



HOME SELLER'S HANDBOOK



DECIDING TO SELL YOUR HOME

As a homeowner getting ready to sell your property, it can be tough to separate your emotional attachment to the house you made memories in from the need to help potential buyers picture themselves making the space their own.

Even if you've already gotten over the emotional hurdle of selling your home, the pressure to price the house correctly and attract the right buyers can be its own obstacle. Whether you're ready to move into a bigger house for your growing family, downsize to a smaller place, or relocate to a different part of the country for work, the process of selling a house is one that requires work – maybe even more work than you anticipated.

The more work you do, including finding an agent to list your home, making necessary repairs and keeping your property in pristine condition so it's ready for potential buyers to tour on short notice, the more you'll increase your chances of attracting serious buyers willing to pay top dollar for your house.

HERE'S A BREAKDOWN OF HOW TO SELL YOUR HOUSE:

- Timing your home sale.
- Preparing your home for sale.
- Putting your home on the market.
- Your pending home sale.
- The cost of selling a home.
- Mistakes to avoid when selling your house.

The time it takes you to sell your house can vary widely based on a few factors: the current housing market, the condition of your home and how well you're able to reach the right potential buyers.

A house that's ready for the market may need just a week for cleaning and photos to be taken. On the opposite end, you may need a few weeks to repaint the interior, freshen up the landscaping and have a leak in the roof repaired. The time on market depends on the condition of your house, its value and the area you live in, but once you're under contract, expect the closing date to be set for roughly a month later, giving the buyer a chance to have the house inspected and the buyer's lender an opportunity to appraise the property, underwrite and approve the loan.

Before you list your home, consider how the total timeline can be affected by both external factors and your personal needs.

TIMING THE SALE OF YOUR HOME

IS IT A GOOD TIME TO SELL?

Most markets throughout the U.S. are experiencing inventory shortages – meaning there aren't enough houses on the market to meet buyer demand. This often leads to competitive bidding wars, with multiple offers coming in at the same time and driving up prices.

Traditionally, spring and fall are the peak times to put your home on the market, as that's when most buyers are looking. Summer sees fewer buyers because many are on vacation, and in winter people get tied up with the holidays, then opt to stay inside because it's cold out in most of the country.

But that doesn't mean there aren't buyers during the off-season – and the current number of buyers on the market means there's hardly any off-season at all. You may even find that those fewer buyers touring homes in the dead of winter are more serious about putting an offer in when they find a house they like.

While there may be popular times to sell a house during the year, don't stress if you need to list your home in the middle of July or the start of November.

IS IT A GOOD TIME FOR YOU TO SELL?

Your ability to prepare your house for the market and move when it sells is also a determining factor. Many parents wait until school is out to avoid forcing their kids to change schools in the middle of the year or to make it easier to pack everything up to move a few streets over.

You may also need to move sooner rather than later. For example, if you're being transferred to a new state for work, listing your home shortly after you get the news can free up the equity in your home to make it easier to buy a house in your next hometown.

Once you've listed, you also need to be willing and able to move. If you live in a popular neighborhood where houses sell fast, don't view listing your home as a six-month process.





PREPARING YOUR HOME TO SELL



There's more to preparing to sell your home than simply declaring that you're ready to move.

HERE'S WHAT YOU NEED TO DO BEFORE YOUR HOUSE GOES ON THE MARKET:

- Choose a listing agent.
- Make necessary repairs and updates.
- Determine the asking price.
- Stage your home.

CHOOSE A LISTING AGENT

Treat your real estate agent selection process like you would any job interview: Make sure the person or team you work with is the right fit not only for your house, but also for you in terms of communication, temperament and availability.

Get referrals from friends or neighbors, interview more than one agent and pay attention to the agent's knowledge of the immediate area, responsiveness and how he or she plans to market your property.

You do have the option to forego a listing agent and market your home as for sale by owner. But the nuances of a real estate transaction can make a FSBO property less appealing to many buyers and their agents. The National Association of Realtors' 2020 Profile of Home Buyers and Sellers found the median sale price of an FSBO home was more than 10% less than the median price of an agent-assisted home.

PREPARING YOUR HOME TO SELL

MAKE NECESSARY REPAIRS AND UPDATES

Early on, an experienced real estate professional will take a close look at your home and point out minor fixes you can make to keep potential buyers from getting hung up on a dent in the wall or a broken cabinet door. You may also benefit from small renovations, such as refinished floors or new paint on the walls, that can keep buyers from viewing your home as dated.

The place to pay attention to first is what buyers will see immediately: the view from the street. Curb appeal is a major factor in a successful home sale, so you may need to repaint the exterior or clean the siding, plant new flowers and make sure you're keeping the lawn short, clean and alive.

If you don't have the money or the time to make the necessary repairs or updates, there's always the option to list your home for sale as-is, meaning the buyer can expect to take on any necessary repairs, renovations or maintenance tasks. But be aware that a home listed as-is will see the difference in the sale price – if a buyer knows they'll need to replace the water heater and roof and repair an aging deck, don't expect to get the same amount of money your neighbor did for a move-in ready property.

DETERMINE THE ASKING PRICE

With updates and fixes made – or not – you and your real estate agent can more specifically address the asking price for the property. Rather than what you think the house is worth, the asking price should be based on what similar houses nearby have recently sold for and what makes your home stand out compared to them.

Even in a hot market where there are more buyers than houses available for sale, buyers aren't going to pay attention to a home with an inflated asking price.

STAGE YOUR HOME

A final step before making your home visible to the public is staging the property. This process may involve moving your own furniture to storage and renting simpler pieces, or it may just mean moving a few chairs around and decluttering.

The point of staging your home is to help the key rooms – kitchen, living room, primary bedroom and primary bathroom – appeal to as many potential buyers as possible, rather than reflect your own style.

That means removing family photos, keeping counters clear and making sure each room is easy to navigate without having to dodge furniture.



PUTTING YOUR HOME ON THE MARKET

Now that you've done the preparations for your house to enter the market, it's time to list it.

HERE'S WHAT YOU SHOULD KNOW ABOUT WHAT HAPPENS WHEN YOU PUT YOUR HOUSE ON THE MARKET:

- Marketing your house online.
- Holding an open house.
- Keeping your home ready for tours.

MARKETING YOUR HOUSE ONLINE

The first place most potential buyers and their agents will see your home for sale is online. Agents will likely post the property information and photos on the local multiple listing service, which is accessible to real estate professionals.

You'll also likely see your house appear on consumer-facing sites such as Zillow, Trulia, Redfin and realtor.com, which are either posted by your agent individually or pulled from the MLS. For this reason, professional photos of your home in pristine condition are a must to attract buyers to your property.

Since the onslaught of the coronavirus pandemic in 2020, real estate marketing adapted quickly to include video tour options, 3D tours of homes and virtual walk-throughs to allow people to view a home without having to go inside. With more buyers opting to make an offer without an in-person visit, the additional online options can be essential for finding the right buyer for your home.

Another key part of online marketing is making the house stand out compared to the dozens of others for sale nearby, so avoid overused words like cozy and updated, and aim to highlight unique aspects of the house or neighborhood that will actually draw people to your property.

HOLDING AN OPEN HOUSE

If you market your home well, your online info will attract prospective buyers, but they'll also need opportunities to see it. A traditional open house can be an excellent way to get people in the door and talking about your property, even if they're not serious buyers quite yet.

Additionally, a separate broker's open house brings agents to the house to discuss the price, view the home and think about clients who would be interested in it.

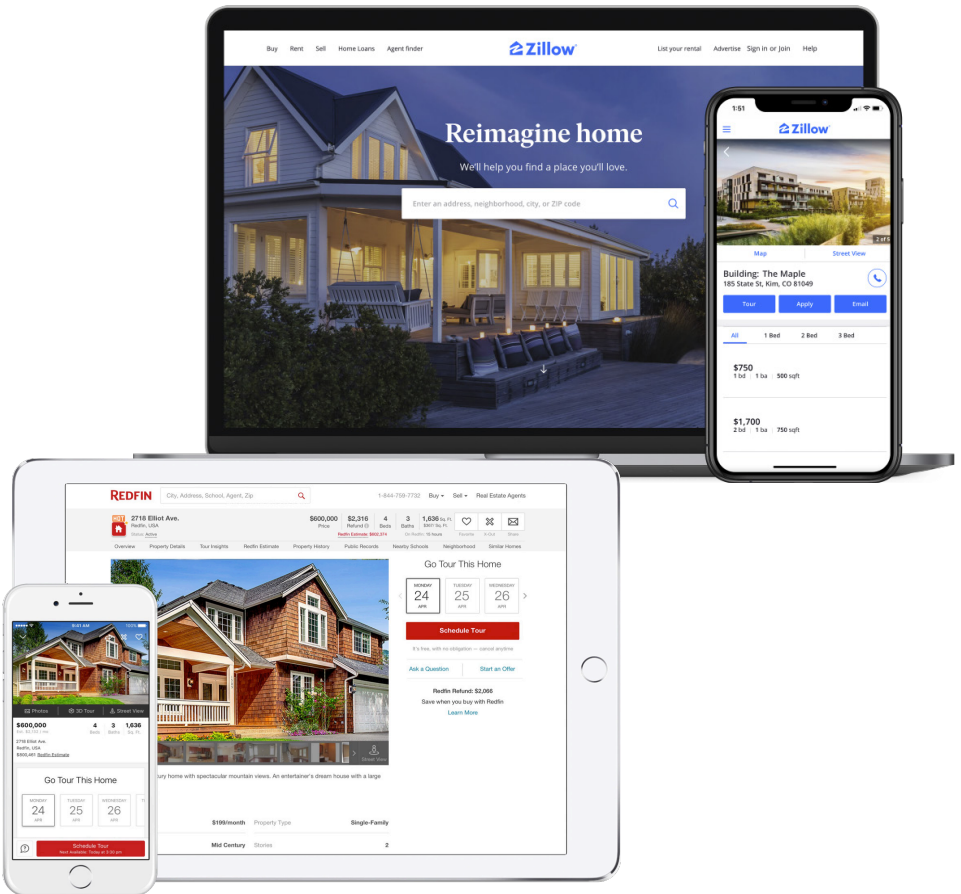
As the home seller, never be present during the open house. Let your real estate agent take the reins, which allows potential buyers or agents to view the house and form a more candid opinion.

PUTTING YOUR HOME ON THE MARKET

KEEPING YOUR HOME READY FOR TOURS

As soon as your house is on the market, never leave home without tidying up – clear the floor of laundry, make the beds, vacuum daily and keep the sink clear of dishes.

Be ready to leave the house with only 15 minutes' notice. Not everyone is able to provide 24 hours' notice, and it would be a mistake to refuse a potential buyer's tour. It's also uncomfortable to tour a house while the sellers are sitting outside with their dog or kids, so have a place picked out where you can go while buyers visit your home.





YOUR PENDING HOME SALE



You may get an offer on the home's first day on the market or it may take a couple months to find the right buyer, but once you do, the sale process will feel like it's moving even faster..

HERE'S WHAT YOU SHOULD KNOW:

- How to handle multiple offers on your property.
- How to negotiate an offer.
- What to expect while you're under contract.
- What to know for closing.

HOW TO HANDLE MULTIPLE OFFERS ON YOUR PROPERTY

If the price range of your home is in high demand or your neighborhood is particularly popular, you may receive multiple offers. Be sure to consider all aspects of each offer, not just whichever bid has the highest price.

A cash offer over one with financing, even if the price is lower, might be the best option because it can make closing much easier. You won't have to wait for a lender to approve of the agreed-upon price, the deal is less likely to fall through as a result of a financing issue and the closing date can be set for just a few days in advance, if desired.

If you need to remain in the home until a certain date, another buyer may offer to close before you move out and lease the house back to you for the needed period of time. Another might be willing to waive the inspection or have preapproval for a mortgage versus only prequalification.

HOW TO NEGOTIATE AN OFFER

An offer you receive may have aspects that make you hopeful the buyers are serious, but you can also negotiate to help the deal work in your favor.

A counteroffer isn't always about the sale price, and can also include taking on closing costs for the other party, making some repairs or adhering to other needs of the buyer. Don't drag out negotiations too long, as you could scare away the buyer, but most parties involved are open to some tweaking to make a deal work.

YOUR PENDING HOME SALE



WHAT TO EXPECT WHILE YOU'RE UNDER CONTRACT

Once a price and conditions have been determined and agreed upon, you're under contract. During the due diligence period, most commonly the first 10 days under contract, the house will be inspected and appraised.

While your home is no longer actively for sale, don't think that means you can start neglecting it. Keep the place clean as you prepare to move out. At final walk-through, buyers are told to expect "broom-swept" clean, meaning there's no visible dirt or dust on the floor, all nail holes are patched and painted, and there's no new damage from when you moved out.

Also, keep in mind that the buyer is planning to make the home his own, so don't be offended by plans for renovations or fresh interior design.

WHAT TO KNOW FOR CLOSING

Typically the day of closing or the day before, the buyer and agent will do a final walk-through of the vacant house to ensure the fixtures and shelves that are supposed to remain are there, there's no debris and there is no surprise damage.

You'll need to sign a series of documents including the deed and others regarding the transfer of ownership of the property, but in many cases the seller does not have to physically be at the table on the closing date. In many cases the seller can sign a day or two prior to the official closing date, if desired. Consult with your title agent to see if this is an option for you.

SELLER DOCUMENTS TO SIGN

- Closing Disclosure or Statement
- Compliance Agreement
- Conveyance Deed
- Seller's Affidavit(s)
- 1099
- Firpta
- T47 Survey Affidavit
- Name Affidavits
- Gas and/or Pest Inspections
- Payoff Authorizations (prior to closing)
- Proceeds Authorization/Instructions
- Attorney Disclosures



THE COST OF SELLING A HOME

From start to end, you will need to spend money to successfully sell your home. Whether it's the cost to rent furniture for staging, steam clean the carpet, replace broken cabinet doors or pay the brokers' commission, you'll need to be financially prepared to pay up throughout the listing period and transaction.

HERE ARE SOME COSTS YOU MAY BE EXPECTED TO COVER LEADING UP TO THE SALE OF YOUR HOME:

- Repairs on the home prior to listing.
- Minor updates.
- Professional cleaning.
- Staging.
- Professional photos for marketing.
- Repairs following inspection.
- Fee for your attorney.
- Commission for both listing and buyer agents – typically between 4% and 6% of the sale price.
- Possible early payoff fee to your lender.

The total cost varies greatly depending on where you live, the house you have, activity on the market and how much money you're able to put in toward a successful sale. Zillow reports that, including broker commission, home sellers can pay between 6% and 10% of the price of the home by the end of the deal.

One major benefit of selling your home: You most likely won't have to pay taxes on the profits. The capital gains exclusion rule allows people who have sold their home to profit up to \$250,000 individually, or \$500,000 filing together as a married couple, without paying taxes, as long as they used the property as a primary residence for at least two of the last five years. Consult your tax accountant to confirm your specifics.



MISTAKES TO AVOID WHEN SELLING

It's easy to get caught up in the heat of negotiations or feel overly confident that you know more than your agent.

HERE ARE A FEW MISTAKES TO AVOID WHILE SELLING YOUR HOME:

- **Insisting on an inflated price.** Everyone wants to sell for a hefty profit, but stubbornly sticking with an asking price your agent doesn't agree on will likely have the property sitting on the market with little interest.
- **Refusing to neutralize the home.** Bright red walls and your kid's preschool artwork can make for a fun, lived-in home, but it's not what you want to present to a buyer. There's a reason you see most homes on the market with gray or beige walls with minimal decor – people like to see a clean slate.
- **Not improving the home.** Even if you know your outdated kitchen will lead to a slightly lower sale price, you should make minor improvements that make the house feel well-cared for. Clean and paint baseboards, scrub empty sinks and clear the counters and coffee tables so the surface looks neat.
- **Waiting to sell with no reason.** If you're waiting around for absolutely perfect market conditions to sell your home, you'll be waiting forever. Interest rates fluctuate, buyers go hot and cold and the weather can take a turn. While waiting for kids to be out of school for the summer or for a job offer to come in are solid reasons to set a specific timeline, don't wait for a sign that won't come.
- **Being inflexible.** Whether it's declining a potential buyer's request to tour the house on a Tuesday evening or refusing to negotiate when an offer includes you covering closing costs, you can only hurt yourself by giving a firm no. Eating out one night when you would rather have stayed in could get you an offer. An offer that requests you cover closing costs can be negotiated so you're only contributing a bit of the sale price toward fees.



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1. Houston - River Oaks (HQ) |

713.621.5808

2500 West Loop S., Ste 500 *(Until Mid Sept. 2021)*

4265 San Felipe St, Ste 400 *(From Mid Sept. 2021 forward)*

Houston, TX 77027

2. Cypress | **832.364.6900**

12300 Dundee Ct, Ste 215,

Cypress, TX 77429

3. Kingwood | **832.564.4512**

2815 W Lake Houston Pkwy,

Ste 106,

Kingwood, TX 77339

4. Katy | **281.578.4035**

19219 Katy Fwy, Ste 250,

Houston, TX 77094

5. Sugar Land | **281.240.2049**

1650 Highway 6, Ste 160,

Sugar Land, TX 77478

6. Memorial | **713.275.8110**

820 Gessner Rd, Ste 220,

Houston, TX 77024

Central Texas

1. Northwest Austin | **512.241.1818**

9600 Great Hills Trail,

Ste 150 E,

Austin, TX 78759

2. West Austin | **512.607.5020**

3801 N. Capital of TX Hwy,

Ste J-120,

Austin, TX 78746

North Texas

1. DFW Metroplex | **469.202.8800**

106 Decker Drive, Ste 330,

Irving, TX 75062

Fee Offices

1. Ghrist Law Firm |

713.337.0160

5850 San Felipe Street,

Ste 500,

Houston, TX 77057

2. Ghrist Law Firm |

817.415.2800

9125 Belshire Drive, Ste 100,

North Richland Hills, TX 76182

3. Ghrist Law Firm |

817.778.4136

4016 Gateway Drive, Ste 130,

Colleyville, Texas 76034

4. Kingsland | **512.521.0778**

14757 West FM 1431, Ste 204,

Kingsland, TX 78639

30 DAYS POST CLOSING

Distribute Title Policy to Buyer(s) & Lender(s)

2 DAYS POST CLOSING

Recordings Returned from County

THE BIG DAY

Funds
Money Distributed
Keys Given

THE BIG DAY

Closing Occurs

3 DAYS BEFORE CLOSING

Closing Disclosure/Settlement Statement Distributed

3-5 DAYS BEFORE CLOSING

Closing Scheduled

DAY 1

Contract Executed
Earnest Money Received

DAY 1

Order Opened
Contract Processed
All Parties Contacted

DAY 1-5

Title Plant &
Examination
Processed
Internally

DAY 5-15

Title Work &
Requirements
Distributed:
• Commitment
• Curative

DAY 5-15

File Processed
Internally
• Taxes
• HOA
• Survey
• Payoffs



CLOSING ON YOUR HOME



AFTER YOUR CLOSING

- The county clerk's office will send you the original recorded warranty deed that transferred title to the property to you. Store this document for safekeeping as you may need to refer to it in the future. A deed is not like a car title - you do not need the original to the property.
- The title company will send you an owner policy of title insurance. This document should also be stored for safekeeping with your other important papers. You should be certain to verify the name and address shown on the policy.
- You will receive a coupon book or other instructions about making your monthly loan payments from your lender. If you do not receive the coupon book or instructions in time to make your first payment, call your lender for assistance.
- Make certain to file your homestead exemption with the various tax authorities that collect taxes on your property. You must be the owner of the property on Jan. 1 to file for any exemptions, and can do so anytime between Jan. 1 and April 30.
- If your property taxes are being escrowed/impounded by your mortgage company, forward any tax notices you may receive in the mail to your lender so they can pay the taxes in a timely manner.
- It is the taxpayer's responsibility to be certain that the property is rendered in the taxpayer's name for the upcoming tax year.





ENSURE A SMOOTH CLOSING

- Verify date, time, and closing location with Buyer/Seller
- Verify that Buyer/Seller understand what "Good Funds" are and have them make arrangements with the title company for transfer of funds at closing
- Remind Buyer/Seller of who MUST attend the closing and that all parties must bring 2 forms of ID to the closing
- Discuss the Delivery of Proceeds requirements for Seller with the title company
- Verify that the commission breakdown is correct and sent to the title company
- Verify with Lender/Borrower that underwriting requirements need to be fulfilled and specify items that must be delivered to the title company at
- Verify that Lender's loan documents are delivered on time for the scheduled closing
- Notify title company of any lease agreements/rents to be collected at closing
- Provide the name of the Home Warranty being used
- Provide the original Power of Attorney, if necessary
- Provide title company with repair invoices
- Discuss potential for a delay in funding with Buyer/Seller

POSSIBLE CLOSING DELAYS

The following items require added clearance and processing time for escrow and title. Avoid delays by providing as much information as you can as soon as possible.

- Bankruptcies
- Probates
- Foreclosures
- Establishing Fact of Death
- Use of Property Execution of
- Power of Attorney
- Family Trust
- Business Trust
- Recent Construction
- Clearing liens, judgments
- Proper Execution of Documents
- Proper Jurist & Notary Seals
- Clearing Child/Spousal Support
- Encroachments/Off-record
- Easements
- Transfers/Loans Involving
- Corporations/Partnerships
- Last Minute Changes in Buyers
- or Coverage

WHAT IS A HOMESTEAD?

WHAT IS THE PURPOSE OF THE HOMESTEAD EXEMPTION?

The homestead exemption gives you rights against debts you might incur through accident, illness, or misfortune.

HOW DOES THE HOMESTEAD EXEMPTION WORK?

Example: If the market value of your home is \$120,000 and you have a first mortgage or deeds of trust of \$65,000 and a second mortgage of \$25,000, you have an equity of \$30,000 in your home. The exemption protects this equity against creditors.

WHAT IS A JUDGEMENT LIEN?

When you owe someone money they are considered your creditor. If a creditor sues and wins a judgement against you, they can file a lien against your home. The exemption is a protection against such liens.

WHAT KIND OF PROPERTY IS COVERED?

A house, condominium, duplex, mobile home, community apartment project, or planned development.

WHO IS ELIGIBLE FOR THE HOMESTEAD EXEMPTION?

Every homeowner who resides in his/her home is entitled to this protection.

WHO MAY FILE A DECLARATION OF HOMESTEAD?

Every homeowner may file.

ARE THERE LIMITS TO THE AMOUNT OF EQUITY PROTECTED?

Yes, for married couples, or single parents with dependents living at home the homestead exemption is \$75,000; unmarried individuals, \$50,000. For persons 65 years or older, or for persons physically or mentally disabled, the exemption limit is \$100,000.

CAN I REMOVE THE HOMESTEAD EXEMPTION IF I WANT TO?

Yes. You can remove the homestead exemption at any time by filing a form called Abandonment of Homestead. Also, if you were to record a homestead on another property, it would remove the homestead on the first property. When you sell your home, the homestead is automatically removed.





IF A POWER OF ATTORNEY (POA) IS TO BE USED IN THE CLOSING OF A REAL ESTATE TRANSACTION, IT MUST MEET THE FOLLOWING CRITERIA:

- Power of attorney should be specific as to the property
- Property must be described by legal description
- Principle executing the power of attorney must be 18 + years
- POA must not be more than 60 days old
- Should retain revocation language, i.e. can not be revoked unless written revocation is filed with county clerk where property is located
- It will not terminate upon disability or incapacity of principal
- Person giving the POA must communicate with the escrow officer at or near the time of closing that:
 - a. He/she ratifies the acts of the Attorney-in-Fact, giving the name of the Attorney-in-Fact; and
 - b. He/she knows what the sales/purchase price is, and if it is a loan transaction, he/she knows what the loan amount is

- POA must be acknowledged by a notary public
- POA and the acknowledgement must be in the English language
- If the POA is given by the seller, it needs to only be approved by the escrow officer or the appropriate representative of the title company. If the POA is given by the purchaser who is creating a new loan, then the POA must first be approved by the lender and then by the title company.
- Original POA must be at the title company at closing as it must be recorded with the county clerk prior to any other transaction documents being recorded.
- Section 36A of the Texas Probate Code has been amended as to "Durable Power of Attorney". The purpose of such a POA is to allow an agent appointed to act on behalf of the principal notwithstanding later disability or incompetence of the principal. Requirements for a "Durable Power of Attorney" are clearly delineated in the statute.

EXCEPTIONS & RESERVATIONS

An exception excludes from the operation of the deed some part of the land described, whereas a reservation refers to the estate retained by the grantor. Where the grantor makes a reservation in connection with the thing granted, he creates a new right in favor of himself that, until the grant, did not exist as an independent right. On the other hand, an exception eliminates or excludes from the operation of the terms of the grant that is set out in the exception and, which would in the absence of the exception, pass by the terms of the grant.

RESTRICTIONS

A restrictive covenant is an agreement restricting the use of real property or the buildings that may be erected thereupon. Some examples of restrictive covenants imposed on suburban subdivision land might include one or several of the following:

- Operation of a business or conduction commercial activity is prohibited
- No hogs, chickens, cattle or emus may reside on the premises
- No more than 2 domesticated animals may be kept in one household
- No satellite dish for the facilitation of television reception is permitted on the premises

TITLE COMMITMENT & CLOSING DISCLOSURE

WHAT DOES A COMMITMENT FOR TITLE INSURANCE LOOK LIKE?

The promulgated Texas Commitment for Title Insurance contains four schedules. Each schedule must uniformly provide basic information.

SCHEDULE A

Effective date (date title checked through), Date issuance (date prepared for distribution), amount and type of insurance policies to be written, ownership interest in the property (fee simple, leasehold, life estate), record title (found in the document purporting ownership), and a full legal description of the property.

SCHEDULE B

Exceptions from coverage (*promulgated language*) contain standard exceptions concerning general issues such as: restrictive covenants, homestead and community property rights, taxes for subsequent years, documents creating the interest to be obtained, liens, and leases which will be subordinate (*inferior priority*) to the lien being created at close and other rights covered in the form. Specific exceptions are also contained under Schedule B.

SCHEDULE C

Schedule C requires that documents prepared in the transaction be approved by the insurer. It also lists any matters which the title insurer requires be submitted for review, remedied, or evidenced as released. Requirement for additional documentation may be listed. If the matters listed on Schedule C are not disposed of to the satisfaction of the insurer, those matters will become exceptions on the proposed title insurance policy.

SCHEDULE D

Disclosure of ownership of the title underwriter and title agent. A listing of Shareholders owning, controlling directly or indirectly 10% or more of the shares of the title insurance company and title insurance agent is required. This schedule will also estimate title premium to be collected in the transaction. Name of any person who is not a full time title insurance agent is required. This schedule will also estimate title premium to be collected in the transaction. Name of any person who is not a full time title insurance agent employee (for example a Fee Attorney) who receives premium and the amount of premium to be received will be disclosed.



WHAT FACTS WILL A COMMITMENT FOR TITLE INSURANCE CONTAIN?
The Title Commitment will reflect the recorded ownership of the property, full legal description, and matters affecting the title (exceptions). Most exceptions standard to the Commitment document are permitted under TREC resale contracts.

Specific exceptions, those that are particular to the property examined, will also appear in the Commitment.

Examples Of Specific Exceptions:

- Easements created by the owner, or former owner, which are not part of the plat
- Items that the title insurer discovers on a current survey
- Leases filed in the real estate records
- Voluntary (purchase, home improvement, home equity) liens
- Involuntary liens (Abstract of Judgments, Mechanics Liens, Federal, State, or Tax)

CAN I GET THE SAME TYPE OF TITLE COVERAGE IN TEXAS AS IN SAY, NEW YORK?

All title underwriters in Texas will use approved forms and offer coverage which has been authorized with coverage language approved by the Texas Department of Insurance (TDI). Commitments are prepared only on the standard forms approved by TDI, not forms which may contain different coverage options used in other states.

WHAT TO DISCUSS WITH YOUR MORTGAGE PROFESSIONAL:

- Ask if the change will alter the APR and if redisclosure will be necessary at any time
- Find out when the appraisal will be ordered and ask if it is possible for you as the Realtor to provide additional comparable properties to the appraiser if there is a problem with the appraisal
- Ask when the closing instructions and documents will be given to Patten Law Firms so the final CD can be approved and tolerances can be checked
- Ask about rolling up fees into origination
- Ensure that the lender has all of Patten's fees and let the lender know we would be glad to work up a preliminary CD

THINGS YOU CAN DO:

- Encourage your buyers to meet with a loan officer whenever possible. There is an added benefit to working with a local loan officer to best facilitate communication
- Make sure that your buyers will be at present at the company and that their circumstance will not change between loan application and closing
- Create realistic contract deadlines
- Make sure that the buyers promptly acknowledge any disclosures from the lender
- Share any changes made to the contract after execution with the loan officer and the title company

SIGNING DOCUMENTS BUYER & SELLER



CLOSING PARTICIPANTS

- Homebuyer
- Seller
- Realtor
- Attorney

SELLER DOCUMENTS TO SIGN

- Closing Disclosure
- Compliance Agreement
- Conveyance Deed
- Seller's Affidavit

BUYER DOCUMENTS TO SIGN

- Closing Disclosure
- Compliance Agreement
- Mortgage
- Note
- Survey Affidavit or New Survey
- Loan Estimate
- Interest Statement

- Gas and/or Pest Inspections
- Home Warranty
- Payoff Authorizations
- Name Affidavits

- Escrow Officer
- Patten Law Firm
- Lender
- Servicer

- Notice of Right to Cancel
- Name Affidavits
- Occupancy Affidavit
- Various IRS Forms
- Completed 1003-Loan Application
- Flood Insurance Notice





THE CLOSING PROCESS PRE - TO - POST



PRE-CLOSING

Prior to closing there are several tasks that must be taken care of. Many of these tasks can be arranged by your agent.

- Property Appraisal
- Property Survey
- Obtain Homeowner's Insurance
- Home Inspection
- Title Search
- Termite Inspection (optional)
- Final Walkthrough Inspection
- Certified Check to Cover Closing Costs

DURING YOUR CLOSING

Closing day is the day the home buyer and the seller complete the legal transfer of the house. Once the closing process has been complete, the keys to the house are given to the buyer.

- Closing Disclosure (CD)
- Present Certified Funds for Closing
- Review All Other Documents
- Establish an Escrow Account
- Execute Mortgage Documents
- Receive Title to the Property
- Receive Keys to the Property (after *funding*)
- Record Legal Documents

LIEN

A monetary charge imposed on a property, usually arising from some debt or obligation.

LOAN ORIGINATION FEE

A charge imposed by the lender, payable at closing, for processing the loan.

MECHANICS LIEN

A lien on real estate that secures the payment of debts owed to persons who perform labor or services or furnish materials related to the construction of buildings and improvements on the real estate.

OWNER'S POLICY

A title policy insuring an owner of real estate against loss caused by defects or unmarketability of the owner's title.

POINTS

A unit of measure for charges on loans; one point is 1 percent of the loan amount.

PRIVATE MORTGAGE INSURANCE

Required on virtually all conventional loans with less than 20 percent down payment. The premiums for PMI are included in your mortgage payment, and protect the lender should you default on the loan.

REGISTRY OF DEEDS

The records of land title documents kept by the County Recorder. These are public information, but may require assistance of an employee to locate.

SETTLEMENT

The completion of a real estate transfer, where the title passes from seller to buyer, or a mortgage lien is given to secure debt undertaken to purchase the home.

SETTLEMENT AGENT

The person responsible for facilitating a closing. The settlement agent is usually either an attorney or a representative of the title company.

SURVEY

A drawing or map showing the precise legal boundaries of a property, the location of improvements, easements, right of way, encroachments and other physical features.

TITLE

A combination of all the elements that constitute the highest legal right to own, possess, use, control, enjoy, and dispose of real estate or an inheritable right or interest therein.

TITLE INSURANCE

A contract of title insurance under which a title insurance company, in keeping with the terms of the policy, agrees to indemnify the insured (the homeowner) against loss arising from claims against the insured interest (the property).



BROKER

A broker is anyone who acts as an agent, bringing two parties together for any type of transaction and earns a fee for dosing so.

CLOSING

The completion of a real estate transfer, where the title passes from seller to buyer, or a mortgage lien is given by the borrower to secure debt undertaken by the buyer to purchase the home.

DEED

The document that, when recorded with your local government, determines ownership of a property.

EASEMENT

A right to use the land of another person for a specific purpose, such as for a right-of-way or utilities.

ENCUMBRANCE

Any interest, right, lien or liability attached to a parcel of land that constitutes or represents a burden upon the property.

ESCROW

Closing a real estate transaction when all required documents and funds are placed with a third party for processing and disbursement.

FIDELITY BONDS

An insurance bond taken by a business or employer on designated employees. The bond provides insurance coverage in case of employee theft, fraud or misrepresentation.

HOMEOWNER'S INSURANCE

Real estate insurance protecting against loss caused by fire, some natural causes, vandalism, etc. Also includes coverage such as personal liability and theft.

CLOSING DISCLOSURE (CD)

A document that provides an itemized listing of the funds to be paid, or that were paid at closing. Items that appear on the statement include real estate commissions, loan fees, points and initial escrow amounts. Each type of expense goes on a specific numbered line on the sheet. The totals at the bottom of the Closing Disclosure (CD) define the seller's net proceeds and the buyer's net payment at closing. The CD is also known as the "closing statement" or "settlement sheet."

LENDER'S POLICY

A title insurance policy insuring the lender financing a parcel of real estate against loss caused by defects in the borrower's title.

HOMEBUYER'S HANDBOOK

