion** Married taxpayers who file jointly now get to keep, tax free, up to \$500,000 in profit on the sale of a home used as a principal residence for two of the prior five years. Single folks (including home co-owners if they separately qualify) and married taxpayers who file separately get to keep up to \$250,000 each, tax free.

**9. Moving Costs** If you move because you got a new job, you may be able to deduct some of your moving costs. To qualify for these deductions you must meet several IRS requirements, including that your new job must be at least 50 miles farther from your old home than your old job was. Moving cost deductions can include travel or transportation costs, expenses for lodging, and fees for storing your household goods.

**10. Mortgage Tax Credit** A home-buying program called mortgage credit certificate (MCC) allows low-income, first-time homebuyers to benefit from a mortgage interest tax credit of up to 20% of the mortgage interest payments made on a home (the amount of the credit varies by jurisdiction). The maximum credit is \$2,000 per year if the certificate credit rate is over 20%. (See IRS Publication 530.) You must first apply to your state or local government for an actual certificate. This credit is available each year you keep the loan and live in the house purchased with the certificate. The credit is subtracted, dollar for dollar, from the income tax owed.

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# Home Sellers

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# Finding And Using A REALTOR®

Selling a property is not something you do every day so knowing what to look for in a REALTOR® isn't exactly an easy thing to do. Interviewing REALTORS® is similar to a job interview. The job description you're after should include the following: "A person you like, who presents well, who genuinely likes your property, who you believe will act in your best interests and be honest with you at all times and will work hard to get you the highest price possible". Picking the right person could easily make a five percent or more difference in the final sale price so do your research and choose wisely.

## Do Your Homework on Real Estate Companies

- Pay attention to the quality of the companies website. Was it easy to find them and navigate through to view properties? Do they add descriptions which make you want to inspect their properties? What's their area profile like?
- Become a mystery shopper with any real estate companies you are considering going with. See how they really treat prospective buyers.
- Ask your friends for a referral to someone they have dealt with. Have they worked with a REALTOR® who did a great job? Once you have a list of REALTORS®, make an appointment with each one to learn more about their services. Always interview at least three REALTORS® and if you don't like what you see pick another three.
- Listen to your instincts. Show each REALTOR® around your home. Watch their level of interest by seeing if they ask questions or make notes.

## Questions to Ask a Prospective REALTOR®

- "What will you do to get the best price for my home?" and "What will you do to sell my home if the advertising you suggest doesn't work?"
- Ask them to explain the benefits of any marketing tactics that will be used to sell your house; including print, the Internet and other types of advertising (you'll already know much of this if you've done your research on them).

# Preparing Your Home For Sale

**Remember: First Impressions Are The Strongest!**

When little things that are easily corrected are left undone, it's human nature to wonder about the things that you can't see. In contrast, when all the little cosmetic things are in great shape, the overall perception of your property is positive.

	Completed	Needs Work
<b>Curb Appeal</b>		
Healthy, weed free, neatly cut, trimmed lawn	<input type="checkbox"/>	<input type="checkbox"/>
Shrubs trimmed neatly and to not touch the house	<input type="checkbox"/>	<input type="checkbox"/>
Weed free driveway, front walk and shrub areas	<input type="checkbox"/>	<input type="checkbox"/>
Sealed blacktop driveway	<input type="checkbox"/>	<input type="checkbox"/>
Toys, garden tools, clutter removed from yard	<input type="checkbox"/>	<input type="checkbox"/>
<b>House Exterior</b>		
Recently painted siding and trim	<input type="checkbox"/>	<input type="checkbox"/>
Repair/repaint fences and gates	<input type="checkbox"/>	<input type="checkbox"/>
Clean and align gutters and down spouts	<input type="checkbox"/>	<input type="checkbox"/>
Wash and align shutters	<input type="checkbox"/>	<input type="checkbox"/>
Wash all windows and screens	<input type="checkbox"/>	<input type="checkbox"/>
<b>Front Door-Entrance Area - Exterior</b>		
Clean, wash and scrub front steps and porch	<input type="checkbox"/>	<input type="checkbox"/>
Check front doorbell and light	<input type="checkbox"/>	<input type="checkbox"/>
Replace welcome mat	<input type="checkbox"/>	<input type="checkbox"/>
Paint or wash storm door, lubricate hinges	<input type="checkbox"/>	<input type="checkbox"/>
Polish brass door lockset and brass hinges	<input type="checkbox"/>	<input type="checkbox"/>
Clean and wash front door tread	<input type="checkbox"/>	<input type="checkbox"/>
<b>Front Door-Entrance Area - Interior</b>		
Clear entry area or foyer of all clutter	<input type="checkbox"/>	<input type="checkbox"/>
Reduce volume and clutter in front closet	<input type="checkbox"/>	<input type="checkbox"/>
Clean and polish the front entry floor	<input type="checkbox"/>	<input type="checkbox"/>
Wash, polish and replace light bulbs	<input type="checkbox"/>	<input type="checkbox"/>
Remove fingerprints and scuff marks on walls	<input type="checkbox"/>	<input type="checkbox"/>
Paint to lighten and refresh entrance area	<input type="checkbox"/>	<input type="checkbox"/>





	Completed	Needs Work
<b>Living-Family-Dining Rooms</b>		
Repaint or touch up walls, ceiling and trim	<input type="checkbox"/>	<input type="checkbox"/>
Repair or replace damaged moulding and trim	<input type="checkbox"/>	<input type="checkbox"/>
Refinish, clean and wax hardwood and vinyl floors	<input type="checkbox"/>	<input type="checkbox"/>
Shampoo/steam clean carpet	<input type="checkbox"/>	<input type="checkbox"/>
<b>Bedrooms</b>		
Repaint, repaper, touch up trim on walls and ceiling	<input type="checkbox"/>	<input type="checkbox"/>
Replace or clean drapes, bedspread and accessories	<input type="checkbox"/>	<input type="checkbox"/>
Shampoo carpet or wax and polish floor	<input type="checkbox"/>	<input type="checkbox"/>
Organize and clean out closets	<input type="checkbox"/>	<input type="checkbox"/>
Clear off top surfaces of bedroom furniture	<input type="checkbox"/>	<input type="checkbox"/>
Put all clothing away and out of sight	<input type="checkbox"/>	<input type="checkbox"/>
<b>Kitchen</b>		
Paint walls, ceiling, trim a light cheery color	<input type="checkbox"/>	<input type="checkbox"/>
Wallpaper with small pattern and light colors	<input type="checkbox"/>	<input type="checkbox"/>
Remove wax, scrub and repolish floors	<input type="checkbox"/>	<input type="checkbox"/>
Wash, wipe down cabinets and appliances	<input type="checkbox"/>	<input type="checkbox"/>
Thoroughly clean range and ovens	<input type="checkbox"/>	<input type="checkbox"/>
Clean out refrigerator and wash interior	<input type="checkbox"/>	<input type="checkbox"/>
Empty dishwasher and clean around controls	<input type="checkbox"/>	<input type="checkbox"/>
Check operation of all appliances	<input type="checkbox"/>	<input type="checkbox"/>
Neatly arrange all food storage areas	<input type="checkbox"/>	<input type="checkbox"/>
Clear all clutter from cabinets	<input type="checkbox"/>	<input type="checkbox"/>
Clean all cabinets and drawers	<input type="checkbox"/>	<input type="checkbox"/>
Wash or replace curtains	<input type="checkbox"/>	<input type="checkbox"/>
Clean and put away all pet feeding/watering dishes	<input type="checkbox"/>	<input type="checkbox"/>
<b>Baths</b>		
Paint or wallpaper using light colors	<input type="checkbox"/>	<input type="checkbox"/>
Scrub tile, bleach and repair grout	<input type="checkbox"/>	<input type="checkbox"/>
Check to see that the drawers/doors open easily	<input type="checkbox"/>	<input type="checkbox"/>
Clean and polish floor	<input type="checkbox"/>	<input type="checkbox"/>
Seal around tubs and showers	<input type="checkbox"/>	<input type="checkbox"/>
Clean out medicine cabinet	<input type="checkbox"/>	<input type="checkbox"/>
Check for evidence of water at toilet base	<input type="checkbox"/>	<input type="checkbox"/>
Replace old toilet seats	<input type="checkbox"/>	<input type="checkbox"/>
Replace old shower curtains	<input type="checkbox"/>	<input type="checkbox"/>
Buy a new set of color coordinated bath linens	<input type="checkbox"/>	<input type="checkbox"/>



**Completed**      **Needs Work**

**Laundry**

- Check operation of appliances and clean them
- Clean, organize laundry area and remove clothes
- Provide adequate light

<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>

**General**

- Remove clutter, papers and all unnecessary items
- Replace burned out bulbs throughout the house
- Remove cobwebs from ceiling and corners
- Remove paint splash on tile, floors and counters
- Wash and polish all hardware and handrails
- Reorganize and clean out all closets
- Replace switches, outlets that don't work
- Add colorful plants and flowers to several rooms
- Replace and rejuvenate pillows and accessories
- Clean out and sweep garage
- Organize attic

<input type="checkbox"/>	<input type="checkbox"/>
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# Showing Your Home

Remember: When buyers make a decision to purchase a home they do it emotionally!

The feeling they get from the house and the way they picture themselves enjoying the home are two of the most important factors in the decision to buy. The following list offers a few suggestions to help the buyers create their own good feelings and visualize themselves owning your home.

## **Prior to Every Showing...**

- o Open drapes and blinds
- o Turn on lights
- o Turn on soft music
- o Put dog outside
- o Cool in summer/warm in winter
- o Do not speak to potential purchasers
- o Stay out of the way (in one room or outside)

Remember: Repairs made prior to the inspection will save time and aggravation. Depending on the type of loan or the terms of the contract, some or all of the following list may apply:

## **Before the Inspector Arrives...**

- o Slope ground away from the foundation (out four (4) feet where possible).
- o Allow for four (4) inches of foundation to show, including above flowerbeds.
- o Cut tree limbs away from house.
- o Wash stained siding and brick to remove discoloration or mildew.
- o Install splash blocks at downspouts.
- o Clean gutters and repair where necessary.
- o Repair all rotted wood and paint to match.
- o Remove any items stacked (firewood, etc.) against the house or garage.
- o Repair or replace damaged screens.
- o Cover exposed wiring with flexible conduit.
- o Install blanks in circuit breaker box where any are missing.
- o Check all electrical outlets for proper wiring.
- o Check firebrick in the fireplace. Seal with fireplace mortar where necessary.
- o Clean chimney.

- o Clean and inspect heater and check for holes or cracks in the heat exchanger.
- o Check A/C. It should cool to twenty (20°) degrees below outside temperature.
- o Check condensing unit and clean away any debris, leaves, grass, etc.
- o Test all smoke detectors. Add new batteries where necessary.
- o Toilets should be secured (should not rock).
- o Make sure tubs and/or showers do not leak.
- o Have all cracks in masonry repaired by professional mason.
- o Re-grout any cracks in ceramic tile.
- o Repair dripping faucets.

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## Seller Should Make Every Effort To...

- Respond courteously and helpfully to REALTORS® requests to show property.
- Leave the property when a REALTOR® is showing it.
- Only discuss why you love this home with the other REALTOR®. Never talk about why, when or where you are moving.
- Remember that the other REALTORS® are representing the buyers so ask them to call your REALTOR® for additional information.
- Always ask for a card and proper identification before letting a REALTOR® into your home.
- Keep in close contact with your REALTOR®. Call them after every showing.

# Home Improvements with Best Return on Investment

## Best 10 Home Improvements for Return on Investment

Every consideration should be taken regarding market value of homes in an area. Market value is the key indicator of actual return on investment and so the numbers described below are based on U.S. national averages.

<b>Siding Replacement (Fiber Cement)</b>	average costs are \$13,212 and the return on investment is 88.1%
<b>Deck Addition (Wood)</b>	average costs are \$10,347 and the return on investment is 85.4%
<b>Siding Replacement (Vinyl)</b>	average costs are \$9,910 and the return on investment is 83.2%
<b>Minor Kitchen Remodel</b>	average costs are \$21,185 and the return on investment is 83%
<b>Windows (Vinyl)</b>	average costs are \$10,448 and the return on investment is 79.3%
<b>Windows (Wood)</b>	average costs are \$11,384 and the return on investment is 79.3%
<b>Bathroom Remodel</b>	average costs are \$15,789 and the return on investment is 78.3%
<b>Major Kitchen Remodel</b>	average costs are \$55,503 and the return on investment is 78.1%
<b>Deck Addition (Composite)</b>	average costs are \$15,039 and the return on investment is 77.6%

## Worst 5 Home Improvements for Return on Investment

These are the home improvements you need to reconsider and only complete if necessary (Remodeling Online Survey by Hanley Wood, 2008).

<b>Home Office Remodel</b>	average costs are \$27,193 and the return on investment is 57%
<b>Backup Home Generator</b>	average costs are \$13,357 and the return on investment is 58%
<b>Sun Room Addition</b>	average costs are \$69,817 and the return on investment is 59.1%
<b>Master Suite Addition</b>	average costs are \$98,163 and the expected on investment is 64.1%
<b>Garage Addition</b>	average costs are \$82,108 and the return on investment is 64.6%

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## Summary

This survey's findings by Hanley Wood are based on the feedback provided by realtors in over 60 cities across the U.S. The important point to remember is that everything is based on locality and region. Other points to consider are not to over improve your home. Any improvement which raises the selling price of your home beyond neighborhood market value is a risk. Also, remodeling work completed by a professional contractor increases return on investment.

## Low Cost/No Construction Tips

1. **Clean/de-clutter** - Remove clutter. Rent a storage space or sell excess items, if needed. Keep every room very clean during open homes.
2. **Lighten and brighten** - Replace any burnt-out bulbs and use higher wattage bulbs. Make sure skylights are clear and keep drapes open during the day.
3. **Yard** - Store away personal effects from front yard. Trim back the overgrowth and maintain yard. Make sure that your lawn has a healthy green appearance.
4. **Plumbing and electrical** - Consider repairing or replacing any defective plumbing or electrical items in your home.
5. **Staging** - Buy some fresh flowers, live plants and other decorations to liven up the home. Dispose of old furniture or other large items.
6. **Update kitchen and bath** - Update kitchen and baths by resurfacing cabinets or painting with neutral color. Replace toilet seats, dated fixtures and drawer/cabinet handles. Freshly caulk and redo grout in countertops, sinks, tubs and showers.
7. **Paint interior** - Repair any damaged interior walls by patching all chips, holes and cracks; then touch up or repaint interior walls with neutral color.
8. **Carpeting** - If carpets are only lightly soiled, shampooing and/or spot removal should suffice. If there are rips, fading, heavy wear, smells or deep stains, replace with neutral color.
9. **Flooring** - Repair and refinish damaged floors, or cover with neutral-colored wall to wall carpet and note damage in your disclosure.
10. **Paint exterior** - Repaint or resurface the outside walls of house, as needed. Patch and repair any damaged areas.

**We Have  
A Deal!**



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# Mortgage Hints

## **Don't build yourself a mortgage mountain.**

It's fine to want the best home you can afford, but be certain that it is comfortable affordability. Although you may find certain mortgage lenders who will stretch your qualification ratios (the ratio of your total mortgage payment to your total income), the traditional ratios--the mortgage payment as 33% of your income and the total of your mortgage payment plus your monthly debt payments as 38% of your income are conservative guidelines.

## **Get your budget under control.**

Spending some time reviewing your budget (or developing one if you don't already have it) and sharpening your money saving skills can bring big rewards later. A coordinated budget allows you to get the most home for your money without strapping yourself while eliminating wasteful spending.

## **Begin to gather documentation.**

It is not necessary that you have all items on hand before you apply, but there are a number of documents you will need eventually and the approval process will go much smoother if you begin to gather them now. Examples: W-2's and income tax returns from the last few years (especially if you are self-employed), copies of pay stubs, your drivers license, records of any child support or alimony (either going out or coming in) and bank statements for all accounts (checking and saving) for the last several months.

## **Don't forget about closing costs/prepays.**

In addition to your down payment, you will need to reserve funds for closing costs and prepaids. Depending on the type of loan and your location, these costs can range from 2-5% of the mortgage amount, will be paid in cash at the closing and cannot be borrowed funds.

## **Compare.**

There are lots of sources for mortgage funds, be sure to make comparisons. Your local bank or credit union, mortgage brokers and Internet resources where you can get up to 4 offers from lenders competing for your business--are all available. Be certain to compare equal terms, down payments and loan types.

## **Consider points when comparing.**

Your total mortgage cost will be determined by 3 factors: The interest rate, the term and the amount of points.

## **Get educated!**

Securing a mortgage is not all that complicated, but if you approach it blind, mistakes can be very expensive! Get as much information as you possibly can whether from friends

be very expensive! Get as much information as you possibly can whether from friends or relatives, from books and articles or from online resources.

**Consider a 15 or 20 year term.**

Many home buyers make the assumption that a shorter term will boost their payments out of reach. Unless you make the comparison, though, you may never know if a 15 or 20 year (if available) term could have been affordable. See a comparison of a sample loan. If you are concerned about committing to the higher payment of a shorter term, try this tactic: Mortgage the home with a 30 year loan but have the lender develop a 15 and a 30 year amortization sheet for you. Then, do your best to pay the mortgage at the shorter term payment. It will do wonders for your equity position!

**Adjustable Rate Mortgages (ARMs).**

If you are certain that you are going to be in the house for a short time (less than 5 years for example) strongly consider an Adjustable Rate Mortgage (ARM). You will take full advantage of the lower initial rate and not be as concerned about rate increases since you will have moved when they begin to take effect. Tailor your ARM's first adjustment period to the time you will be in the house.

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# Common Loan Types:

Choosing among the many houses that may be available is hard enough--then you need to make a choice from the myriad of mortgages that are offered in today's market. So many decisions! Take heart, though, since although there are literally hundreds of different mortgages available, they all fall into only a few basic varieties.

**Fixed Rate or Adjustable:** One of your first decisions should be between a fixed rate (the interest rate remains constant through the life of the mortgage) or an adjustable (the interest rate is adjusted either up or down at specified times during the mortgage term). Adjustable Rate Mortgages (ARMs) will generally have an initial interest rate lower than fixed rates but will adjust upward (unless rates really fall!) usually after the fixed term. They may be a good choice if you are sure that you will not be owning the home for an extended period (more than 5-7 years) of time.

**Conventional:** A "traditional" mortgage, not directly insured by the Federal Government. Most conventional loans under \$417,001 (this amount is subject to change through out the year) are administered through Fannie Mae or Freddie Mac (private corporations but regulated by the government). Those loans over that amount are designated "jumbo loans" and are funded by the private investment market.

**FHA:** Insured by (but not funded by) the Federal Housing Administration (FHA) a division of the U.S. Department of Housing and Urban Development (HUD), and designed for, low down payments and good rates. FHA loans have somewhat more relaxed qualifying standards and ratios than conventional loans and have the availability of both 15 and 30 year fixed as well as adjustable rate mortgages.

**VA:** For those qualified by military service, the Veterans Administration (VA) insures (but does not fund) 15 and 30 year fixed as well as adjustable mortgages with some down payment requirements (as low as 0 down), somewhat more lenient qualifying ratios and good interest rates.

**No-Document ("No-doc) Loans:** No-doc mortgages are generally a wise choice for self-employed people. The benefits of a no-doc mortgage include a shorter application process since you are not required to provide income, employment or asset documentation, as well as a streamlined approval process because there is little subsequent verification. However, no doc mortgages generally will be at slightly higher interest rates and are offered by fewer lenders.

# Who Picks the Title Company

Determining who has the right to select the title company to close and insure a residential transaction can sometimes be an emotional and controversial issue. Although most residential buyers and sellers could care less who closes the transaction, most real estate agents have a favorite title company or closer with whom they prefer to do business.

## Accepted Practice

The accepted business practice in central Texas is for the agent working with the buyer to select a title company and include the selection in the offer made to the seller. The listing agent may then counsel the seller to change the proposed title company, especially if the seller is going to counter the offer for other reasons. The conventional wisdom is that because the seller is paying for the policy (usually), the seller should have the right to select which title company to use. However, there may be a problem.

## Section 9 of RESPA

The Real Estate Settlement Procedures Act (RESPA), enacted by Congress, applies to most residential transactions. The potential problem arises out of Section 9(a) of RESPA which states, "No seller of property that will be purchased with the assistance of a federally related mortgage loan shall require directly or indirectly, as a condition to selling the property, that title insurance covering the property be purchased by the buyer from any particular title company." The penalty for violating this provision is an amount equal to three times the cost of the title insurance provided.

## Texas Rates Set by Insurance Board

In Texas, title insurance rates are set by the state board of insurance; however, in many states the cost of title insurance can be negotiated. Section 9 was intended primarily to prevent volume home builders, in those states which allow negotiated rates, from negotiating a reduced title premium for interim construction or development loans in return for directing all closings to a title company when a home was sold. Unfortunately, the language of Section 9 is broad enough to present problems for all sellers and their brokers.

Because Texas regulates title premiums, there is little reason to apply Section 9; referring vol-

ume business to a title company will not entitle the title company to offer a better rate. However, HUD has been unwilling to unequivocally state that Section 9 does not apply to regulated title premium states such as Texas.

Because the seller usually pays for the owner's title policy, at first consideration you might conclude that there is no problem. Section 9 only prohibits the requirement that a buyer purchase title insurance from a particular company. With the seller purchasing the insurance, arguably, there is no violation.

Unfortunately, having the seller pay for the policy does not completely dispose of the issue. The buyer is normally required to pay for a mortgagee's title policy. If mortgagee's coverage is purchased from the title company providing the owner's policy, the cost is \$100.00, excluding the cost of any lender-required endorsements. If the buyer chooses to purchase mortgagee's coverage from a title company other than the company providing the owner's policy, the buyer will be required to pay the full premium for a mortgagee's policy. The difference in cost is substantial: \$100.00 versus \$1,023.00 for a \$100,000.00 loan. Is the buyer then effectively "required" by economic necessity to use the company selected by the Seller?

What about the argument that in most closings, the only party writing a check into closing is the buyer? Can a buyer not effectively argue that the buyer is paying all costs of closing, whether they are listed on the seller's statement or the buyer's statement? If a seller were not paying \$1,000.00 for title insurance, would the sales price be reduced by \$1,000.00?

## Lenders can Specify the Title Company

Lenders are permitted to specify particular title companies. The reason for this interpretation is that lenders have a vested interest in insuring that their loan is closed the way they want it closed. Because lenders can select a title company, it would appear that a seller who finances part of the purchase price would have the right to select the title company.

*Don Hancock is a partner in Hancock & McGill, L.L.P., attorneys at law. Mr. Hancock is certified by the Texas Board of Legal Specialization as having special competence in residential and commercial real estate transactions. He received his undergraduate degree from Texas A&M University and his J.D. degree from the University of Texas School of Law.*

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# What Do You Need To Know About Escrow

## What is Escrow?

Escrow is the process by which the interests of all parties in a real estate transaction are protected, ensuring that all conditions of the sale have been met before property and money change hands.

Escrow is an independent depository wherein all funds, instructions and documents for the purchase of your home are held, including your down payment, your lender funds, documents for the new loan, hazard and title insurance, inspection reports, and the grant deed from the seller. At the close of escrow, the “Escrow Holder” delivers these items to the appropriate parties, disburses the funds, and handles the associated paperwork.

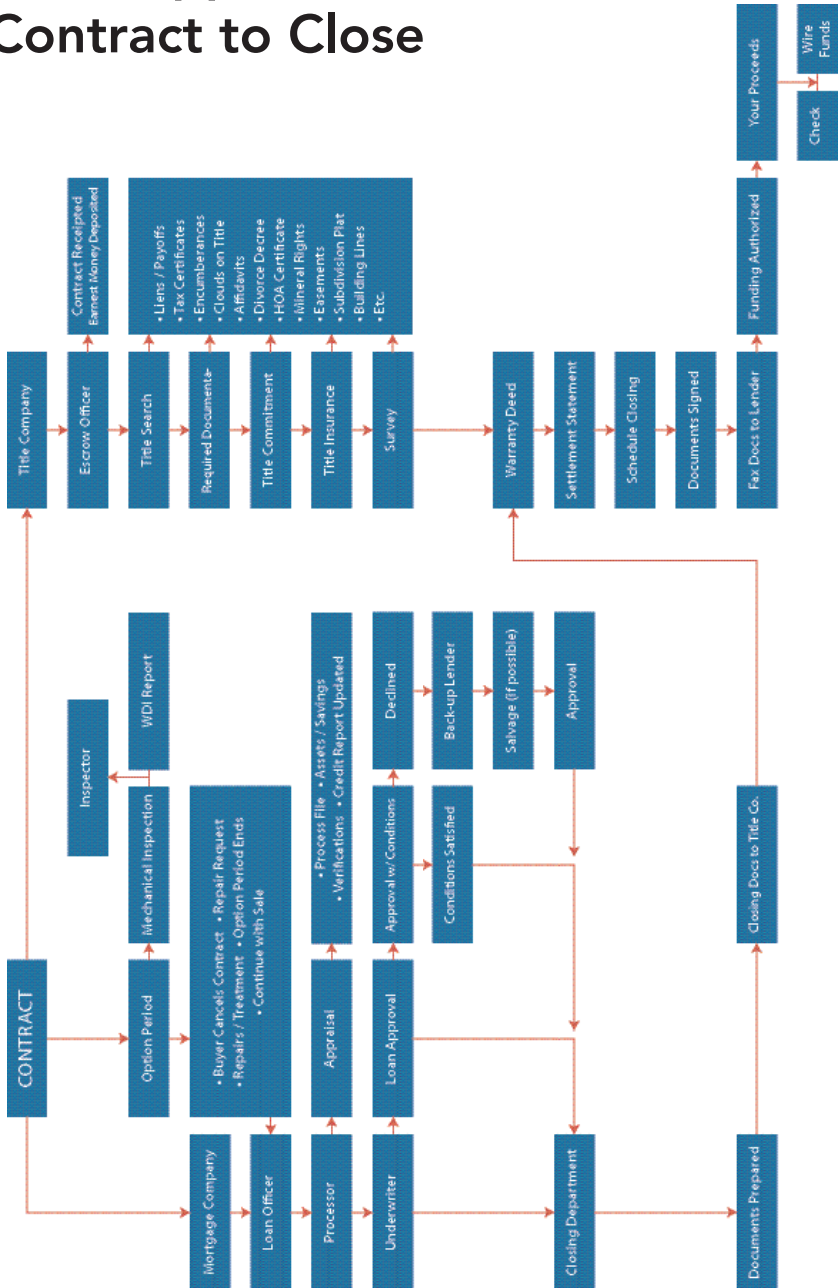
## What Does an Escrow Holder do?

The escrow holder is a neutral third party, such as Alamo Title, that maintains the escrow account and partially oversees the escrow process making sure all conditions of the sale of the property are met.

## The Escrow Holder’s Duties Include:

- Serving as a neutral agent and the liaison between all parties involved.
- Requesting a preliminary title search to determine the status of title to the property.
- Requesting a beneficiary statement of debt or obligations that are to be taken over by the buyer.
- Requesting a payoff demand from beneficiaries when the seller is paying off debts.
- Complying with the lenders requirements as specified in the instructions to escrow.
- Securing releases of all contingencies or other conditions imposed on the escrow.
- Preparing or securing the deed and other documents related to escrow.
- Prorating taxes, interest, insurance and rents.
- Preparing escrow instructions.
- Receiving purchase funds from the buyer.
- Receiving loan funds from the buyer’s lender.
- Closing the escrow pursuant to instructions supplied by the seller, buyer and lender.
- Recording the deed and other documents.
- Disbursing funds as authorized by the instruction including charges for title insurance, recording fees, real estate commissions and loan payoffs.
- Preparing final statements for all parties involved that account for the disposition of all funds held in the escrow account.
- Requesting the Alamo Title policy.

# What Happens from Contract to Close



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# Participants In the Closing Process

## ***The Buyer(s)***

- Tender a written offer to purchase (or accepts the Seller's counter-offer) accompanied by a good faith deposit amount.
- Applies for a new loan, completing all required forms and often prepaying certain fees such as credit report and appraisal costs.
- Approves and signs the escrow instructions and other related instruments required to complete the transaction.
- Approves the preliminary report and any property, disclosure or inspection reports called for by the purchase and sale agreement (Deposit Receipt).
- Approves and signs new loan documents and fulfills any remaining conditions contained in the contract, lender's instructions and/or the escrow instructions.
- Deposits funds necessary to close the escrow. Approves any changes by signing amendments in the escrow instructions.
- Determines which hazard (fire) insurance agent to use to satisfy requirements of the lender.

## ***The Seller(s)***

- Accepts Buyer's Offer to Purchase and initial good faith deposit to open escrow.
- Submits documents and information to escrow holder, such as: addresses of lien holders, tax receipts, equipment warranties, home warranty contracts, any leases and/or rental agreements.
- Approves and signs the escrow instructions, grant deed and other related documents required to complete the transaction.
- Orders inspections, receives clearances and approves final reports and/or repairs to the property as required by the terms of the purchase and sale agreement (Deposit Receipt).
- Fulfills any remaining conditions specified in the contract and/or escrow instructions; approves the pay off demands and/or beneficiary's statements.
- Approves any final changes by signing amendments to the escrow instructions or contract.

## ***The Lender (When Applicable)***

- Accepts the new loan application and other related documents from the Buyer(s) and begins the qualification process.
- Orders and reviews the property appraisal, credit report, verification of employment, verification of deposit(s), preliminary report and other related information.
- Submits the entire package to the loan committee and/or underwriters for approval. When approved, loan conditions and title insurance requirements are established.
- Informs Buyer(s) of loan approval terms, commitment expiration date and provides a good faith estimate of the closing costs.
- Deposits the new loan documents and instructions with the escrow holder for Buyer's approval and signature.
- Reviews and approves the executed loan package and coordinates the loan funding with the escrow officer.

***The Escrow Officer/Austin Title***

- Receives an order for escrow and title services. Orders the preliminary report on the subject property.
- Acts as the impartial “stakeholder” or depository, in a fiduciary capacity.
- Prepares the escrow instructions and required documents in accordance with terms of the sale.
- With authorization from the real estate agent or principal, orders demands on existing deeds of trust and liens or judgements, if any.
- Examines the public records affecting the and issues a preliminary report.
- Determines the requirements and documents to complete the transaction and advises the officer and/or agents.
- Reviews and approves the signed documents, and the order for title insurance, prior to the date.
- When authorized by the escrow officer, records signed documents with the County Recorder’s and issues the title insurance policies.
- Presents the documents, statements, loan package(s), estimated closing statements and other related documents to the principal(s) for approval and signature.
- Receives the proceeds of the loan(s) from the lender(s).
- Records the deed, deed of trust and other documents required to complete the transaction with the County Recorder and orders the title insurance policies.
- Closes the escrow by preparing the final settlement statements, disbursing the proceeds to the Seller, paying off the existing encumbrances and other obligations.



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# Avoiding Common Closing Delays:

*Remember: Prior planning prevents inconvenience and delays in closing. Awareness of the following items will help to insure a smooth closing.*

## **Loan Payoffs:**

Provide the title company with your current loan information so that they may order your payoff in time for closing. They need the lender's name, address and/or telephone number, and your loan account number when you made your last payment. Your lender will mail your original promissory note marked "Paid".

## **Tax Information:**

Most title companies prefer to collect delinquent property taxes at closing. If you do pay them prior to closing, you must be able to furnish an original tax receipt to them prior to closing, otherwise these monies will be withheld from your sales proceeds until payment of these taxes can be confirmed.

## **Escrow Refunds**

Any escrow/impound reserves held by your lender will not be netted from your payoff at closing. Your lender will refund these monies after your payoff has cleared and an analysis of your escrow/impound account has been completed.

## **Common Names**

If you have a common surname, please complete a Confidential Information Statement and return it to the title company prior to closing.

## **Power of Attorney**

If either party intends to use a Power of Attorney at closing; i.e., will not be there to sign:

A. The title company must approve the Power of Attorney prior to closing.

B. The original Power of Attorney must be delivered to the title company prior to closing, as the original must be recorded with the County Clerk ahead of all other closing documents.

C. The title company must be able to contact you via telephone on the day of closing to be certain you are alive and well and have not revoked the Power of Attorney.

## **Out Of Town Mail-outs**

## **Out Of Town Mail-outs**

- A. All documents must be signed exactly as requested.
- B. All documents must have proper notarization.
- C. Any documents mailed out of the country must be notarized in English.

## **Marital Status**

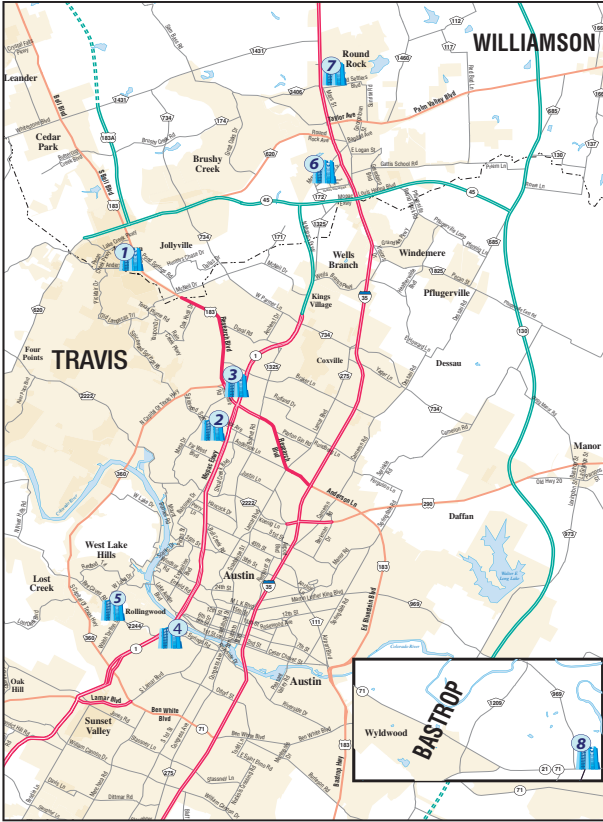
A. Texas is a community property state. If you purchased your property when you were single and you have married, the title company will require that your spouse join in the signing of the deed at closing.

B. If you are divorced and your divorce proceeding was handled in a county other than Travis, Williamson, Bastrop or Hays County, please have a certified copy of the Divorce Decree delivered to the title company prior to closing. If you are widowed or have inherited the property you are selling, you will need to provide a copy of the probate documents.

## **Things To Bring To Closing**

- Bring picture identification with you to closing (your driver's license will be acceptable).
- You must have your social security numbers available for closing, as your sale must be reported to the Internal Revenue Service.
- Please bring any extra house keys, garage door openers, and security access or gate card keys with you to closing to give to the buyers.
- Any operating guides for your appliances which are remaining with the property or any warranty materials should be left at the property or given to the buyers at closing.
- If you have extra wallpaper or paint that was used at the property, please leave these materials for the new owners because they may need to do paint or wallpaper touch-up after they move in.

# Choose an Austin Title Location



**1. Anderson Mill**  
 9707 Anderson Mill Rd., Ste. 240  
 Austin, Tx 78750/512.331.2097

**2. Spicewood Springs**  
 3708 Spicewood Springs Rd. , Ste. 100  
 Austin, Tx 78759/512.346.4020

**3. North MoPac**  
 9600 N. MoPac Expwy., Ste. 125  
 Austin, Tx 78759/512.459.7222

**4. South MoPac New Location Coming Soon!**  
 901 S. MoPac Expwy., Bldg. III, Ste. 100  
 Austin, Tx 78746/512.329.0777

**5. Westlake**  
 3520 Bee Caves Rd., Ste. 250  
 Austin, Tx 78746/512.306.0988

**6. Round Rock**  
 810 Hesters Crossing, Ste. 155  
 Round Rock, Tx 78681/512.244.2266

**7. Round Rock**  
 101 E. Old Settlers Blvd., Ste. 100  
 Round Rock, Tx 78664/512.238.8999

**8. Alamo Title Bastrop**  
 696 Hwy 71 W. , Bldg. 2, Ste. B  
 Bastrop, Tx 78602/512.303.9633

**New Cedar Park Location Coming Soon!**

# Glossary of Real Estate Terms

**AMORTIZATION SCHEDULE:** A SCHEDULE SHOWING THE PRINCIPAL AND INTEREST PAYMENTS THROUGHOUT THE LIFE OF THE LOAN.

**APPRAISED VALUE:** AN OPINION OF THE VALUE OF A PROPERTY AT A GIVEN TIME, BASED ON FACTS REGARDING THE LOCATION, IMPROVEMENTS, ETC. OF THE PROPERTY AND SURROUNDINGS.

**ASSUMPTION TRANSFER FEE:** A FEE ASSESSED BY THE LENDER TO THE BUYER TO ASSUME THE PRESENT LOAN.

**CREDIT REPORT:** A REPORT ON THE PAST ABILITY OF A LOAN APPLICANT TO PAY INSTALLMENT PAYMENTS.

**DOCUMENT PREPARATION:** A FEE CHARGED BY AN ATTORNEY FOR PREPARATION OF LEGAL DOCUMENTS FOR THE TRANSACTION.

**ESCROW FEE:** A FEE CHARGED BY THE TITLE COMPANY TO SERVICE THE TRANSACTION, TO ESCROW MONIES, AND TO COVER DOCUMENTS. THE AMOUNT VARIES WITH COMPANY; USUALLY SPLIT BETWEEN BUYER AND SELLER.

**ESCROW/IMPOUND ACCOUNT:** FUNDS HELD BY THE LENDER FOR PAYMENT OF TAXES AND INSURANCE WHEN DUE. USUALLY DOES NOT INCLUDE MAINTENANCE FEES.

**HOMEOWNER'S INSURANCE:** PROTECTS THE PROPERTY AND CONTENTS IN CASE OF LOSS; MUST BE FOR AT LEAST THE LOAN AMOUNT OR REPLACEMENT COST OF THE STRUCTURE.

**INSPECTIONS:** AN EXAMINATION OF PROPERTY FOR VARIOUS REASONS SUCH AS, TERMITE INSPECTIONS; INSPECTIONS TO SEE IF REQUIRED REPAIRS WERE MADE BEFORE FUNDS ARE DISBURSED, ETC.

**INTEREST:** RATE CHARGED FOR THE USE OF LOAN FUNDS. ALWAYS PAID IN ARREARS.

**LOAN APPLICATION FEE:** PAID TO THE LENDER AT TIME OF APPLICATION; CHECK WITH LENDER FOR AMOUNT.

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**LOAN DISCOUNT:** THE POINTS A LENDER CHARGES ARE TO LOWER THE INTEREST RATE AND CAN BE PAID BY EITHER THE BUYER OR SELLER.

**MORTGAGEE'S TITLE POLICY:** REQUIRED BY THE LENDER TO INSURE THAT THE LENDER HAS A VALID LIEN; DOES NOT PROTECT THE BUYER.

**ORIGINATION FEE:** A CLOSING FEE PAID TO THE LENDER TO ORIGINATE A NEW LOAN OWNER'S TITLE POLICY; INSURES THAT THE BUYER HAS TITLE TO THE PROPERTY.

**POINT:** 1% OR LESS OF LOAN AMOUNT.

**PREPAYMENT PENALTY:** CHARGED BY THE LENDER FOR PREMATURE PAYMENT OF A LOAN BALANCE.

**PRIVATE MORTGAGE INSURANCE:** INSURANCE AGAINST A LOSS BY A LENDER (MORTGAGE) IN THE EVENT OF DEFAULT BY A BORROWER (MORTGAGOR).

**REALTOR FEES:** AN AMOUNT PAID TO THE REALTOR AS COMPENSATION FOR THEIR SERVICES.

**RECORDING FEES:** CHARGED BY THE COUNTY CLERK TO RECORD DOCUMENTS IN THE PUBLIC RECORDS.

**RESTRICTIONS:** CERTIFIED COPY OF DEED RESTRICTIONS REQUIRED BY LENDER.

**SURVEY:** CONFIRMS LOT SIZE AND ANY ENCROACHMENTS OR RESTRICTIONS REQUIRED BY LENDER.

**TAX PRORATION:** SELLER PAYS BUYER'S TAXES FROM JANUARY 1 TO DATE OF CLOSING.

**TAX CERTIFICATES:** CERTIFICATES ISSUED BY TAXING AUTHORITIES SHOWING THE CURRENT YEAR'S TAXES, THE LAST YEAR THE TAXES WERE PAID, AND ANY DELINQUENCIES TO BE COLLECTED FROM SELLER AT CLOSING.

# Buyers Estimated Charges



	Conventional	VA	FHA	Assumption	Cash	
Administrative Fee	600	0	600	0	0	Prepaid Items
Appraisal Fee	425	425	425	0	0	Interim Interest @ ___/Day \$ _____
Assumption Fee-Qualifying	0	0	0	<1%Loan Balance	0	Tax Deposit (2-4 Mo.) \$ _____
Attorney's Fee	275	*	275	100	0	Hazard Ins. (1 Yr) \$ _____
Credit Report	65	65	65	0	0	Hazard Ins. (2-4 Mo.) \$ _____
Discount Points	Negotiable	Negotiable	Negotiable	0	0	Flood Ins. (1 Yr) \$ _____
Escrow Balance	0	0	0	Actual	0	PMI (1 Mo.) \$ _____
Escrow Fee	250	*	250	250	175	Other _____
Flood Certificate	30	0	30	0	0	Estimated Total _____
Homeowners Assoc. Dues	Actual Prorated	Actual Prorated	Actual Prorated	Actual Prorated	Actual Prorated	Estimated Total Due at Closing
Homeowners Assoc. Fees	250	250	250	250	250	Sales Price \$ _____
Insurance	14 Months Prepaid	14 Months Prepaid	14 Months Prepaid	Actual	Actual	Closing Costs \$ _____
Lender Inspection Fee	150	0	150	0	0	Prepays \$ _____
Lender Required Tax Reserve	3-4 Mo. of Ann. Taxes	3-4 Mo. of Ann. Taxes	3-4 Mo. of Ann. Taxes	0	0	Loan Amount \$ _____
Lender Messenger Fee	50	*	50	0	0	Earnest Money \$ _____
Messenger Fee	*25	0	*25	*25	*15	Credits \$ _____
Mobile Home Processing Fee	75	0	75	75	75	Estimated Total _____
MTP w/Simultaneous Issue of OTP	100	100	100	0	0	Summary
MTP Endorsements	125-150+5% Basic Prem.	125-150+5% Basic Prem.	125-150+5% Basic Prem.	0	0	Principal & Interest \$ _____
OTP Survey Amendments	5% of Owners Title Policy	5% of Owners Title Policy	5% of Owners Title Policy	5% of Owners Title Policy	5% of Owners Title Policy	Taxes \$ _____
Origination Fee	1%	1%	1%	0	0	Hazard Ins. \$ _____
Processing Fee	400	0	400	0	0	Flood Ins. \$ _____
Recording Fee	120-150	120-150	120-150	120	40	PMI \$ _____
State of Texas Guaranty Fee	2	2	2	0	0	Estimated Total _____
Survey	450	450	450	0	Per Contract	
Tax Proration	Closing Date - End of Year	Closing Date - End of Year	Closing Date - End of Year	Closing Date - End of Year	Closing Date - End of Year	
Tax Service Fee	95	0	0	0	0	
Termite Inspection Fee	90	0	90	Per Contract	Per Contract	
Underwriting Fee	250	0	250	0	0	
VA Funding Fee	0	Actual	0	0	0	
Wire Funding Fee	125	0	125	0	0	

# Sellers Estimated Charges



	Conventional	VA	FHA	Assumption	Cash	
Administrative Fee	0	600	0	0	0	Payoff
Attorney's Fee	100	275	100	100	100	Principal \$ _____
Attorney's Fee (Release)	75	75	75	0	75	Interest \$ _____
Commission	Per Listing Agrmt.	Per Listing Agrmt.	Per Listing Agrmt.	Per Listing Agrmt.	Per Listing Agrmt.	Escrow Shortage \$ _____
Discount Points	Negotiable	Negotiable	Negotiable	0	0	Penalty \$ _____
Escrow Fee	250	500	250	250	175	Late Fees \$ _____
Flood Certificate	0	30	0	0	0	Release Fee \$ _____
Homeowners Warranty Fees	450	450	450	450	450	Estimated Charges _____
Homeowners Assoc. Fees	250	250	250	250	250	Summary
Lender Inspection Fee	0	100	0	0	0	Sale Price \$ _____
Lender Messenger Fee	0	50	0	0	0	Payoff \$ _____
Messenger Fee	*25	*25	*25	*25	*15	Closing Costs \$ _____
Mobile Home Processing Fee	75	150	75	75	75	Approximate Total Due Seller _____
Owners Title Policy (OTP)	Promulgated by the Texas Department of Insurance					
Payoff	Principal + Interest from 1st Thru Close Date			0	Principal + Interest	
Processing Fee	0	400	0	0	0	
Recording Fee	40-60	40-60	40-60	40-60	40-60	
State of Texas Guaranty Fee	2	2	2	2	2	
Tax Certificate	45	45	45	45	45	
Tax Proration	January 1st thru Close	January 1st thru Close	January 1st thru Close	January 1st thru Close	January 1st thru Close	
Tax Service Fee	0	95	95	0	0	
Termite Inspection Fee	0	90	0	0	0	
Underwriting Fee	0	250	0	0	0	
Wire Funding Fee	0	125	0	0	0	

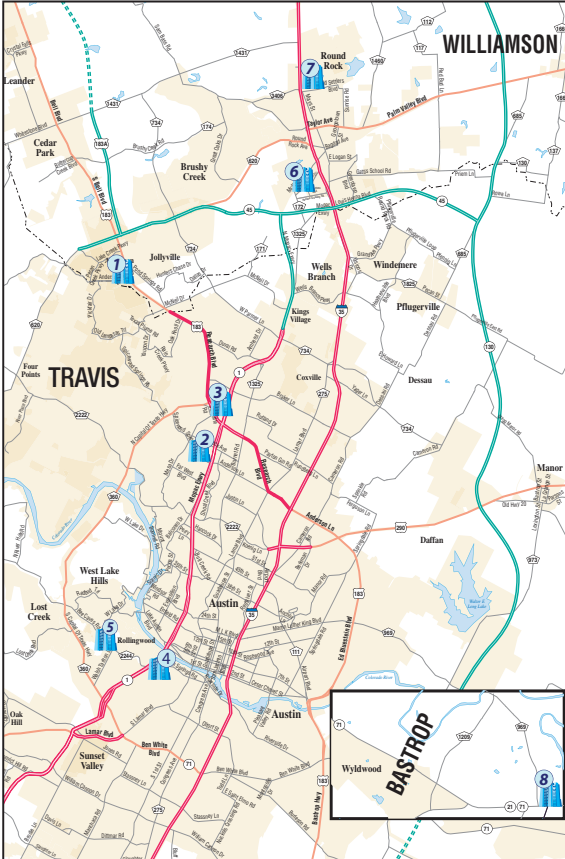
\*A veteran may not pay attorney fees and messenger fees if he or she is paying a 1% origination fee.

\* Amount based on actual charges.

These are estimates and subject to change. Please contact the lender for actual charges.



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3708 Spicewood Springs Rd., Ste. 100  
Austin, Tx 78759/512.346.4020
- 3. North MoPac**  
9600 N. MoPac Expwy., Ste. 125  
Austin, Tx 78759/512.459.7222
- 4. South MoPac**  
**New Location Coming Soon!**  
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Austin, Tx 78746/512.329.0777
- 5. Westlake**  
3520 Bee Caves Rd., Ste. 250  
Austin, Tx 78746/512.306.0988
- 6. Round Rock**  
810 Hesters Crossing, Ste. 155  
Round Rock, Tx 78681/512.244.2266
- 7. Round Rock**  
101 E. Old Settlers Blvd., Ste. 100  
Round Rock, Tx 78664/512.238.8999
- 8. Alamo Title Bastrop**  
696 Hwy 71 W., Bldg. 2, Ste. B  
Bastrop, Tx 78602/512.303.9633

**New Cedar Park Location  
Coming Soon!**

