

HOME SELLER'S GUIDE

AN INFORMATIVE GUIDE
TO PURCHASING A HOME



TEXAS TITLE
A Place to Call Home™

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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 you successfully accept an offer to sell your property, Texas Title will work with you, your agent, the Buyer's, and loan officer, to ensure everything is in place to finalize the deal. Our experienced team will then oversee the closing, funding, and recording 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 sale of your home. 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 your selling 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 sale.

Home Inspector

After signing the contract, your agent will work with the buyers agent to schedule and coordinate a home inspector to provide an objective and comprehensive analysis of your home's major systems and components. This report ensures the condition of the home is consistent with your 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 institution, the loan officer will help the Buyer identify their borrowing options and coordinate the loan documents to be signed at the closing.

Appraiser

Working on behalf of a lender, the appraiser provides a market analysis of your home. 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.

Surveyor

The Lender or Title Company may require a survey of the land before approving the 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 the 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.

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



Document Expertise

When selling 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.



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.



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.



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 buyers legal rights to own, 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 every detail of the current property ownership and prepares a report called a title commitment, detailing everything in the public records relating to the property.

The title agent investigates the recorded information of the property and prepares a report called a title commitment. This details 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. 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 for there in 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 issues 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 force. 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.

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.

PRICING TO SELL

COMPARATIVE MARKET ANALYSIS

When you are ready to list your home, your real estate agent will conduct a Comparative Market Analysis (CMA). The CMA is usually free and helps determine the fair market value of your home based on evaluation of local information. Here are the factors that go into that evaluation.



SPECIFIC ATTRIBUTES

- **Home Size & Space Configuration**

The square footage of a home plus the number of bedrooms, bathrooms, bonus rooms and other amenities such as garages, pools and decks are the foundation when considering pricing for sale.

- **Age and Condition**

There can be a big price difference between a renovated house and a neglected house on the same street.

- **Upgrades and Updates**

Upgrades and updates to a home can significantly add to the price, especially if the home can be considered "move in ready."

- **Location**

Location is critical. Proximity to the high activity of an urban area for young buyers, access to a good school district for young parents, or accessible services for older buyers can positively impact the pricing of homes.

- **Neighborhood Comps**

Real estate agents rely heavily on recent sales to help determine the selling price.

ECONOMIC AND MARKET FACTORS

- **Economic Indicators**

The general health of the economy has an impact on pricing. A recession can negatively impact home prices, while a growing economy and high employment can boost home prices.

- **The Local Market**

Is your region in a growth mode or a recession mode? What is the local rate of unemployment?

- **Supply and Demand**

Are there lots of houses on the market currently, or very few? How active are buyers in your area? How long on average are homes on the market before a successful sale?

- **Interest Rates and Mortgage Availability**

What are the current interest rates? The lower the interest rate, the more active the real estate market will be. Are lenders eager to lend or are they in a conservative lending mode?

- **Housing Prices to Earnings Ratio**

Traditionally, the thinking was that the housing price to earnings ratio should be 3:1 - that is to purchase a \$210,000 house, your income should be at least \$70,000. In an environment of lower interest rates, that number has risen on average to 4.5, and remains a factor in pricing a home for the potential buying population.

COMMON MARKET TERMS

- **Appraisal**

A report prepared by an appraiser, usually at the request of the lender, that presents an opinion of value of a specific property based on an analysis of the attributes of the property, the current market fundamentals and comparable sales in the immediate neighborhood.

- **As-Is Condition**

A property sale that is premised on the buyer accepting the property in the condition in which it exists at the time of the sale, including all defects.

● **Asking Price**

The advertised price the seller asks for the property. The sale price may be lower after negotiations with the buyer or can be higher in a low inventory market if buyers engage in a bidding war for the property.

● **Buyer's Market**

Occurs when sales slow and inventory accumulates. This market is characterized by high number of days on market and falling sales prices, giving buyers greater opportunities.

● **Cloud on Title**

A defect found on the title commitment that limits a title agent's ability to issue a title policy as a result of an existing issue, such as foreclosure, fraudulent deed, divorce, bankruptcy, or unsatisfied liens such as property taxes, mechanics liens or court judgments.

● **Commission**

The fee charged by a real estate agent to represent a buyer or a seller in a real estate transaction, usually represented as a percentage of the sales price of the property.

● **Contingency**

A condition as part of a real estate contract or as an addendum to the contract that must be satisfied before the contract can be finalized. If not satisfied, it gives the buyer the right to withdraw from the contract. For example, the successful sale of a buyer's current home, the completion of a repair by the seller, or the ability of buyer to get financing.

● **Days on Market (DOM)**

The number of days a property has been listed on the market.

● **Earnest Money**

A fee paid by a buyer at the time an offer is made as evidence of their commitment to purchase the property.

● **Inventory**

The number of homes for sale on the Multiple Listing Service (MLS). A small inventory indicates a high demand, and therefore, higher prices.

● **Marketable Title**

A property deemed free of defects or claims, giving the owner the right to sell the property.

● **Median Sales Price**

The midpoint between the most expensive house and least expensive house sold in an area during a specific time.



- **Price Discount**

The difference, usually expressed as a percentage, between the initial list price for a home and the final sales price.

- **Seller's Market**

A real estate market characterized by small inventories and short days on market. It's common for multiple offers to be made on properties, sometimes exceeding the list price.

- **Seller's Settlement Statement**

Sometimes called a Closing Disclosure, it lists all the financial numbers of a real estate transaction, beginning with the agreed upon sales price and including all fees, commissions and credits and showing the final net proceeds that will go to you.

- **Title**

A property owner's legal rights to own and dispose of real estate.

HOME STAGING: ENHANCING **THE APPEAL OF YOUR HOME**

Home staging is the process of preparing your home and property to attract the widest range of buyers. The work you do is not only important for your listing photos, but for a potential open house or showings. Your real estate agent can provide you with assistance in identifying specific tasks that will improve the sale potential of your home. You can also hire a professional home stager to collaborate with you in your preparations. However, if you want to tackle the process on your own, here are some things to consider.

LANDSCAPE & BUILDING PRESENTATION

The first thing a potential buyer will see is the outside of your home. A little attention can go a long way.

Landscape

Mow the lawn and trim back unsightly bushes and trees. Add a little mulch around the beds to make them look trim. Consider adding a few strategic bedding plants or potted flowers to add color.

Front door and Porch

Scrub down the front porch and wash, repair or paint the front door to make it look more appealing.

House

Touch up trim, wash windows, repair siding, and clean out the gutters.

INTERIOR AND ATMOSPHERE

Potential buyers will get a “feel” for the house the moment they walk into it. Correct anything that will distract them from seeing the potential of the home.

Lighting

Make sure all the rooms are well lit and curtains open to let in natural light. This will create an open feel to the rooms.

Clutter

Remove all unnecessary objects and furniture from all the rooms. A buyer will struggle to envision their own belongings in a room if it is jammed with your possessions. Remove extraneous items to a storage unit, if necessary.

Cleanliness

Clean everything, paying special attention to light fixtures, windows, light switches, and woodwork. Reduce pet odors, especially in carpets and furniture.

Walls

Your agent may advise you to paint some rooms using neutral colors. Think of it as a blank canvas to help the buyer better envision their décor in the space.

Closets and Cupboards

Don't stuff your cupboards in an effort to clean up! Potential buyers will open them. Start packing unneeded possessions now and store elsewhere.

Reposition Furniture

Move furniture to make the rooms look more open and inviting and to provide easy passage for potential buyers.

Kitchen and Bathrooms

Make sure the kitchen and bathrooms are spotless and uncluttered.



OPEN HOUSE AND SHOWING

- Clean, dust, and sweep thoroughly.
- Remove anything that could cause odors, especially garbage, litter boxes, and dog or cat beds.
- Board your pets, drop off with a friend, or take them away for the day during an open house or showing.
- Leave a light on in all spaces and open curtains and blinds to make the rooms look brighter and larger.
- Turn off all TVs and radios but consider playing soft or soothing music.
- Make sure all personal valuables are locked in a safe or stored off premises during the time you are showing your home.
- Take one more look around before you leave to ensure everything looks clean and inviting.

THE 16 STEPS IN A REAL ESTATE TRANSACTION

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

1. Seller hires a licensed real estate professional.
2. Seller's agent conducts a CMA (comparative marketing analysis) to gauge homes worth.
3. Agent takes photos of the home and creates a written description of the property.
4. Agent lists home for sale on the Multiple Listing Service (MLS) and advertises the listing.
5. Buyer's agent presents a formal document stating the price offered for the purchase of the home.
6. Seller reviews the offer with their agent and counteroffers if necessary.
7. When an agreement is reached, buyer and seller sign the official sales contract.
8. Escrow is opened; buyer delivers earnest money funds and contract to title company.
9. Title company orders survey and HOA disclosure if required.
10. Title company reviews title commitment for title defects.
11. Title company issues title commitment to Buyer and Buyer's lender.
12. Loan approval received from Buyer's lender
13. Title company receives loan closing instructions from buyer's lender and prepares documents and statements.
14. Closing appointment is set with escrow officer at title company.
15. Closing occurs.
16. The transaction is funded; funds are disbursed in accordance with your closing instructions and disbursement authorization form.

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.

TEXAS TITLE



Texas Title is a Texas-based full-service title agency founded in 2013 by attorneys Robert Karlseng and Claude Rich. 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 technology and attention to the experience as a basis for our services.

We're Attorney-Owned & Operated

This means we can offer a specialized set of legal, escrow and title services that provide our clients and customers with a competitive advantage. If you need legal counsel, our attorneys are available to answer your questions. WE prioritize YOU, our client.

Our law firm is local to Texas

Since we're local, you get your legal questions answered in a timely manner, instead of being referred to a real estate attorney you don't know. We keep it personal.

Our education platform allows us to invest in our clients

We focus on investing in the education of our clients by providing excellent and professional continuing education courses in DFW. We regularly create courses that are specifically requested by agents and real estate professionals to provide the specialized and tailored programming they need.

We create custom solutions

We recognize that each lender, real estate agent, borrower or homeowner is different. When problem solving, we focus on creating custom solutions that meet the needs of our clients.

WHAT HAPPENS **AFTER THE CLOSING?**

What is a Real Estate Closing?

A real estate closing is when all legal documents pertaining to a property transfer are signed by all parties involved and notarized by a closing or settlement agent.

Before this can happen, the Escrow Officer has worked with the Lender to prepare the Buyer's Closing Disclosure, detailing the terms of the sale and mortgage. The Escrow Officer also ensures that the Buyer's earnest money, down payment and closing costs, as well as the Lender's mortgage funds are in the escrow account ready for disbursement. And finally, the Escrow Officer must verify that 1) all the conditions agreed to in the real estate contract, and 2) the lender requirements have all been met.

Lender Review

After all paperwork has been signed and notarized, the Escrow Officer returns the loan package to the Lender for review. This review usually takes place within a few hours of the closing. Once the Lender has finalized their review, they will let the Escrow Officer know that the loan can be funded.

Disbursement

The disbursement or financial settlement occurs after the loan review. The Escrow Officer, following the instructions of the Lender and the terms of the Closing Disclosure, pays off all the Seller's previous mortgages, liens, taxes, closing fees and real estate agent commission, as well as all the Buyer's closing fees and other obligations, such as HOA fees and premiums, including homeowners, mortgage, flood and title insurance fees.

Seller's Proceeds

Texas is a "wet closing" state, which means funds are available for disbursement the same day. Once the Escrow Officer has ensured all requirements are met and they have good funds available for disbursement, they will write a check for the Seller's proceeds or wire them to a predetermined account. It takes 24 - 48 hours for a wire to clear, giving you access to the funds. This is something to consider if you have scheduled a closing on a new home. You can check with the Escrow Officer and your bank ahead of time to understand how quickly you might have access to the funds.

While a check feels more immediate, your bank will also need time to make sure the check clears before giving you access to the funds. Most Escrow Officers and Lenders prefer to work with wire transfers rather than checks, as there are more safeguards built into the wiring process to protect your funds and ensure their safe delivery to your account.

Recording and Title Insurance

The Title Company will record all necessary documents with the county recorder after the closing, and within a few weeks, issue the title insurance policies to the Lender and the Buyer.

Escrow Funds

Sometimes, the Escrow Officer may be instructed to hold a portion of the funds in escrow as a condition of the closing process. For instance, if you agreed to make repairs that you were unable to complete before closing, the funds for those repairs may be held in escrow until completed. Once all conditions have been satisfied, the Escrow Officer will release the remaining funds to you.

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?

Buyers, 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.



"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



texastitle.com/direct-offices/