

HOME BUYER'S GUIDE

AN INFORMATIVE GUIDE
TO PURCHASING A HOME



TEXAS TITLE
A Place to Call Home™

TABLE OF CONTENTS

- 4 |** THE THREE PILLARS OF THE REAL ESTATE TRANSACTION
- 6 |** WHAT YOU NEED TO KNOW ABOUT FINANCING YOUR HOME
- 7 |** HOW A REAL ESTATE AGENT'S EXPERTISE CAN SERVE YOU
- 8 |** TITLE INSURANCE AND ESCROW
- 10 |** INSURANCE & HOA FEES
- 12 |** STEPS IN A REAL ESTATE TRANSACTION
- 13 |** CLOSING COSTS: WHO PAYS WHAT?
- 14 |** WHAT TO PACK FOR THE CLOSING TABLE
- 15 |** HOMESTEAD EXEMPTION
- 16 |** UTILITY SERVICES
- 17 |** FAQ - TITLE INSURANCE
- 18 |** MOVING CHECKLIST



Welcome to Texas Title

Texas Title is a licensed Texas-based title agency that handles the title insurance, escrow, and closing services for your real estate transaction. After your offer is successfully accepted; Texas Title will work with you, your agent, and the Seller's to ensure everything is in place to finalize the deal. Our experienced Team will oversee the closing and recording of the documents.

WHY TEXAS TITLE?

We offer competitive escrow and title solutions, complemented by a strong tradition of grassroots standards. Our centralized order processing platform ensures exceptional relationship management and an efficient, streamlined closing.

Operated by attorneys, we offer a specialized set of legal, escrow and title services that provide our clients with a competitive advantage. We operate multiple direct branch locations and are licensed in 49 counties (consisting of approximately 90% of the state's population) in Texas. Texas Title also has numerous fee attorney locations throughout the state of Texas.

At Texas Title, we recognize that each lender, real estate agent, borrower or homeowner is unique. We focus on creating customized solutions to meet the needs of our clients, utilizing technology to enhance your experience for a smooth and seamless closing.

We hope this guide will provide the information you need to guide you through the home buying experience. There are a lot of details that must be handled throughout the transaction. But rest assured, the welcoming and caring team at Texas Title stands ready to assist you every step of the way.

- Your Guide to Buying a Home

THE 3 PILLARS OF THE REAL ESTATE TRANSACTION

There are three primary industries or professions that support you in homebuying journey: Your Real Estate Agent, Your Loan Officer, and Texas Title. In addition, there are several other professional services that each of these companies rely on to ensure the safe transfer of property from the seller to the homebuyer.



REAL ESTATE

Real Estate Agent

Licensed by the State of Texas to represent parties in the transfer of property, your real estate agent will assist you in staging, showing, and ultimately assisting you with the negotiation and signing of a contract for purchase.

Home Inspector

After signing the contract, your agent will work with the Seller's agent to schedule and coordinate a home inspector to provide an objective and comprehensive analysis of the home's major systems and components. This report ensures the condition of the home is consistent with the Seller's representation and informs you of any repairs - major and minor - that may be required before the sale is concluded.

LENDER

Loan Officer

A representative of a bank or other financial institutions, the loan officer will help you identify your borrowing options and get you approved for a loan.

Appraiser

Working on behalf of a lender, the appraiser provides a market analysis of the home you want to buy. An appraiser's finding is an opinion based on the details of the specific home as compared to other recently sold properties within the surrounding neighborhood.

Insurance Agent

Your lender will require certain insurance policies to approve your loan. Your insurance agent will help you determine the homeowner's protection coverage you need. In addition, you may be required to purchase mortgage insurance or flood insurance, if your situation requires this additional policy.

Surveyor

Your Lender or Title Company may require a survey of the land before approving your loan or issuing a title policy to ensure the Legal Description of the land is accurate. The Surveyor determines the boundary lines, notes any rights-of-way or easements that could impact your use of the property, identifies any encroachments or shared driveways that could lead to boundary disputes, and certifies that existing improvements are not in violation of zoning laws or other restrictions.

TITLE AND ESCROW

Escrow Officer

An independent third-party who works with all participants to facilitate a successful closing of a real estate transaction, your escrow officer will collect the purchase money funds from the buyer and lender as well as the settlement costs from each party. They disburse the funds in accordance with the closing instructions & closing disclosure, and record the necessary documents to transfer ownership of the property.

Closing/Title Agent

Your title agent performs title searches to ensure a clear title so a title insurance policy can be issued. The title company also facilitates the transfer of real estate by sending original transfer documents to the county clerk for recording.

Real Estate Attorney

An attorney can give advice on all legal aspects of the real estate transaction. Additionally, they can draft and review contracts, help decide how to take title, and assist with the closing process. Use of an attorney to review the contract and title documents is optional.

WHAT YOU NEED TO KNOW ABOUT **FINANCING YOUR HOME**



What Can I Afford?

The truth is that most homebuyers start by looking at houses. But before you start looking for a home, it's important to know what you can afford. The way to know that is to visit a mortgage company, local bank or mortgage broker to understand how much they are willing to lend you based on your financial situation.



Your Financial Picture

Your loan officer will gather data from you on your employment situation, income history, assets, and current debt, such as college loans, auto loans, and credit card debt. The lender will also pull a credit report to ensure that your report matches up with the financial picture presented by the national credit bureaus.



Discuss Loan Options

Review the types of loans that are available and/or applicable to you and compare the rates of each with your loan officer. If you are a first-time homebuyer, you may qualify for mortgage programs with less money down and lower interest rates or federal programs that give beneficial rates. Your loan officer may also be aware of down payment assistance programs that you can apply for if you qualify.



Pre-approval Letter

Once your lender has reviewed your data, they will discuss with you the amount they are willing to lend you to buy a house, predicated on your ability to repay that debt. At your request, they can provide you with a pre-approval letter. A pre-approval letter is not the same as a loan approval. Your lender will only approve a loan when you have a contract on a specific house.



Go Shopping!

Armed with a pre-approval letter, you and your real estate agent can now intelligently choose homes in your price range. More importantly the pre-approval letter is very helpful in a competitive bidding situation. It reassures the Seller that you can finalize the purchase, should your bid be accepted.

HOW A REAL ESTATE AGENT'S **EXPERTISE CAN SERVE YOU**



Document Expertise

When buying a home, there are extensive forms, reports, disclosures and other technical documents that a real estate professional can assist you with. Their training and knowledge help prevent delays and costly mistakes.



Advocate

Real estate professionals have a fiduciary responsibility to put their client's interests first. Your agent is bound by law to negotiate, advise and inform you of all pertinent information to help you come to an agreement that is in your best interest.



Information Source

One of the most important duties of a real estate agent is to provide you with data, facts, school ratings, zoning information, utilities and local amenities information to help you decide which property has everything you need and is in a location convenient for your lifestyle. They can also use this information in marketing your home if you are selling.



Extensive Resources

In addition to providing their expert knowledge, agents have an extensive network that can assist you in finding a buyer for your property or identifying the best houses available for your needs. They can also connect you to the service providers you will need, such as a home stager if you are selling or a home inspector or title company if you are buying.

PROTECTING YOUR OWNERSHIP RIGHTS: **TITLE INSURANCE & ESCROW**

WHAT IS TITLE INSURANCE

When a Buyer purchases a property, they are granted “title” to the property. A property’s title relates to a Buyer’s legal rights to own, use and dispose of the property, both land and improvements.

Before a lender will provide a mortgage for a property, they want to be assured that there are no claims against the property, such as previous mortgages, court judgments, or tax debt that may affect your rights in the future. They also want to know if the current owner has the right to sell the property.

The title agent investigates the recorded information of the property and prepares a report called a title commitment, detailing everything in the public records relating to the property. They investigate the chain of title in the county records to identify the current owner or owners of the property owner. They list all current mortgages, mechanics liens, property tax liens, and judgments as recorded at the county records office.

A TITLE COMMITMENT IS NOT INSURANCE

A title commitment is a document that commits the title agent to issue a title policy if all conditions set forth therein are met prior to or at the time of closing. A title search pulls all relevant recorded documents from the county records and provides a detailed snapshot of the property including current owner, liens, and legal description.

The title commitment will explain all findings and necessary requirements to cure any title defects so that clear title may be delivered via deed and a final title policy is provided upon collection of all title and premium fees.

LOAN TITLE POLICY VS. **OWNER'S TITLE POLICY**

The two most common types of title insurance are Loan Policy and an Owner's Policy. The Loan Policy protects a lender in a real estate transaction, ensuring they have first lien position and insures up to the amount of the value of the policy, which is typically the loan amount. A Loan Policy is effective for as long as the mortgage is in place. All prudent lenders will require a Loan Policy.

An Owner's Policy protects the new owner of the property against loss up to the full value of their policy, which is typically the amount of their investment or the sales price of the property. The Owner's Policy is effective for as long as the owner or their heirs own the property. Remember, the Loan Policy only protects the amount of the Lender's investment. An Owner's Policy in Texas is optional and may be refused, but this is not advisable.

WHAT CLAIMS COULD BE MADE AGAINST **MY OWNERSHIP RIGHTS?**

A title insurance policy protects against many different types of claims, according to the terms of the policy. Here are just a few:

- Mistakes in recording of legal documents
- Undisclosed or unknown heirs
- Prior owners who did not divest themselves properly
- Fraudulent or forged deeds and wills
- Deeds by minors or persons of unsound mind
- Deeds executed under an invalid or expired power of attorney
- Liens for unpaid taxes or homeowner association dues and assessments
- Unreleased liens

For an affordable, one-time premium paid at closing, your title insurer may assume responsibility for certain covered risks associated with the ownership of your property. The title company will investigate claims against your ownership rights, defend you in court if necessary and may reimburse you up to the face value of the policy.

INSURANCE & HOA FEES



- **Insurance and HOA Fees**

Your lender may require several different insurance policies as part of the mortgage approval process. In addition, if your property is in a subdivision or condominium managed by a Homeowners Association, you will be required to pay fees at closing. Here's an explanation for some of those items.

- **Homeowners Insurance**

To protect its investment in your mortgage, your lender will require you to purchase a Homeowners Insurance policy. This policy provides coverage to repair or replace your home and other structures on your property and their contents in the event of damage from weather related events, as well as fire, theft or vandalism. Of course, even if you pay cash for your home, you will want to have Homeowners Insurance for as long as you own your home.

- **Mortgage Insurance**

If your down payment is less than 20% of the value of the property, your lender will require mortgage insurance. Mortgage insurance protects the lender's investment in case you default on the loan and the lender is unable to recover the full amount of their investment. The premium is usually a monthly fee rolled into your mortgage payment. Once you have achieved 20% equity in your home, you can request that the policy be dropped.

- **Flood Insurance**

Lenders, as well as government-backed mortgage products, require that you purchase a stand-alone Flood Insurance Policy if your property is located in a high-risk area. Most Homeowners Insurance policies do not include flood insurance coverage. Since any property can experience flooding under extraordinary weather conditions, it is always prudent to discuss this coverage with your insurance company.

- **Loan Policy of Title Insurance**

A Loan Policy of Title Insurance protects a lender in a real estate transaction, ensuring they have first lien position up to the amount of the value of the policy, which is typically the loan amount. A Loan Policy is effective for as long as the mortgage is in place. The fee is a one-time fee paid at closing.

- **Owners Policy of Title Insurance**

An Owner's Policy protects the new owner of the property against loss from claims made against their ownership rights up to the full value of their policy, which is typically the amount of their investment or the sales price of the property. The Owner's Policy is effective for as long as the owner or their heirs own the property. The fee is a one-time fee paid at closing.

- **HOA Fees**

If you purchase a property in a subdivision or condominium that is part of a Homeowners Association (HOA), you will be required to pay HOA fees at closing and every year after as long as you own your home. The HOA is usually managed by a board made up of homeowners who make and enforce rules, including in some cases restrictions on what you can and cannot do with your property. If the HOA manages common areas, such as the entrance to the subdivision, a clubhouse, or tennis courts, the annual fee will include the cost of the maintenance for those shared areas.

THE 16 STEPS IN A REAL ESTATE TRANSACTION

What happens in a real estate transaction from start to finish?

1. Buyer connects with licensed real estate professional.
2. Buyer connects with a lender if a loan is needed.
3. Buyer signs contract and provides earnest money funds.
4. Agent delivers contract to title company with earnest money funds.
5. Buyer orders termite and mechanical inspections.
6. Title company opens file and orders title commitment & taxes.
7. Title company obtains payoff information from seller's lender.
8. Title company reviews title commitment for title defects.
9. Title company issues title commitment to Buyer & Buyer's lender.
10. Title company orders survey if new one is required.
11. Loan approval received from Buyer's lender.
12. Closing date is set with escrow officer at title company.
13. Buyer orders homeowners insurance policy.
14. Title company receives loan closing instructions from Buyer's lender and prepares documents and closing statements.
15. Closing occurs.
16. The transaction is funded; funds are disbursed in accordance with your closing instructions and disbursement authorization form.



After closing, the Title Company does the following:

- Returns required documents to lender for their approval. Most lenders require this before funds are disbursed.
- Receives and disburses all money from lender, including payment of all taxes, any bank charges, attorney's fees, title company fees and any other accrued expenses in connection with the closing.
- Records legal documents in the office of the county clerk.
- Prepares and insures title policies and sends to lender and owner.

CLOSING COSTS: WHO PAYS WHAT?

Every transaction is unique and certain costs are negotiable. It is important to speak with your realtor, lender and escrow officer about your specific transaction.



BUYER COSTS

- Property inspections
- Termite inspections
- Survey (per contract)
- HOA transfer fee (per contract)
- Prorated taxes
- Escrow fee
- Courier fee
- Hazard insurance



COSTS ASSOCIATED WITH A LOAN

- Loan origination fee
- Loan title policy and endorsements (per contract)
- Appraisal
- Credit report
- Prepaid interest
- Document preparation
- Recording fee(s)
- Initial deposit for escrow account (if applicable)
- Mortgage insurance premium (if applicable)
- VA funding fee (if applicable)

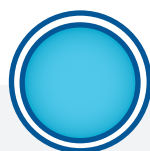


SELLER COSTS

- Payoff of existing loan(s)
- Tax certificate
- Realtor commissions
- Prorated taxes
- Owner's title policy and endorsements (per contract)
- Escrow fee
- Document preparation
- Recording fee(s) Survey (per contract)
- HOA resale certificate (per contract)
- Termite inspection (VA loan only)

WHAT TO PACK FOR THE CLOSING TABLE

Homebuyers and sellers should come prepared with the following items to make the closing experience as seamless as possible.



BUYER



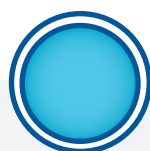
Two forms of ID

A valid driver's license and one of the following: social security card, passport or resident alien card.



Funds for the closing

Either a wire transfer (with the bank confirmation) for the amount outlined by your escrow officer, or a cashier's check made out to Texas Title. Please know we are required to call the bank where the cashier's check was issued to verify the availability of funds. Call us before you wire to verify the wire instructions and always ask questions if you have them.



SELLER



One form of ID

A valid driver's license or government issued photo ID.



A voided check or your banking information

Bring this if you would like us to wire transfer your funds after closing.

Alert your escrow officer if there are any changes to your marital status after signing the contract prior to closing. If you are using a power of attorney, the original executed document must be reviewed and approved by the title company prior to closing. The title company is required to contact the person granting power of attorney on the day of the closing.



2022 HOMESTEAD EXEMPTION LAW UPDATE

How will the new law benefit your homebuyers?

- **Beginning on Jan. 1 2022**, your buyers can file for the homestead exemption in the same year they purchase their home, instead of waiting until the following year.
- Homeowners must submit an Application for Residential Homestead Exemption with the appraisal district where the property is located.

To learn more, visit <https://comptroller.texas.gov> and search for the Residence Homestead Exemptions FAQs.



SETUP UTILITIES & HOME SERVICES IN ONE PLACE!

LET US HELP CONNECT YOUR HOME SERVICES

We understand how stressful moving can be. Let us help you locate, schedule and complete all of your utility and home services.



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ENERGY

Locate and shop the top rated electric companies to find the best deals for you.



HOME SECURITY

Protect your family with a security system for peace of mind.



TV & PHONE

We locate and shop the best promos & specials available for your TV and Home Phone.



INSURANCE

Find great companies to insure you and your home are protected from anything.



INTERNET

Get online immediately with Internet that fits you or your family's lifestyle.



CITY UTILITIES

Locate and supply you with all the information you need to turn on your utilities.



MOVERS

Research the best options for your move with top rated moving companies.



MAIL FORWARDING

Forwarding your mail gets overlooked. We'll handle this, so you don't have to.



FREQUENTLY ASKED QUESTIONS

TITLE INSURANCE

What is a Property Title?

A property's title relates to all your legal rights to own, and dispose of real estate, both land and improvements.

What is Title Insurance?

Title insurance is a policy that protects the insured from a financial loss related to a legal claim against your ownership of a property. For example, an unknown heir to the property could appear and claim ownership, or a county or federal taxing agency could claim the property for back taxes owed by the previous owner if liens were previously filed against the property.

What types of policies are available?

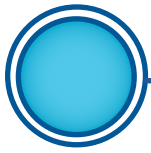
The two most common types of title insurance are: an Owner's Policy and Loan Policy. The Loan Policy protects a lender in a real estate transaction, ensuring they have first lien position and good equitable title up to the amount of the value of this policy, which is typically the loan amount. A Loan Policy is effective for as long as the mortgage is in force.

An Owner's Policy protects the new owner of the property against loss up to the full value of their policy, which is typically the amount of their investment or the sales price of the property. The Owner's Policy is effective for as long as the owner or their heirs own the property. An Owner's Policy in Texas is optional and may be refused, but that is not advisable.

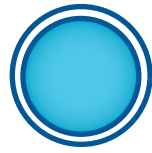
Who needs Title Insurance?

Buyer's, lenders and sellers all benefit from title insurance. In addition to protecting the lender and homebuyer's interests, the Seller benefits from the policy because it represents a guarantee that the property being sold is free of any liens and encumbrances. If a claim or challenge is made against the property, your title insurer may assume responsibility for all legal expenses related to the defense of your property.

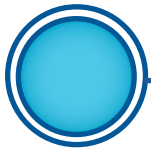
THE MOVING CHECKLIST



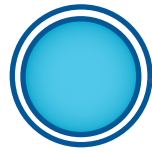
PURGE! Go through clothes, closets and kitchen. Don't be nostalgic - make donations to local charities.



Go through your bathroom and medicine cabinet - purge anything that is expired including old makeup.



Kitchen - clean out the fridge and pantry, get rid of all expired goods and items not used.

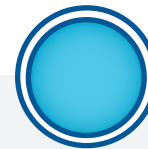


Start packing the rooms you don't use first. (Pack seasonal items, holiday items, & rarely used kitchen items early.)



FOR ADDRESS CHANGE:

- Post Office
- Bank
- Credit Cards
- Insurance Company
- Subscriptions
- School
- Doctor



ON MOVING DAY:

- Take jewelry, important documents and other valuables with you.
- Double check closets, attic, shed and garage to ensure all items are removed.
- Leave or hand off keys to mailbox, shed, garage, etc. for new owners.



TEXAS TITLE
A Place to Call Home™

"Closing on the purchase of a home can be a complicated process. As a full service title company, our goal is to make the process as smooth and easy as possible. We want to thank you for the opportunity to serve you, and hope you find Texas Title a place to call home."

- Bob Karlseng, CEO & Claude Rich, EVP



texasitle.com/direct-offices/