

# LET'S FIND A HOUSE!



Important Deadlines and a Checklist of What You Need to Know for a  
Successful Home Purchase

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## STEP 1

# BEFORE YOU START

Before beginning your home search, it's a good idea to start by getting pre-approved with a lender. Developing a good relationship with a trusted REALTOR® and qualified lender early in the home buying process will give you peace of mind, and ultimately will save you time and money.

The loan pre-approval consists of a lender reviewing your income, assets, and credit; that lender discussing with you your loan options and that lender providing you an estimate of the closing costs and monthly payment you might expect. Without knowing the specific property, purchase price, or other specifics, the lender cannot provide an official "Loan Estimate." The early estimates you get should properly have a disclaimer that states "Your actual rate, payment, and costs could be higher. Get an official Loan Estimate before choosing a loan." The point is that different lenders and different loans have different terms and different fees so shop around!

Today's new financial regulatory climate sets high standards for Lender transparency to protect the Homebuyer. This makes it easier than ever for a home buyer to be prepared and informed about what they can afford—and what they are actually paying. There is no requirement for a home buyer to provide any documentation to a lender to get a loan quote; however, giving prospective lenders the most complete and accurate view of your finances can help them help you find the best loan option available to you. This is especially important if you are self-employed or commissioned, a first time buyer, have credit blemishes, or are trying to figure out from where the money for down payment or closing will come.

### THERE ARE A FEW THINGS YOU CAN EXPECT WHEN APPLYING FOR A LOAN.

Lender will ask questions and gather information from you, including—

You must fill out a loan application which requires: Government ID, Social Security Card, legal name(s), most recent W-2, copy of tax returns, statements for any assets like checking accounts, IRAs or retirement accounts, and any debts you have. Here is a checklist of what to expect:

1. REVIEW YOUR CREDIT REPORT  
(get one for free at [www.AnnualCreditReport.com](http://www.AnnualCreditReport.com))
2. PROOF OF INCOME—Gather your last two years of tax returns, W2s, pay stubs, and your year-to-date profit and loss statement if self-employed (this will be needed for anyone applying for the mortgage).
3. CASH READY—The lender will want to see 1 or 2 months (depending on the loan program) of bank statements, all numbered pages for any money used for down payment, closing costs or post-closing reserves (if required).
4. GIFT MONEY—If the down payment and closing money are or will be a gift, ask the lender the best way to document.
5. PAST REFERENCES—Some loans require verification of rent history. If you are paying the owner (as opposed to a management company) you may need to provide 12 months cancelled rent checks.
6. IDENTIFICATION—Lender will verify your identity for eligibility for a loan (if you are not a US citizen—driver's license, passport, work visa, green card).
7. FIXED OR OTHER INCOME—Provide proof of other income from all forms including Social Security, child support, or government assistance.
8. FINANCIAL ASSETS—Provide proof of account balances for IRAs and retirement accounts.
9. STOCK MARKET FUNDS—Disclose money held in the stock market.
10. DIVORCE/CHILD SUPPORT  
DOCUMENTATION—If you are divorced, pay, or receive spousal support or child support that will be used for qualifying, the lender will need to see di-

orce decree, property settlement, and/or support agreements.

#### 11. DISCLOSE BANKRUPTCY OR

**FORECLOSURE**—Be ready to disclose past financial issues like bankruptcy. Provide a written explanation of what happened and what steps were taken to correct the situation. Additional paperwork may be required

#### 12. KEEP YOUR CREDIT SCORE—keep these in mind:

- DO NOT apply for new credit
- DO NOT take on new debts or make large purchases on credit
- DO NOT cancel any current credit accounts
- DO NOT ask a creditor to lower your limit

Remember, if you apply for a mortgage loan with an excellent credit score and the score goes down during the mortgage process, you may no longer qualify for the loan.

When you're all done and the pre-approval is successful,

your lender will give you both a pre-approval letter that can be used to strengthen your bargaining power as a home buyer and a closing cost and payment estimate.

A little practical advice: you may qualify for more loan and home that you are comfortable with. Find a price and payment that is comfortable for your budget. As a general guide once you get an estimate, every 10,000 up or down in sales price will change your monthly mortgage by roughly \$60.

We recommend the Lenders at First Heritage Mortgage! This trusted Correspondent Lender has worked with Samson Properties on a daily basis for years and will take care of you. They provide great service, competitive rates and market insight.

*Correspondent lenders have their own mortgage underwriting staff and fund the loans with their own money. (This is in contrast to a mortgage broker, who doesn't do any underwriting, loan approval or funding in-house which adds extra hoops to go through.)*

Before we get started looking for your home, we are required by law to make disclosures about who we represent

## STEP 2

# SIGN BUYER AGENCY AGREEMENT

and how we work. This is done and acknowledged by us signing a *Buyer Agency Agreement*. The *Buyer Agency Agreement* details what you can expect from your representative. With *Buyer Agency*, your agent has fiduciary responsibility to the buyer...not to the seller. Their job is to help you through the process, receive professional advice, and protect YOUR interests.

Without a *Buyer Agency Agreement* with a REALTOR® you have no commitment from a trained professional to help you through the process and look after your legal and personal interests. The agent effectively represents the seller.

## WHERE DO YOU WANT TO LIVE?

Once your loan pre-approval is received, and you know what

you can afford, we can go to work and set up a home search for you. Depending on your location, and price range preference, we can set it up with cities, zip codes, neighborhoods, or school districts and the types of homes and characteristics that are important to you.

We can set an automatic email feed, updating you every time a new home comes on the market or a price drops fitting your criteria. You will be able to search for properties in your own MLS portal. Working with us, you also get access to "Coming Soon" properties before they hit the market.

## HOME SEARCH

## STEP 3

When you find a home you really like, let us know and we will set up a tour. If you have identified several good choices, it's more efficient to bundle them together—typically not more than 7 in one day. We are looking for houses that fit your requirements and the one home that feels like it's "the one!"

When we make an offer, it's important to understand what is going on currently in the market and to consider these points:

- Are there any other offers?
- How long has it been on the market?
- What have the recent comparable homes sold for in the neighborhood?
- What contingencies do we want to include (we will go into more detail about those later)?
- Are you going to ask for closing cost Assistance from the seller?

When you are ready to make an offer on a home, we will work with you to put together the offer that helps you buy the house for the very best possible price.

The two things that we need to send in with the offer: earnest money deposit and the *Loan Pre-approval Letter*. Once the seller and the Buyer agree to all of the terms and conditions, the offer turns into a *Ratified Contract*.

We give this ratified contract to our Lender and this starts the mortgage process. Let's understand components of the ratifi-

cation contract process:

### EARNEST MONEY DEPOSIT

Earnest money shows your seller your contract offer is serious and made in good faith. The deposit is used as collateral to secure your Ratified Contract with the Seller in case you default on the contract. The standard amount for the Metropolitan (VA, MD, DC) area is 1-3% of the sales price. We are required to collect and deposit the money in an escrow account—either within 5 days of a *Ratified Contract* or within the timeframe agreed to in the contract.

This money will apply towards your down payment or closing costs when the settlement is completed or consummated. Please note: make sure your money is in your bank account so the escrow check doesn't bounce for insufficient funds.

### CLOSING COSTS (CONSUMMATION)

Closing costs on the purchase of your home will be roughly 2.5% to 3% of the sales price. You will have an appraisal fee of about \$450, check with your lender about the origination fee, as well as for recording taxes for your mortgage and deed at the county and state level and settlement company fees.

You have the option to buy owner's title insurance to protect your interest in the property from unanticipated problems.





Over 95% of our clients purchase it and we strongly recommend it. It's a one-time fee that protects your title interest in the property forever. Your lender will also require you purchase title insurance to cover their investment in your property. The Survey typically costs between \$350 and \$450 unless you are buying something with a much larger lot and we recommend this as well.

Home owner's hazard insurance is another closing cost. This insurance helps replace or repair your home in the event of fire, vandalism and other damages. Most companies have you pay the 1st year up front at closing. Home owner's hazard insurance typically runs between \$400 and \$1,500 depending on your house size and the level of insurance taken out on it.

The last major closing cost fee is the money that goes into your escrow account. The lender sets up an escrow account as a forced savings account. They collect approximately 3 months of taxes and insurance to establish the account. When you pay your monthly mortgage, they collect 1/12th of the home owner's hazard insurance for the year and 1/12th of the real estate tax bill for the year. When the real estate tax bill comes every 6 months, the Lender pays it from your escrow account. When the home owners hazard Insurance bill comes once a year, the Lender also pays it from your escrow account.

At closing, the lender typically collects enough money so that they have a 2 or 3-month head start on the escrow account. As a result, you always have enough money in the account to make your payments. When you sell the house or pay off the mortgage some day, you will get the balance left in your escrow account returned to you. All states taxes are different. Ask about how your specific taxes will be treated.

## NEGOTIATING FOR CLOSING COSTS

When deciding if you want to ask the Seller to pay for your closing costs, consider you are essentially just financing the closing costs. If the Seller would accept an offer of \$500,000 with \$10,000 paid towards your closing costs, then they might accept an offer for \$490,000 with \$0 paid towards closing. Getting your closing costs paid helps you if you are tight on

funds and want to keep extra money as a safety net—preparing for the new mortgage or you want to use the money for upgrades and repairs to the house.

Would you rather pay \$50 more a month in mortgage payment and keep your \$10,000 in your pocket? If you have the money and don't want to borrow more, then don't ask for Closing cost assistance.

Another thing to consider: if you are competing for a home in a multiple bid situation it can be damaging to ask for closing costs for several reasons:

1. The seller may prefer to not pay for closing costs.
2. The house would have to appraise at a higher amount for your loan to go through. For example: \$500,000 instead of just \$490,000 with no closing costs paid out.
3. Your offer may not be as strong as the other bidders.

We always have to consider what is happening in the market when we make an offer. The level of inventory available for buyers to chose from will impact how "strong" we might need to make an offer and what contingencies we might be able to get in the contract.



## STEP 4

# RATIFY A CONTRACT

### CONGRATULATIONS! WE NOW HAVE A RATIFIED CONTRACT.

This means you and the Seller have agreed to all terms in writing by signing the contract. Now we can proceed towards closing, which is called “consummation.”

- First, the lender and title company/settlement office will need a copy of the contract. Your REALTOR® will help you get the documents where they need to go. The Lender will want all your personal documentation to process the official *Loan Estimate*. The *Loan Estimate*, by the new CFPB rules, will contain all the loan charges the lender is aware of. Any and all changes to the buyer’s closing costs needs to be communicated ASAP. “Time is of the essence.”
- 3-days prior to closing (either hand delivered in person or actual date of receipt through email), the *Closing Disclosure* must be finalized and presented to the buyer. The *Closing Disclosure* is the final terms the lender is agreeing to give you in writing and this document will be signed at settlement.

### WHAT HAPPENS NEXT?

Ideally, within the first couple of days you will:

- Deposit your Earnest Money Deposit
- Get a copy of the contract to the lender so they can start the formal process of getting you the official *Loan Estimate*—disclosure of charges
- You will start the process of getting Homeowner’s Hazard Insurance

- Start the inspection process, if any

A couple important points to note:

### TITLE

The title has to be free and clear. This includes any judgements, liens or any violations by the state, county or HOA against the property.

If the Title is not good and marketable, and insurable by a licensed title insurance company with no additional risk premium, on the settlement date, buyer may at buyer’s option declare the contract void in writing.

### TIME IS OF THE ESSENCE

(Important for the Buyer)

“Time is of the essence” means that the dates and time frames agreed to by the parties must be met. Failure to meet the stated dates or time frames will result in waiver of contractual rights or will be in default under the terms of the contract.

If this contract is contingent on financing, any delay of the settlement date necessary to comply with the buyer’s lender’s regulatory obligations is not a default by buyer; but, seller may declare the contract void in writing. Nothing prevents the parties from agreeing in writing to mutually extend the settlement date.



In addition, lenders are unable to provide *Loan Estimates* and *Closing Disclosures* directly to REALTORS® without written permission from the buyer. Ideally, anticipate 30–60 days from ratification to closing.

## LOAN ESTIMATE

This form will be provided to consumers within three business days after they submit a loan application. It replaces the early *Truth in Lending* statement and the *Good Faith Estimate*, and provides a summary of the key loan terms and estimated loan and closing costs. Consumers can use this new form to compare the costs and features of different loans.

## CLOSING DISCLOSURE

Consumers will receive this form three business days before closing on a loan. It replaces the final *Truth in Lending* statement and the HUD-1 settlement statement, and provides a detailed accounting of the transaction.

## COLLECTING BUYER INFORMATION

You will receive a secure encrypted email through Qualia, which is Cardinal Title Group's secure communication portal. They will ask for your legal name information, confirm information on the contract, confirm your lender's contact information

and provide you secure wiring instructions. Do NOT ever respond to wiring instructions outside of this portal, even if the email looks like it is legitimately from me. Wire fraud is rampant and bad guys are smart. Everything will go through the secure portal. Cardinal Title Group will then get to work to prepare all the required documentation to transfer the property and secure your interest in the property.

## HOA/CONDO DOCUMENTS (GET OUT OF JAIL FREE CARD)

If the house that you are buying is an HOA or a Condo Association, the seller will provide the documents with all the rules and regulations. This will also show if the house has any current violations. The seller is required to fix all violations before we go to settlement. We will check the documents for violations and then forward them on to you for your review. Please read the sections important to you. The most important part to remember is that once you receive the documents, you have 3 DAYS TO VOID THE DEAL, no questions asked. If we received the documents on a Tuesday, you have until Friday at 9:00 p.m. to void if unhappy. If we VOID THE DEAL after reviewing the HOA documents, you get back your earnest money deposit.

## STEP 5

# HOME INSPECTION

The first thing we schedule after getting a Ratified Contract is a home inspection. We typically have anywhere from 7 to 14 days for our contingency.

We will set the Home Inspection up for you. The Home Inspection will take anywhere from 2 to 4 hours to complete. It will cost anywhere from \$325 to \$600 depending on the size of the home. You pay the inspector directly at the inspection. This is one of the only bills (and radon, lead based paint, etc if you opt to do that) that isn't rolled into the settlement and your closing costs. Any other additional environmental tests are your option and cost and paid outside of estimated costs.

We encourage you to attend the entire inspection. You will learn a lot about your house and the future care of it by com-





ing to the inspection. It's not a bad idea to take pictures or videos as well. If you can't make the whole thing, try to come to the last hour. The inspector will explain how your new house works and will go over the inspection summary. Most inspectors have moved to an electronic report with pictures and links but some inspectors still use a 3 ring binder with information. We will discuss the results before we leave the inspection but the full report itself typically will be ready the next day.

One other thing that buyers love to do during inspections is take any measurements for furniture or replacement of flooring, and decide on paint colors. It could save you another visit to the house later so bring your tape measure.

Once you have the report, you should thoughtfully review, discuss and determine what things you want to ask the seller to fix, if any. The sellers don't have to fix anything, but if you are unhappy with what they are unwilling to fix, then you are allowed to void the contract. Inspection reports are not a time to ask for cosmetic issues. We typically ask for any repairs that are hurting the safety or functionality of the house, such as, electrical, heating and air, plumbing, appliances, roof or exterior issues.

Our response to the sellers—with a copy of the full report and addendum—for request for repairs must be made before the deadline. Once the Sellers have the full report and addendum request, we then have until the end of the Negotiation Period to come to an agreement. The seller may agree to fix items or may to agree to give a credit in-lieu of repairs. The credit can sometimes work better because you can then use that money to hire your own contractors to do the repairs and make sure they are done the way you want.

If the buyer and seller cannot agree during the negotiation period, you have 2 days during the "purchaser election" peri-

od to either void the contract based on our unhappiness with the condition of the house or continue on with the contract and take the property "as is." You DO get your earnest money deposit back if you void the contract.

RADON INSPECTION CONTINGENCY

Radon is a naturally occurring radio-active gas that is inert, odorless and colorless. Outside with air movement, radon disperses quickly. It enters homes through cracks in concrete and other building materials. When in homes, it gets trapped due to limited airflow. Breathing excessive radon levels for prolonged periods of time can increase risk for cancer. If the house has a buried basement, it's a good idea to test for Radon. If no part of the basement is underground you probably don't need to test for Radon. If you choose to order a Radon test, the cost is in the range of \$100–\$200. The Radon test must be conducted by a certified technician and the monitor is placed in the basement to detect for traces of Radon in the air. If the house tests over the EPA recommended remediation level of 4.0 pCi/L, then we will ask the seller to remediate for Radon. If needed, the typical cost for a Radon remediation ventilation system is \$800–\$1000. You will want to make sure the new installed remediation system is working with a radon level retest. The seller can decline installation of the system but the buyer can void the contract and get their earnest money back if they do.

FINANCING CONTINGENCY

The *Financing Contingency* is a clause in a home purchase and sales agreement that your offer is contingent on being able to secure financing for the house. If you get a rejection letter from the financial institution, you can void the deal and get your earnest money deposit back.

After 21 days (or agreed to time frame) the seller can request you to remove the contingency by providing a *Loan Approval*





Most Lenders require the home to be free of wood destroying insects like termites, carpenter ants, wood boring bees, powder post beetles, etc. It's about 50/50 whether the buyer or seller pays for the inspection. If the buyer chooses to pay, we order it and the buyer owns the report and receives it first. If the seller pays, they order it and they own the report. I strongly encourage buyers to pay for the inspection so that we know what we are dealing with and whether there is structural damage. The inspection has to be done within 30 days of closing and costs between \$35-\$55. 80% of them come back clean. However, if they find active insects, the Seller is required to treat before closing. This is non-negotiable and a Lender and contract requirement.

## SURVEY

You will pay for a survey as part of your closing costs. It costs between \$300 and \$400 typically. You are not required to get a survey done. The downside is that if you don't have one done, then your title insurance policy will have an exception on it for the boundaries of the property.

Surveys come in handy if you plan on doing any type of fence, deck or patio work in the future as you will need it for permits and HOA applications. A more expensive Boundary Survey may be required for fencing placement.

## APPRAISAL

The Appraisal Contingency will typically be 21 days from ratification. The lender orders the appraisal through a 3rd party appraiser. Buyer pays for the appraisal typically as part of your

closing costs and more recently, Lenders have started charging the appraisal fee at the time the loan application is taken. We typically get the results around day 10 to 17 after ratification. The appraiser will walk the house, take measurements, a few pictures and note upgrades. They are working to assess the value of the home compared to recent sold homes around the area.

If the appraisal comes in less than the contract price, you have the right to void the deal if the Seller won't come down to the appraised value. The lender will only give a loan based on the appraised value. If the seller does not agree to lower the price to the appraised value and you still want to buy the house, then you would have to come up with the difference in cash. There may be some instances that you are willing to pay more than the appraised value because you really want the house. In many instances, we can get the seller to come down to the appraised value or negotiate a deal in the middle.

Appraisers are looking at the condition, health and safety of the home, as well as, sales within a mile of the home that have closed/sold in the last 90 days. If they don't have enough data, they will go back slightly farther and look at a slightly larger geographical area if need be. Most houses appraise at the sales price exactly because the appraiser has the sales price information when starting the appraisal. If we can't come to terms then you have the option to void the deal and get your escrow deposit back.



## STEP 6

# PREPARING FOR THE SETTLEMENT CLOSING

### HOME OWNER'S INSURANCE

Once we get through inspection and appraisal you will want to secure homeowner's hazard insurance. Many of the questions they will ask you about the property, you will be able to answer directly from your home inspection. If you are unsure of an answer, just ask. We can look up any information they need from you. We will be happy to provide you a recommendation if you don't have a trusted insurance provider already. Most insurance agents will ask you to pay one year up front at closing. If you pay them before closing then make sure you let us know so you don't get double charged on the closing statement.

### UTILITIES

As you prepare for closing remember to switch over the utilities. We will get you the names of the utility companies that service the home. You will want to set up service to start the day of closing. That way you won't have any interruption of service during the transfer of ownership and will be able to move in with the lights, water and heat/AC on in comfort! Don't forget about the internet!

### WALK THROUGH

We will do a final walk-through a day or two before closing: sometimes the morning of closing. It will only take about 30 minutes. We will walk the house and make sure that everything is in the same condition that it was when you decided to buy it, that no damage was done during move out and if there were any repairs to be made, we make sure that all repairs are completed.

At final walk through, the house will be empty, and it should be in "broom swept" condition. All appliances, lighting, fans, curtain rods, blinds typically stay unless otherwise agreed upon. The actual curtains are defined as "window treatments" in the contract. If we checked "yes" in the contract then they must stay. If we checked "no" then the seller can take the curtains with them.

### BEFORE CLOSING (CONSUMMATION)

Taking a few key actions can make your home closing go more smoothly. Here is a checklist to help you prepare in advance:

1. Look for that email from Cardinal Title Group through Qualia. The earlier you give them the information they need, the more time they have to work out any issues that pop up.
2. We need to decide which location we would like to close at and schedule the time. I recommend picking a location near the home or your job. Add that to your calendar along with their address and phone number.



3. Ask what you should expect at the closing? What do I need to bring? How much money do I pay at closing? How do I pay: Should I bring a cashier's check or make a wire transfer? Cardinal Title Group only does wire transfers. We will provide you with the wiring instructions through the secure portal. Do not use any other instructions.
4. Request your closing documents in advance. According to CFPB rules, the Lender must provide them three business days before closing. These are some of the documents you'll see at closing:
  - Closing Disclosure
  - Promissory Note
  - Deed of Trust
  - Deed, document transfers property ownership (purchase only)
  - Right to cancel (refinance only)
5. Set aside time to fully review the documents for errors. Make sure you have a clear understanding of your loan terms. Compare your *Closing Disclosure* to your most recent *Loan Estimate*.
6. Read the rest of your closing documents. Is your personal information (legal name) correct on all documents? What happens if I don't pay my loan? Do the key numbers (loan amount, monthly payment, interest rate) match exactly across all of my documents?
7. Plan to have your closing costs money ready in advance. Plan to wire the funds to Cardinal Title the

day before closing. You may have to make an appointment with your bank to do the actual wire transfer depending on your bank's policies. Take into consideration traffic patterns, holidays and weather related events.

## AT CLOSING (CONSUMMATION)

Congratulations! You're almost done with the home buying and mortgage process, but there is one last step: closing. Closing is one of the most important parts of the process. It's when you legally commit to your mortgage loan and home purchase.

We sometimes don't get your bottom line until 3-days before closing. The best way to get an estimate is to talk to the Lender in the week leading up to closing. They can give the best estimate on what you will need for closing. All funds at closing need to be wired to the title company prior to settlement. If you send a little bit too much, they will either write you a refund check or wire you back the difference. If your check is a little short then you can write a personal check up to \$1000 for the difference.

For closing/settlement you will need to bring your government issued ID (driver's license) and your check book if you have one. You will not be able to get keys to the house until all documents are signed and every penny is accounted for. After closing, the house is yours unless we have a rent back agreement in place where you have agreed to let the seller stay in the home for a defined period of time.

## READING THE CLOSING DISCLOSURE





The *Closing Disclosure* (formally the HUD 1 settlement statement, also referred to as an ALTA settlement statement) provides a detailed accounting of the transaction broken down in credits and debits.

Credits are what is being given to you: tax prorations, hoa prorations, closing cost credits, your loan amount, etc. For example, If the seller owned the house for any days where taxes, HOA or condo fees have not yet been paid for, these amounts will show as a credit for you (a debit for them) so you can pay those future dues.

Debits are what you owe: title insurance fees, escrow account fees, recordation fees, loan origination fees, etc... If the seller has pre-paid taxes or HOA, condo fees, then this proration will show as a debit to you and a credit to them for the time that you will own the house.

## AT CLOSING

### 1. Bring these things or people with you to closing (consummation).

- Know when and where you are closing
- Funds - wired 2 days before settlement
- Driver's License or Govt Issued ID
- Anyone who is signing on loan: Co-Borrower
- Checkbook in case of any last minute funds needed

### 2. Get answers to these questions at your closing.

- How will I pay my property taxes and homeowners insurance? Is it included in monthly payments or do I pay on my own
- Where do I send my monthly payments?
- If I have Homeowners' Association dues, how do I pay?
- Who should I call if I have any questions after Closing?
- If applicable, do you know your mailbox number, garage code, electronic lock code, parking space numbers, trash days?

### 3. Trust your gut. Don't go forward until you feel comfortable and get any questions you have answered.

## AFTER CLOSING (CONSUMMATION)

Now that the paperwork is over, set yourself up for success as a homeowner with these final steps.

### 1. Save your closing packet—You should save the entire set of documents, exactly as you receive it. Copies of all signed documents will be in your Qualia portal so download them to your computer. You will receive your Owner's Title Policy and copy of your deed approximately 4-6 weeks after settlement. Save it forever—it's a lifetime policy! You should save:

- *Closing Disclosure*
- *Promissory Note*
- *Mortgage/Security Instrument/Deed of Trust*
- Deed, document that transfers property ownership (purchase only)

### 2. Change your address.

- Bank accounts, investment accounts, and credit card companies
- Department of Motor Vehicles and car insurance
- Mortgage/Security Instrument/Deed of Trust
- Cell phone company, health/life insurance, and other bills
- U.S. Postal Service

### 3. Set up auto-payments through your bank or through the servicer so you are not late on your mortgage payment or HOA dues.

### 4. Revise your budget and plan for future expenses.

- Include Homeowners' Association (HOA) fees, and if you don't have an escrow account, property taxes and homeowner's hazard insurance.
- Settle into your new budget for a few months before making major unplanned or non-essential home repairs or renovations.



- Set aside money each month in an emergency fund to cover essential repairs or loss of income.
4. **Review your homeowner's hazard insurance every year**—Contact your insurance company with questions or changes.
- Does it cover floods? Earthquakes? Other disasters?
  - Could you get a discount for having smoke alarms or if you get your car insurance with the same company?
  - Could you save money by increasing your deductible?
  - Large jumps in the value of your home could mean you are under insured
5. **Pay attention to the following:**
- Changes in your monthly payment. Even if you have a fixed rate loan, your total monthly payment can change if your taxes, mortgage insurance or homeowner's insurance go up or down.
  - Servicing changes. Many loans get sold or transferred at some point during the time you have the loan. The "servicer" is where you send your mortgage payments. When the loan is sold, your "servicer" changes as does where and to whom you send your payments. You will receive a letter (or email) from both your current and new servicers when this happens. They will both instruct you on where to send payments and give you your new account number. Your loan terms will remain the same as what you agreed to at closing. If you receive a notice and question it, contact your current servicer for confirmation.
6. **Watch out—Marketers often target new homeowners.** Give yourself a chance to adjust to your new budget before applying for new credit or making large purchases.
- Offers for new credit cards or home equity lines of credit. If you want to opt-out of the offers, you can do so online or by calling 888-567-8688.
  - Offers from home improvement contractors. Not only should you wait before making major investments, but scams are common. Research a Contractor's reputation and always get three quotes before choosing a contractor.
  - Offers for "mortgage protection (life) insurance," often sent in official-looking envelopes. Most home-owners are better off with standard life insurance, which is more flexible and usually cheaper.
  - Bi-weekly payment plans offered for a fee. A bi-weekly payment plan can be smart for people who get paid bi-weekly—you'll pay off your loan quicker and save money—but you don't have to pay for this service. You can often set it up yourself.
  - Refinance offers that don't save you money. Don't refinance too often, or fees can really add up. When considering a refinance, make sure you're saving money with a lower interest rate.
7. **Act fast to avoid foreclosure if you are struggling to make your payments.** If you are struggling to make your payments, talk to your mortgage servicer and call a housing counselor. Your mortgage servicer is required to explain what options are available to avoid foreclosure. HUD-approved counselors are trained professionals who will help you at little or no charge to you.

## Closing Disclosure

This form is a statement of final loan terms and closing costs. Compare this document with your Loan Estimate.

Closing Information		Transaction Information		Loan Information	
Date Issued	4/15/2013	Borrower	Michael Jones and Mary Stone	Loan Term	30 years
Closing Date	4/15/2013		123 Anywhere Street	Purpose	Purchase
Disbursement Date	4/15/2013	Seller	Anytown, ST 12345	Product	Fixed Rate
Settlement Agent	Epsilon Title Co.		Steve Cole and Amy Doe	Loan Type	<input checked="" type="checkbox"/> Conventional <input type="checkbox"/> FHA
File #	12-3456		321 Somewhere Drive	<input type="checkbox"/> VA <input type="checkbox"/>	
Property	456 Somewhere Ave	Lender	Anytown, ST 12345	Loan ID #	123456789
	Anytown, ST 12345		Ficus Bank	MIC #	000654321
Sale Price	\$180,000				

Loan Terms		Can this amount increase after closing?	
Loan Amount	\$162,000	NO	
Interest Rate	3.875%	NO	
Monthly Principal & Interest	\$761.78	NO	
See Projected Payments below for your Estimated Total Monthly Payment			
Prepayment Penalty		YES	As high as \$3,240 if you pay off the loan during the first 2 years
Balloon Payment		NO	

Projected Payments			
Payment Calculation	Years 1-7	Years 8-30	
Principal & Interest	\$761.78	\$761.78	
Mortgage Insurance	+ 82.35	+ —	
Estimated Escrow <small>Amount can increase over time</small>	+ 206.13	+ 206.13	
Estimated Total Monthly Payment	\$1,050.26	\$967.91	

Estimated Taxes, Insurance & Assessments		This estimate includes		In escrow?	
Amount can increase over time See page 4 for details	\$356.13 a month	<input checked="" type="checkbox"/> Property Taxes	YES	<input checked="" type="checkbox"/> Homeowner's Insurance	YES
		<input checked="" type="checkbox"/> Other Homeowner's Association Dues	NO		NO
See Escrow Account on page 4 for details. You must pay for other property costs separately.					

Costs at Closing			
Closing Costs	\$9,712.10	Includes \$4,694.05 in Loan Costs + \$5,018.05 in Other Costs - \$0 in Lender Credits. See page 2 for details.	
Cash to Close	\$14,147.26	Includes Closing Costs. See Calculating Cash to Close on page 3 for details.	

CLOSING DISCLOSURE

PAGE 1 OF 5 - LOAN # 123456789

## ON PAGE 1 OF 5

### Loan terms

Review your monthly payment.  
Part of it goes to repay what you borrowed (and may build equity in your new home), and part of it goes to pay interest (which doesn't build equity). Equity is the current market value of your home minus the amount you still owe on your mortgage.

### Costs at Closing

Be prepared to bring the full "Cash to Close" amount with you to your closing. This amount includes your down payment and closing costs. The closing costs are itemized on the following pages.

## ON PAGE 2 OF 5

### Total Loan Costs

Origination charges are fees your lender charges to make your loan. Some closing costs are fees paid to the providers selected by your lender. Some are fees you pay to providers you chose on your own.

### Prepays

Homeowner's insurance is often paid in advance for the first full year. Also, some taxes and other fees need to be paid in advance.

### Escrow

An escrow or impound account is a special account where monthly insurance and tax payments are held until they are paid out each year. You get a statement showing how much money your lender or mortgage servicer plans to require for your escrow or impound account.

You also get an annual analysis showing what happened to the money in your account. Your lender must follow federal rules to make sure they do not end up with a large surplus or shortage in your escrow or impound account.

## Closing Cost Details

Loan Costs		Borrower-Paid		Seller-Paid		Paid by Others	
		At Closing	Before Closing	At Closing	Before Closing		
<b>A. Origination Charges</b>		<b>\$1,402.00</b>					
(1) 0.25 % of Loan Amount (Points)		\$405.00					
(2) Application Fee		\$300.00					
(3) Underwriting Fee		\$1,097.00					
(4)							
(5)							
(6)							
(7)							
(8)							
<b>B. Services Borrower Did Not Shop For</b>		<b>\$236.55</b>					
(1) Appraisal Fee	to John Smith Appraisers Inc.		\$29.00				\$405.00
(2) Credit Report Fee	to Information Inc.						
(3) Flood Determination Fee	to Info Co.	\$20.00					
(4) Flood Monitoring Fee	to Info Co.	\$31.75					
(5) Tax Monitoring Fee	to Info Co.	\$75.00					
(6) Tax Status Research Fee	to Info Co.	\$80.00					
(7)							
(8)							
(9)							
(10)							
<b>C. Services Borrower Did Shop For</b>		<b>\$2,655.50</b>					
(1) Pest Inspection Fee	to Pests Co.	\$120.50					
(2) Survey Fee	to Surveys Co.	\$85.00					
(3) Title - Insurance (Borrower)	to Epsilon Title Co.	\$650.00					
(4) Title - Lender's Title Insurance	to Epsilon Title Co.	\$500.00					
(5) Title - Settlement Agent Fee	to Epsilon Title Co.	\$500.00					
(6) Title - Title Search	to Epsilon Title Co.	\$800.00					
(7)							
(8)							
<b>D. TOTAL LOAN COSTS (Borrower-Paid)</b>		<b>\$4,694.05</b>					
Loan Costs Subtotal (A + B + C)		\$4,694.05	\$29.00				
<b>Other Costs</b>		<b>\$85.00</b>					
<b>E. Taxes and Other Government Fees</b>		<b>\$85.00</b>					
(1) Recording Fees	Deed: \$40.00 Mortgage: \$45.00	\$85.00					
(2) Transfer Tax	to Any State			\$85.00			
<b>F. Prepaids</b>		<b>\$2,120.80</b>					
(1) Homeowner's Insurance Premium (12 mos.)	to Insurance Co.	\$1,200.00					
(2) Mortgage Insurance Premium (1 mo.)		\$20.00					
(3) Prepaid Interest (\$17.44 per day from 4/15/13 to 5/1/13)		\$229.04					
(4) Property Taxes (1.6 mo) to Any County USA		\$691.80					
(5)							
<b>G. Initial Escrow Payment at Closing</b>		<b>\$412.25</b>					
(1) Homeowner's Insurance \$100.00 per month for 2 mos.		\$200.00					
(2) Mortgage Insurance per month for 2 mos.		\$40.00					
(3) Property Taxes \$105.80 per month for 2 mos.		\$211.60					
(4)							
(5)							
(6)							
(7)							
(8) Aggregate Adjustment		- 9.35					
<b>H. Other</b>		<b>\$2,400.00</b>					
(1) HOA Capital Contribution	to HOA Acme Inc.	\$500.00					
(2) HOA Processing Fee	to HOA Acme Inc.	\$150.00					
(3) Home Inspection Fee	to Engineers Inc.	\$750.00				\$750.00	
(4) Home Warranty Fee	to XYZ Warranty Inc.			\$450.00			
(5) Real Estate Commission	to Alpha Real Estate Broker			\$5,700.00			
(6) Real Estate Commission	to Omega Real Estate Broker			\$5,700.00			
(7) Title - Owner's Title Insurance (optional)	to Epsilon Title Co.	\$1,000.00					
(8)							
<b>I. TOTAL OTHER COSTS (Borrower-Paid)</b>		<b>\$5,018.05</b>					
Other Costs Subtotal (E + F + G + H)		\$5,018.05					
<b>J. TOTAL CLOSING COSTS (Borrower-Paid)</b>		<b>\$9,712.10</b>					
Closing Costs Subtotal (D + I)		\$9,682.35	\$29.00	\$12,800.00	\$750.00	\$405.00	
Lender Credits							

CLOSING DISCLOSURE

PAGE 2 OF 5 - LOAN # 123456789

Details of your closing costs appear on page 2 of the Closing Disclosure.

### Calculating Cash to Close

Use this table to see what has changed from your Loan Estimate.			
	Loan Estimate	Final	Did this change?
Total Closing Costs (I)	\$8,654.00	\$9,712.10	YES - See Total Loan Costs (D) and Total Other Costs (J)
Closing Costs Paid Before Closing	\$0	-\$29.80	YES - You paid these Closing Costs before closing
Closing Costs Financed (Paid from your Loan Amount)	\$0	\$0	NO
Down Payment/Funds from Borrower	\$18,000.00	\$18,000.00	NO
Deposit	-\$10,000.00	-\$10,000.00	NO
Funds for Borrower	\$0	\$0	NO
Seller Credits	\$0	-\$2,000.00	YES - See Seller Credits in Section L
Adjustments and Other Credits	\$0	-\$1,035.94	YES - See details in Sections K and L
Cash to Close	\$16,054.00	\$14,147.26	

### Summaries of Transactions

Use this table to see a summary of your transaction.

BORROWER'S TRANSACTION		SELLER'S TRANSACTION	
<b>K. Due from Borrower at Closing</b>		<b>M. Due to Seller at Closing</b>	
\$189,762.30		\$189,480.00	
01 Sale Price of Property	\$180,000.00	01 Sale Price of Property	\$180,000.00
02 Sale Price of Any Personal Property Included in Sale		02 Sale Price of Any Personal Property Included in Sale	
03 Closing Costs Paid at Closing (J)	\$9,662.30	03	
04		04	
05		05	
06		06	
07		07	
08		08	
<b>Adjustments</b>		<b>Adjustments for Items Paid by Seller in Advance</b>	
09 City/Town Taxes to		09 City/Town Taxes to	
10 County Taxes to		10 County Taxes to	
11 Assessments to		11 Assessments to	
12 HOA Dues 4/15/13 to 4/30/13	\$80.00	12 HOA Dues 4/15/13 to 4/30/13	\$80.00
13		13	
14		14	
15		15	
16		16	
<b>L. Paid Already by or on Behalf of Borrower at Closing</b>		<b>N. Due from Seller at Closing</b>	
\$175,615.94		\$175,665.04	
01 Deposit	\$10,000.00	01 Excess Deposit	
02 Loan Amount	\$162,000.00	02 Closing Costs Paid at Closing (J)	\$12,800.00
03 Existing Loan(s) Assumed or Taken Subject to		03 Existing Loan(s) Assumed or Taken Subject to	
04		04 Payoff of First Mortgage Loan	\$100,000.00
05 Seller Credit	\$2,000.00	05 Payoff of Second Mortgage Loan	

### Additional Information About This Loan

#### Loan Disclosures

##### Assumption

- If you sell or transfer this property to another person, your lender
- ☐ will allow, under certain conditions, this person to assume this loan on the original terms.
  - ☐ will not allow assumption of this loan on the original terms.

##### Demand Feature

- Your loan
- ☐ has a demand feature, which permits your lender to require early repayment of the loan. You should review your note for details.
  - ☒ does not have a demand feature.

##### Late Payment

If your payment is more than 15 days late, your lender will charge a late fee of 5% of the monthly principal and interest payment.

##### Negative Amortization (Increase in Loan Amount)

- Under your loan terms, you
- ☐ are scheduled to make monthly payments that do not pay all of the interest due that month. As a result, your loan amount will increase (negatively amortize), and your loan amount will likely become larger than your original loan amount. Increases in your loan amount lower the equity you have in this property.
  - ☐ may have monthly payments that do not pay all of the interest due that month. If you do, your loan amount will increase (negatively amortize), and, as a result, your loan amount may become larger than your original loan amount. Increases in your loan amount lower the equity you have in this property.
  - ☒ do not have a negative amortization feature.

##### Partial Payments

- Your lender
- ☐ may accept payments that are less than the full amount due (partial payments) and apply them to your loan.
  - ☐ may hold them in a separate account until you pay the rest of the payment, and then apply the full payment to your loan.
  - ☐ does not accept any partial payments.
- If this loan is sold, your new lender may have a different policy.

##### Security Interest

You are granting a security interest in 436 Somewhere Ave., Anytown, ST 12345

You may lose this property if you do not make your payments or satisfy other obligations for this loan.

#### Escrow Account

##### For new, your loan

- ☒ I will have an escrow account (also called an "impound" or "trust" account) to pay the property costs listed below. Without an escrow account, you would pay them directly, possibly in one or two large payments a year. Your lender may be liable for penalties and interest for failing to make a payment.

Escrow		Escrow	
Estimated Property Costs over Year 1	\$2,473.56	Estimated total amount over year 1 for your escrowed property costs: Borrower's Insurance Property Taxes	
Non-Escrowed Property Costs over Year 1	\$1,800.00	Estimated total amount over year 1 for your non-escrowed property costs: Association's Association Dues	
Initial Escrow Payment	\$412.25	You may have other property costs. A cushion for the escrow account you pay at closing. See Section G on page 2.	
Monthly Escrow Payment	\$266.15	The amount included in your total monthly payment.	

- ☐ I will not have an escrow account because ☐ you declined it ☐ your lender does not offer one. You must directly pay your property costs, such as taxes and homeowner's insurance. Contact your lender to ask if your loan can have an escrow account.

##### No Escrow

Estimated Property Costs over Year 1	Estimated total amount over year 1. You must pay these costs directly, possibly in one or two large payments a year.
Escrow Waiver Fee	

##### In the future,

Your property cost may change but if you do, you will pay your property costs directly.

#### Loan Calculations

<b>Total of Payments.</b> Total you will have paid after you make all payments of principal, interest, mortgage insurance, and loan costs, as scheduled.		\$285,803.36
<b>Finance Charge.</b> The dollar amount the loan will cost you.		\$118,830.27
<b>Amount Financed.</b> The loan amount available after paying your upfront finance charge.		\$162,000.00
<b>Annual Percentage Rate (APR).</b> Your costs over the loan term expressed as a rate. This is not your interest rate.		4.174%
<b>Total Interest Percentage (TIP).</b> The total amount of interest that you will pay over the loan term as a percentage of your loan amount.		69.46%

**Questions?** If you have questions about the loan terms or costs on this form, use the contact information below. To get more information or make a complaint, contact the Consumer Financial Protection Bureau at [www.consumerfinance.gov/mortgage-closing](http://www.consumerfinance.gov/mortgage-closing)

#### Contact Information

Lender		Mortgage Broker		Real Estate Broker (B)	Real Estate Broker (S)	Settlement Agent
Name	Ficus Bank	Omega Real Estate Broker Inc.		Alpha Real Estate Broker Co.		Epsilon Title Co.
Address	4321 Random Blvd. Somewhere, ST 12340	789 Local Lane Somewhere, ST 12345		987 Suburb Ct. Somewhere, ST 12340		123 Commerce Pl. Somewhere, ST 12344
NMLS ID						
ST License ID						
Contact	Joe Smith	Samuel Green		Joseph Cain		Sarah Arnold
Contact NMLS ID	12345					
Contact ST License ID						
Email	joesmith@ficusbank.com	sam@omgare.biz		joe@alphare.biz		sarah@epsilontitle.com
Phone	123-456-7890	123-555-1717		321-555-7171		987-555-4321

#### Confirm Receipt

By signing, you are only confirming that you have received this form. You do not have to accept this loan because you have signed or received this form.

Applicant Signature \_\_\_\_\_ Date \_\_\_\_\_ Co-Applicant Signature \_\_\_\_\_ Date \_\_\_\_\_  
CLOSING DISCLOSURE PAGE 5 OF 5 - LOAN ID # 123456789

Loan calculations, disclosures, and contact information for your files are on page 5 of the Closing Disclosure.

### ON PAGE 3 OF 5

#### Calculating Cash to Close

Closing costs are only a part of the total cash you need to bring to closing.

#### Summaries of Transactions

The section at the bottom of the page sums up how the money flows among you, the lender, and the seller.

### ON PAGE 4 OF 5

#### Loan Disclosures

Page 4 breaks down what is and is not included in your escrow or impound account. Make sure you understand what is paid from your escrow account and what you are responsible for paying yourself.

### ON PAGE 5 OF 5

#### Finance Charge

In addition to paying back the amount you are borrowing, you pay a lot of interest over the life of the loan. This is why it is worthwhile to shop carefully for the best loan for your situation.

#### Annual Percentage Rate (APR)

Your APR is your total cost of credit stated as a rate. Your APR is generally higher than your interest rate, because the APR takes into consideration all the costs of your loan, over the full term of the loan.

If anything on the Closing Disclosure is not clear to you, ask your lender or settlement agent, "What does this mean?"



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Cardinal Title Group utilizes Qualia, a best in class encrypted system for processing your transaction. This means your information is secure and you can safely communicate with your dedicated processor about the status of your transaction with ease. If you have questions about how our professional and dedicated team can serve your settlement needs, you can contact our Director of Operations, Reid Hubbard. We look forward to working with you to exceed your expectations during the settle-

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