

Buyers Resource Guide

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Buyers Resource Guide

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Tips to Buyers

- Write down on paper all the things that you would love to have in a home.
- As you think about your housing needs it is important to think about how long you will live in your home. Factor in both your current housing needs and what you may anticipate needing a few years from now.
- Do not fall for the furnishings and decor while touring a home. Do not be captivated by the surroundings instead of the home itself. Rooms can look completely different with your possessions in place.
- Likewise, do not dismiss a poorly decorated home. A few changes to wall treatments and furniture bring light to an interior that isn't well lit.
- Beware of small closets. People tend to underestimate the amount of space needed for their belongings. Likewise, split-level homes or houses built on a slab with no basement are often short on storage space.
- Make sure to check the structure and systems. Most buyers can spot the more obvious trouble signs early and most agents and attorneys recommend a professional inspection before you complete the sale.
- Tour the attic and basement. Look for any cracks in the foundation or loose bricks around the perimeter.
- Ask when the last time the roof was replaced and if there were any leaks.
- Keep in mind that no home is in perfect shape. It is reasonable to expect a few minor problems. Be sure to take a careful look at the home to avoid disputes and disappointment after you have everything finalized.
- Attending an open house is fun and it is a great way to see many properties in a few weeks.
- The sellers agents usually conduct open houses. Keep in mind that some properties are shown by appointment only.
- Only look for houses within your price range. Buyers sometimes get caught up in the excitement of looking for the right home. Be wary of burnout. Looking for homes out of your price range, even one step above, can make the home you eventually select seem somewhat shabby.
- Consider getting pre-approved for a mortgage before you go looking. This way you know the potential of your buying power.
- Attend open houses during the hours specified. Agents and homeowners do not appreciate stragglers and early birds.
- Do not be offended if you are asked to register or show some identification. Agents who conduct open houses alone are sometimes targets of crimes.
- Get a copy of the listing if you are considering the home. Homes sometimes become a blur when you visit one after another. A recap of the specifics, with a photo, will help you remember the best ones. Sometimes taking notes can also help you remember.
- Do not bring a crowd. You are looking for a home, not finding a cheap way to entertain the family on a Sunday afternoon. Leave the kids and pets at home.

A few things to think about:

- The type of home you want
- Balancing your wish list
- Amount of space your home has
- Location
- Landscape
- Layout
- Community features
- Appliances and features
- Maintenance of the home
- Remodeling costs, if any
- Taxes
- Quality and charm

What is an Escrow?

Escrow is the depositing of funds and documents by the parties with an impartial third party for delivery upon completion of the terms of the escrow instructions.

The escrow holder impartially carries out the written instructions given by the principals (seller, buyer, lender) per the Purchase & Sale Agreement and Addendums. This includes receiving funds and documents necessary to comply with those instructions, completing or obtaining required forms and handling final delivery of items to the proper parties upon the successful completion of escrow.

The escrow must be provided with the necessary information to close the transaction. This may include loan documents, tax statements, fire and other insurance policies, terms of sale and any seller assisted financing and requests for various services to be paid out of escrow funds.

The Purpose of an Escrow

The common use of an escrow is to enable the parties in a real estate transaction to deal with each other with less risk since the escrow holder acts as:

- Custodian for funds and documents
- A clearing house for payment of demands
- An agency to perform the clerical details for the settlement of the accounts between the parties

A Typical Escrow Transaction

Typically, an escrow begins with the customer giving the necessary information regarding the transaction and requesting that we order a preliminary report. A Preliminary Report provides the customer with an analysis of the present status of the property as revealed by the public records filed or recorded in the county in which the property is located.

Upon receipt of the Preliminary Report, an analysis is made to determine the necessary action and documents required to complete the transaction; demands for satisfaction of liens not acceptable to the buyer and/or lender; documents for recording; instructions and requirements of the new lender. In most areas buyers and sellers instructions are prepared for signature from the information gathered.

When all the title and financial requirements are met and instructions from all parties can be fully complied with, the escrow is said to be "in perfection" and can close. Then the financial settlement takes place, the documents are recorded and the title insurance policy issued.

You may be asked to complete a Statement of Identity or Affidavit of Identity as part of the paperwork. Because many people have the same name, the Statement of Identity is used to identify the specific person in the transaction through such information as date of birth, social security number, etc. This information is considered confidential.

During the escrow process you are still required to make your payments on existing loans so that you do not incur any late fees or damages to your credit rating.

The following items represent a typical list of what an escrow holder does and does not do.

The Escrow Holder:

- Serves as the neutral "stakeholder" and the communications link to all parties in the transaction
- Prepares escrow instructions
- Requests a preliminary title search to determine the present condition of title to the property
- Requests a beneficiary's payoff demand or statement and estimated utility bills for those lienable if requested to do so on the Purchase and Sale Agreement
- Complies with lenders specified in the escrow agreement
- Receives purchase funds from buyer
- Prepares or secures the deed or other documents related to escrow
- Prorates taxes, interest, insurance and rents according to instructions
- Records deeds and any other documents as instructed
- Requests issuance of the title insurance policy
- Closes escrow when all of the instructions of the buyer and seller have been carried out as per the Purchase and Sales Agreement and Addendums thereto
- Disburses funds as authorized by instructions
- Prepares final statements for the parties accounting for the disposition of all funds deposited
- If applicable, escrow orders final lienable utility bills and pays these bills upon receipt the day of closing or shortly thereafter

The Escrow Holders Does Not:

- Offer legal advice
- Negotiate the transaction
- Offer investment advice

Paying Off Your Existing Loans:

Unless the buyer takes over your existing loan(s) on the property, the loan(s) will be paid off during the escrow process. You will need to furnish complete information to your escrow officer and real estate agent on each loan against your property. Please be prepared to provide the name of the lender, the loan number, address and phone number of the lender and Social Security numbers. Your escrow officer will need this information to order the loan payoff demands so the loan(s) may be paid off correctly during the escrow. Homeowner's Association information may also be required in advance if you are selling a condominium, townhouse or property located in a planned unit development. All of this information will help to insure the timely closing of the escrow.

Escrow Instructions:

Escrow instructions define all the conditions that must occur before the transaction can be finalized. The escrow instructions represent your written statement to the escrow holder protecting your interests and also specify, in a debit and credit format, the disposition of the sales proceeds and the conditions under which the Statutory Warranty Deed may be recorded in favor of the new buyer.

A Statutory Warranty Deed is the document which legally transfers your title to the property to the new owner. You will sign the Warranty Deed as part of the escrow instructions and the deed will be notarized by a qualified notary public. Proper identification is needed for this procedure. The Warranty Deed is recorded at the time escrow closes.

Escrow Instructions (Cont)

Your escrow officer or real estate agent will contact you for an appointment to sign your escrow instructions and Warranty Deed. At this time the escrow officer will inform you of the amount of proceeds you will receive from the sale of your home. If you are also purchasing another home, arrangements can be made to transfer funds to your purchase escrow.

Usually you will sign your escrow instructions at the title company office. However, you may go to your real estate agent's office or some other location agreed upon by all parties.

Your Appointment....

An appointment is required for the sign-off. Your escrow officer will call to arrange a convenient time and expect the process to take approximately one hour.

There are several acceptable forms of identification which may be used during the escrow process. These include:

- Current driver license
- Passport
- State of Washington Department of Licensing ID Card

One of these forms of identification must be presented at the signing of escrow in order for the signature to be notarized.

On rare occasions funds are insufficient to close escrow and you, the seller, must deposit money into the escrow. Should this situation occur you will need to obtain a cashier's check or wired funds made payable to the title company in the amount indicated to you by your escrow officer or escrow assistant. A personal check may delay the closing since the title company is required by law to have good funds before distributing funds from escrow. Similarly, an out-of-state check could cause a delay in closing due to delays in clearing the check.

Helpful Reminders..

- If you wish to transfer funds to another escrow or wire-transfer funds, arrangements must be made in advance with the escrow officer.
- In the event that you wish to use a Power of Attorney, arrangements must be made one to two weeks in advance with the escrow officer and the Power of Attorney must be approved by the buyer's lender and your title company. These arrangements should be made as early as possible in the transaction.
- Should the funds deposited in escrow be insufficient for closing you will need to bring a cashier's check or certified check to the title company for the remainder of the purchase price, either type of check should be from a Washington State bank or savings and loan and should be issued in the exact amount of the balance due. The amount of the balance may be obtained by phoning the escrow officer prior to signing the papers. The check should be made payable to your escrow company.

The following is a brief list of the best sources for assistance for certain common questions...

- Details of your sales agreement: Real estate agent
- Possession and key to home: Real estate agent
- Loan requirements and financial matters: Lender, Mortgage Company or real estate agent
- Escrow instructions: Title Company, escrow officer or escrow assistant

After the sign-off...

After you and the seller have signed all necessary instructions and documents the escrow officer will return them to the new lender for a final review. Following the review, which usually occurs within a few days, the lender is ready to fund the buyer' s loan and advises the escrow officer so that the necessary work can be completed to record the documents and "close" the escrow.

Escrow closing signifies legal transfer of title to the property from the seller to the buyer and is the culmination of the transaction.

Final settlement statement and a check for the proceeds will be available to you the day the sale is completed, documents are recorded, and the escrow is closed.
he escrow is closed.

Title Insurance

What a Title Company Does ...

- A Preliminary Report shows the condition of title before a sale or loan transaction. After completion of the transaction, a title insurance policy is issued.
- Title Policy is insurance against loss resulting from defects of title to a specifically described parcel of real property. Defects may run to the fee (chain of title) or to encumbrances on the property.
- Drafts a Deed of Trust along with other necessary documents. This document is filed with the county showing a property is transferred to a trustee by the borrower (trustor) in favor of the lender (beneficiary) and reconveyed upon payment in full.
- It pays off existing loans when so ordered.
- Taxes and insurance are prorated upon instructions from the buyer and seller.
- Computes interest on loans.
- Acquires hazard insurance.
- Signing of documents is assisted.
- Records the appropriate documents with the county recorders office, giving public notice.
- Disburses the documents and money to each party involved.

What's the coverage?

Owner's Insurance

ALTA standard coverage policy (American Land Title Association)

The ALTA Standard Coverage policy is designed to insure the owner of any type of real property (commercial, industrial, vacant land, residential) against loss by reason of those matters covered under the policy of insurance.

What is covered?

Some of the coverages provided under the ALTA Standard Coverage Policy are:

- Title to the real property owned by a person other than the insured
- Defects, liens and encumbrances upon title which are recorded
- Lack of a right of access to and from the real property
- The insured has a marketable interest in the real property
- There are no forgeries or failed conveyances in the chain of title

What is not covered?

Some of the matters not covered by the ALTA Standard Coverage Policy are:

- Matters which a correct survey would show
- Unrecorded matters
- Matters which a physical inspection of the real property would disclose
- Rights of parties in possession
- Unpatented water and mineral rights
- Matters known, created or assumed by the insured

ALTA Residential Title Insurance Policy (ALTA - R) (American Land Title Association)

The ALTA Residential Policy is designed to insure the owner of residential property (one to four family residences), including condominiums, against loss by reason of those matters covered under the policy of insurance.

What is covered?

The ALTA residential Title Insurance Policy provides all of the coverages afforded the ALTA Standard Coverage Policy, plus:

- Mechanic's lien protection arising out of work done on the real property for which the insured did not agree to pay
- Rights under unrecorded leases
- Unrecorded easements
- Forced removal of dwelling structure upon adjoining real property

ALTA Extended Owners Policy (American Land Title Association)

The ALTA Owner's policy is designed to insure the owner of real property against loss by reason of those matters covered under the policy of insurance. Do not confuse this policy with the ALTA Residential Title Insurance Policy. The ALTA Owner's Policy is the broadest form of insurance provided as owner of any type of real property (commercial, industrial, vacant land, residential).

What is covered?

The ALTA Owner's Policy provides all of the coverages afforded under the ALTA Standard Coverage Policy, plus:

- Matters which a survey would disclose
- Easements not disclosed by the public records
- Encroachments, discrepancies or conflicts in boundary lines not shown by the public records
- Rights of parties in possession

What is not covered?

Like all policies of title insurance, the ALTA Owners Policy does not provide coverage against matters known, created or assumed by the insured.

Additional requirements

Since the ALTA Owners Policy provides such broad coverage, additional requirements for the issuance of the policy may include:

- A correct survey
- A field inspection
- A check of all utilities to make sure that they have no unrecorded easements
- Copies of all leases and/or tenant lists

Since these requirements take time to complete, plan accordingly. Furthermore, the policy may contain further exceptions. Therefore, do not necessarily expect a clean report.

Understanding Preliminary Reports

After months of searching you have finally found it - your perfect dream home. But is it perfect?

Will you be purchasing more than just a beautiful home? Will you also be acquiring liens placed upon the property by prior owners? Have documents been recorded that will restrict your use of the property?

The Preliminary Report will provide you with the opportunity, prior to purchase, to review matters affecting your property which will be excluded from coverage under your title insurance policy unless they are removed or eliminated before your purchase.

What is a Preliminary Report?

A Preliminary Report is a report prepared prior to issuing a policy of title insurance that shows the ownership of a specific parcel of land, together with the liens and encumbrances thereon, which will not be covered under a subsequent title insurance policy.

What role does a preliminary report play in the real estate process?

A Preliminary Report contains the conditions under which the title company issues a particular type of title insurance policy. The Preliminary Report lists, in advance of purchase, title defects, liens and encumbrances which would be excluded from coverage if the requested title insurance policy were to be issued as of the date of the Preliminary Report. The report may then be reviewed and discussed by the parties to a real estate transaction and their agents.

Thus, a Preliminary Report provides the opportunity to seek the removal of items referenced in the report that are objectionable to the buyer prior to purchase.

When and how is the Preliminary Report produced?

Shortly after escrow is opened an order will be placed and the title company will begin the process involved in producing the report. This process calls for the assembly and review of certain recorded matters to both the property and the parties to the transaction. Examples of recorded matters include a deed of trust recorded against the property or a lien recorded against the buyer or seller for an unpaid court award or unpaid taxes.

What should I look for when reading my Preliminary Report?

You will be interested, primarily, in the extent of your ownership rights. This means that you will want to review the ownership interest in the property you will be buying as well as any claims, restrictions or interests of other people involving the property.

The report will note in a statement of vesting the degree, quantity, nature and extent of the owner's interest in the real property, The most common form of interest is "fee simple" or "fee," which is the highest type of interest an owner can have in land.

Liens, restrictions and interests of others which are being excluded from coverage will be listed numerically as "exceptions" in the Preliminary Report. Among other things, these may be claims by creditors who have liens or liens for payment of taxes or assessments. There may also be recorded restrictions that have been placed in a prior deed or contained in what are termed CC&Rs (Covenants, Conditions and Restrictions).

Interests of third parties are not uncommon and may include easements given by a prior owner that limit your use of the property. When you buy property you may not wish to have these claims or restrictions on your property. Instead, you may want to clear the unwanted items prior to purchase, In addition to the limitations noted above, a printed list of standard exceptions and exclusions, listing items not covered by your title insurance policy may be attached as an exhibit item to your Preliminary Report. Unlike the numbered exclusions, which are specific to the property you are buying, these are standard exceptions and exclusions appearing in all title insurance policies of the type anticipated by the Preliminary Report. The review of this section is important, as it sets forth matters which will not be covered under your title insurance policy, but which you may wish to investigate, such as governmental laws or regulations regarding building and zoning.

Can I be protected against title risks prior to the close of the real estate transaction?

Yes, you can. Title companies can protect your interest through the issuance of "binders" and "commitments." A binder is an agreement to issue insurance giving temporary coverage until such time as a formal policy is issued. A commitment is a title insurer's contractual obligation to insure title to real property.

Discuss with your title insurer the best means to protect your interest.

How do I go about clearing unwanted liens and encumbrances?

You will wish to carefully review the Preliminary Report. Should the title to the property be clouded, you and your agents will work with the seller and the seller's agents to clear the unwanted liens and encumbrances prior to your taking title.

Explanation of Preliminary Reports

A Preliminary Report will usually contain the following elements:

- The name of the person or firm that requested the Preliminary Report (PR)
- The address of the subject property
- The Title Company's file number
- The applicant's file number or reference name
- A paragraph stating that no liability is ever intended under a PR and indicating what should be requested if the customer desires assumption of liability prior to policy issuance
- The most recent date and time that the public records have been searched. In other words, a lien or Deed of Trust recorded after the date shown would not be disclosed on the PR
- The name of the title officer who produced the PR and who may answer questions about the report (requests for information about the status of the escrow should be directed to the escrow officer)
- The office address and telephone number of the title company issuing the PR
- A paragraph describing the interest in the land that is covered by the report
For example: A fee, A condominium, A leasehold
- A paragraph telling you that in addition to the standard printed exceptions, there will appear in the title policy exceptions which pertain specifically to the estate in question
- A legal description of the property which should be used for preparing any document that will be recorded
- A site or plat map of the property described in the report

The exceptions to each parcel of land are different due to the unique nature of real property. Below is a discussion of some of the more common exceptions that you may see during your review of a Preliminary Report.

- Property Taxes. Each year on February 15 the lien of the following year's property tax attaches to the land, pursuant to law. Property taxes are assessed on the calendar year. Taxes become delinquent May 1st for the first half and November 18th for the second half.
- Easements. Easements are a right to use the land of another for specific purposes. Easements can be created in a number of ways, including dedication on a subdivision map or a Grant of Easements to another party.
- CC&R's. Covenants, Conditions and Restrictions are limitations on the uses that may be made of a parcel of land. For example, many CC&R's contain restrictions stating that a property may only be used as a single family dwelling and allowing neighbors to take actions against persons running a hotel out of their suburban home. Some restrictions contain a reversionary clause which states the violation of the restrictions will cause the title to the property to revert to the person imposing the restrictions. Most contain a clause assuring a lender that a violation will not act to impair the lien of the lender.
- Deed of Trust. The Deed of Trust is a security device for a lender. Under Washington law, the Deed of Trust allows a relatively quick and easy way for a lender to obtain real property with which to satisfy a delinquent loan. The PR shows the recorded information about the Deed of Trust.
- Abstract of Judgment. This type of lien is issued pursuant to a court order for the payment of a debt.

Closing Costs

Listed below are some typical closing costs you may incur as part of your loan transaction. When you apply for a loan you will receive a Good Faith Estimate of closing costs and settlement charges and a booklet that will explain these costs.

Appraisal Fee	This is a one-time fee that pays for an appraisal. The appraisal is made by an independent fee appraiser
Credit Report Fee	A one-time fee that covers the cost of the credit report
Document Preparation Fee	There may be a separate fee that covers the preparation of the final legal papers
Loan Discount	A one-time fee used to adjust the yield on the loan to what market conditions demand. It is often called "points".
Loan Origination Fee	The lenders administrative costs in processing the loan are covered by this fee
Miscellaneous Title Charges	The title company may charge fees for a title search, title examination, recording fees, and notary fees
PMI Premium	You might be required to pay an up-front fee for mortgage insurance depending upon the amount of your down-payment. Lenders may also require monies be placed into a reserve account held by them
Prepaid Interest	Depending upon the time of the month your loan closes, this per diem charge may vary from a full months interest to that of a few days. If the loan closes at the end of the month you will have to pay interest only for a day of so
Taxes and Hazard Insurance	You may be required to reimburse the seller for property taxes depending upon the month in which you close. You will also need to pay a years hazard insurance premium up front. Also, you might be required to put a certain amount for taxes and insurance into a special reserve account held by the lender

Inspections

When making an offer on a home the purchase contract will likely contain provisions allowing the buyer various inspections of the property. The purpose of these inspections is to educate you as to the physical conditions of the property being purchased. While these inspections do not provide guarantees of the condition of the property they do provide valuable information to the buyer. It is important to remember that the purchase contract may provide for withdrawal from the contract if these reports are unsatisfactory, but inspections should not be considered an open door to negotiation of the purchase price.

Structural Pest Control

Often referred to as a Termite Report, the Structural Pest Control Inspection is conducted by a licensed inspector. In addition to actual termite damage, the report will indicate any type of wood destroying organisms that may be present, including fungi (sometimes called "dry rot"), which generally results from excessive moisture.

Section 1 Conditions

Most pest reports classify conditions as Section 1 or Section 2 items. Section 1 conditions are those which are active or are currently causing damage to the property. Generally, Section 1 items need to be corrected before a lender will make a home loan.

Section 2 Conditions

Those items which are not currently causing damage, but are likely to if left unattended are Section 2 conditions. A typical Section 2 is a plumbing leak where the moisture has not yet caused fungus decay.

Who Pays?

The purchase contract will specify who is responsible for the cost of the inspection and making these corrections. This is a negotiable item and should be considered carefully what is customary and prudent.

Physical inspection

The Physical Inspection clause in the purchase contract, when initialed by both parties, allows the buyer the right to have the property thoroughly inspected. This is usually done through a general home inspection. While home inspectors are not currently required to have a license, most are, or have been, general contractors. The inspection and the resulting report provide an overall assessment of the present condition of the property.

What is inspected?

The home inspection covers items such as exterior siding, paint, flooring, appliances, water heater, furnace, electrical service, plumbing and other visible features of the property. This is a general inspection and will often call for additional inspections by specific trades, such as roof and furnace.

Further Inspections

If conditions warrant, the home inspector may recommend a Structural Engineer's Report. Such a report would identify structural failures and detail recommended corrections.

Who Pays?

Typically, this inspection is paid for by the buyer.

Geological Inspection

You may also elect to have a Geological Inspection to educate yourself as to the soil conditions at the home you are purchasing. The inspection is performed by a geological engineer and involves not only physically inspecting the property, but also researching past geological activity in the area. The primary purpose of a geological inspection is to determine the stability of the ground under and around the home.

Who pays?

Typically the buyer pays, but as with other inspections, this is negotiable according to the purchase contract.

Home Warranty

Home protection plans are available for purchase by the seller or buyer. Such plans may provide additional protection of certain systems and appliances in your new home. I will provide you with different brochures detailing different companies and options.

Full Disclosure

Recent legal decisions and new legislation provide that the seller has a responsibility for revealing to you the true condition of the property. The concept of selling a property "as is," with the buyer assuming all responsibility for determining the property's condition, is not acceptable in the present market place. The sellers must disclose the known condition of the property to the buyer. This information should be made available to the buyer as soon as possible.

Charm or irritant?

Having lived in this property, the seller has become accustomed to the peculiar conditions that may have developed. But for the buyer the peculiarity may be more than a mere inconvenience. It may be an irritant that the buyer cannot tolerate. It is important for the seller to review the condition of the property with the real estate agent and take special note of any problems on the Disclosure Statement. Civil Code Section 1122 requires that the seller provide the buyer with a completed "Real Estate Transfer Disclosure Statement."

All systems go

A basic assumption in every sale is that the home and systems in the home are functional. For example, the roof will hold out the rain and sun, the hot water heater will provide hot water and the heater will provide heat. If it is known that any of the systems do not function properly such facts should be included in the purchase agreement and acknowledged by the buyer.

"As is"

An "as is" purchase is perfectly acceptable as long as the buyer understands what the "as is" condition entails. Thus, it can be said in the purchase agreement that the buyer accepts the roof and the plumbing and the electrical system in their present condition and acknowledges that they have defects. This acknowledgment provides a defense for the seller if it is later claimed he did not disclose the problem.

Environmental hazards

It is required that the seller disclose any knowledge of environmental hazards in the home or area such as asbestos or pollutants. You will be provide with a Real Estate Transfer Disclosure Statement fined out by the seller as to his awareness or knowledge of this subject.

Who Pays What

The seller can generally be expected to pay for:

- Document preparation fee for deed
- Document transfer tax (\$1.10 per \$1000.00 of sales price)
- Any city transfer or conveyance tax (50/50)
- Any loan fees that may be required by buyer's lender
- Payoff all loans in seller's name (or existing loan balance if being assumed by buyer)
- Interest accrued to lender being paid off, statement fees, reconveyance fees and prepayment penalties
- Termite inspection (according to contract)
- Termite work (according to contract)
- Home warranty (according to contract)
- Any judgments, tax liens, etc., against the seller
- Tax proration (for any taxes unpaid at time of transfer of title)
- Any unpaid homeowner's dues
- Recording charges to clear an documents of record to the seller
- Any bonds or assessments (according to contract)
- Any and all delinquent taxes
- Notary fees
- Real estate commission

The buyer can generally be expected to pay for:

- Title insurance premium for lender
- Document preparation (if applicable)
- Notary fees
- Recording charges for all documents in buyer's name
- Termite inspection (according to contract)
- Tax proration (from date of acquisition)
- Homeowner's transfer fee
- All new loan charges (except those required by lender for seller to pay)
- Interest on new loan from date of funding to 30 days prior to first payment date
- Assumption or change of records fee for takeover of existing loan
- Inspection fees (roofing, property inspection, geological, etc.)
- Home warranty (according to contract)
- Fire insurance premium for first year

Top Ten Questions Asked By Buyers

1. *When can you tell me the amount of funds required to close escrow?*

Upon receipt of loan documents and preparation of your escrow instructions, contact your real estate agent so he/she can let you know the amount of funds you will need to close escrow.

2. *Who will call me to schedule an appointment?*

Normally your real estate agent will call you. However, sometimes your title company will call you to make arrangements for your signing.

3. *Can I give you a personal check?*

No. All funds must be in the form of a cashier's check or via wire transfer. Most title companies accept teller's checks as long as they are drawn from a Washington banking institution. Please verify that your bank will issue a teller's check. Let them know that you are purchasing a home and the check is being issued to a title company.

4. *When do I get my keys?*

At the close of escrow your real estate agent will contact you regarding the disbursement of the keys. Usually this is by noon the day you close escrow.

5. *How much time should I allow for my signing appointment?*

Please allow 45 minutes to 1 hour for your signing appointment.

6. *What will the escrow officer explain to me at my appointment?*

Any and all loan documents drawn by the lender of your choice, escrow institutions with terms of sale per your purchase contract, the estimated escrow statement, preliminary report, etc. The escrow officer will explain any reports and inspections that may be required on the property. We will also provide you with a complete package of all documents you have signed so that you may take it home for further review. Should you have any questions after reviewing your package please do not hesitate to contact your escrow officer.

7. *What is a Statement of Information?*

Statements of Information provide title companies with the information they need to distinguish the buyers and sellers of real property from other people with similar names. After identifying the true buyers and sellers, title companies may disregard the judgments, liens or other matters on the public records under similar names.

8. *When should I shop for homeowners/fire insurance?*

We suggest that you start shopping for homeowners/fire insurance as soon as your offer is accepted (it is a good idea to call your current insurer first). Know the age of your home when shopping for insurance. Please have your agent contact your escrow officer when you have made your decision.

9. *What will I need to take to the title company when I go to sign my papers?*

You will need to bring your cashier's check payable to the title company (if the amount was given to you previously). Bring a valid driver's license, Washington ID card, valid passport or military ID.

10. *When will I get my deed showing proof of ownership?*

The day escrow closes is the day the deed records with the county and you become the owner of your home. It could take 6-10 weeks from that date for the county to mail you the original signed and recorded deed.

Moving Expenses

When you meet the IRS's definition of a qualifying move the following items are tax deductible:

Tax Deductible Moving Expenses:

- The cost of trips to look for a home in the area of a new job. Your home shopping expedition does not have to be successful for the cost to be deductible.
- The cost of having your furniture and other household items shipped, including the cost of packing, insurance and storage for up to 30 days.
- The cost of getting your family to the new hometown, including food and lodging expenses on the trip.
- The cost of lodging and 80% of food expenses for up to 30 days in the new hometown. These temporary living expenses are necessary due to the fact that you have not yet found your ideal home or it is not ready when you arrive.
- Certain costs associated with the sale of your old home and purchase of the new one. These expenses, including real estate commissions, legal fees, state transfer taxes and appraisal and title fees, could be used either to reduce the gain on the sale of your previous home or to boost the basis of the new one. However, it's usually beneficial to count them as moving expenses up to the allowable dollar limits, for that gives you an immediate tax benefit

Moving Checklist

One month before moving

- Make truck rental reservations or arrangements with a moving company
- Gather moving supplies - boxes, tape and rope
- If moving far away, make necessary travel arrangements like airline, hotel and rental car reservations.
- If driving, plan your travel route
- Save moving receipts - many moving expenses are tax deductible
- Place legal, medical and insurance records in a safe and accessible place
- Notify the Post Office of your move by using a Change of Address Form:
 - Friends and family members
 - Banks, insurance companies and other financial institutions
 - Charge card and credit card companies
 - Doctors, dentists and other service providers
 - State and Federal Tax authorities and any other government authorities as needed. (To Obtain an IRS change of address form, call 1-800-829-3676)

Two weeks before moving

- Inform gas, electric, water, cable and local phone service providers of your move. Sign up for services at your new address
- Inform your long-distance company; sign up your new address
- Recruit moving-day help
- Confirm travel reservations
- Make arrangements for pet transportation, if needed
- Arrange to close or transfer your bank account, if appropriate

The day before moving

- Set aside moving materials such as: tape measure, pocket knife, rope
- Pick up rental truck
- Check oil and gas in your car
- If traveling, make sure you have tickets, charge cards and other essentials
- Defrost refrigerator
- Remember to leave keys and garage door openers

During the first week after moving

- Mail that has been forwarded from your old address will have a yellow address label on it.
- Notify the sender of your new address as soon as possible.
- Register to vote. Call your local board of elections for specific registration information. Ask them to notify your previous district of your change of address.
- If you have moved into a different state, contact the Department of Motor Vehicles to exchange your driver's license.
- Call the Department of Sanitation to find out which day the trash is collected. Also, ask if they have a recycling program.
- Call the Chamber of Commerce for helpful information on:
 - Schools
 - Cable service
 - Cultural events and community activities, libraries and parks
 - Availability of emergency calling services such as 911
- Provide your new doctor and dentist with your medical history. You may have to request your file from your previous doctor/dentist.
- Transfer insurance policies to an agent in your new community. You may also wish to make a detailed list of your belongings, their value and your coverage
- Give your new house a good cleaning.
- Scout your new neighborhood for shopping areas
- Seek out new service providers such as a bank, dry cleaners, veterinarian
- Locate the hospital as well as police and fire stations near your home.

Real Estate Dictionary

Brief descriptions of common terminology used in real estate transactions. These are general terms and are not intended to apply to all possible uses of the term. Please consult your real estate agent for more information or questions regarding definitions.

- **Adjustable Rate Mortgage (ARM)**: A mortgage with an interest rate that changes over time in line with movements of the index.
- **Adjustable Period**: The length of time between interest rate changes on an ARM. For example, a loan with an adjustment period of one year is called a one year ARM which means that the interest rate can change once a year.
- **Amortization**: Repayment of a loan in equal installments of principle and interest rather than interest-only payments.
- **Annual Percentage Rate (APR)**: The total finance charge (interest, loan fees, points) expressed as a percentage of the loan amount.
- **Assumption of Mortgage**: A buyer's agreement to assume the liability under an existing note that is secured by a mortgage or deed of trust. The lender must approve the buyer in order to assume the loan.
- **Cap**: The limit on how much an interest rate or monthly payment can change, either at each adjustment or over the life of the mortgage.
- **CC&R's**: Covenants, Conditions and Restrictions. A document that controls the use, requirements and restrictions of a property.
- **Certificate of Reasonable Value (CRV)**: A document that establishes the maximum value and loan amount for a VA guaranteed loan.
- **Closing Statement**: The financial disclosure statement that accounts for all of the funds received and expected at the closing of the escrow, including deposits for taxes, hazard insurance and mortgage insurance.
- **Due-on-sale Clause**: An acceleration clause that requires full payment of a mortgage or deed of trust when the secured property changes ownership.
- **Earnest Money**: The portion of the down payment delivered to the seller or escrow agent by the purchaser with a written offer as evidence of good faith.
- **Federal National Mortgage Association**: Popularly known as Fannie Mae. A privately owned corporation created by Congress to support the secondary mortgage market. It purchases and sells residential mortgages insured by FHA or guaranteed by VA as well as conventional home mortgages.
- **Finance Charge**: The total cost a borrower must pay, directly or indirectly, to obtain credit.
- **Graduated Payment Mortgage**: A residential mortgage with monthly payments that start at a low level and increase at a predetermined rate.
- **Home Inspection Report**: A qualified inspector's report on a property's overall condition. The report usually covers an evaluation of both the structure and mechanical systems.

- Index: The measure of interest rate changes used to determine adjustments in an ARM's interest rate over the term of the loan.
- Joint Tenancy: An equal, undivided ownership of property by two or more persons. Upon death of any owner the survivor takes the decedent's interest in the property.
- Lien: A legal hold or claim on property as security for a debt or a charge.
- Loan Commitment: A written promise to make a loan for a specified amount on specific terms.
- Loan-to-Value Ratio: The relationship between the amount of the loan expressed as a percentage of the appraised value.
- Margin: The number of percentage points the lender adds to the index rate to calculate the ARM interest rate at each adjustment.
- Negative Amortization: This occurs when monthly payments fail to cover the interest cost. The interest not covered is added to the unpaid principle so that even after several payments you could owe more than you did at the beginning of the loan.
- Origination Fee: A fee or charge for establishing a new loan.
- PITI: Principle, Interest, Taxes, Insurance
- Point: An amount equal to 1% of the principle amount of the investment or note. The lender assesses loan discount points at closing to increase the yield on the mortgage to a position competitive with other types of mortgage investments.
- Prepayment Penalty: A fee charged to the mortgagor who pays a loan before it is due.
- Private Mortgage Insurance: Insurance written by a private company protecting the lender against loss if the borrower defaults on the mortgage.
- Purchase Agreements: A written document in which the purchaser agrees to buy certain real estate and the seller agrees to sell under certain terms and conditions. Also called a sales contract.
- Realtor: A real estate broker or associate in a local real estate board affiliated with the National Association of Realtors.
- Tenancy in Common: A type of joint ownership of property by two or more persons with no right of survivorship.
- Title Insurance: An insurance policy which protects the purchaser, mortgagee or other party against liens or encumbrances against their property.