

TIPS FOR A TIMELY CLOSING

for the buyer



Purchasing a home can be a rewarding experience, but there may be delays in the closing due to situations that could have been avoided. At First American Title, we understand that by keeping you informed and helping you prepare for the closing day, it is likely you will have a stress-free closing experience. Although closing procedures vary from state to state, having an understanding of what may be required at closing and preparing accordingly will help your settlement process go as smoothly as possible.

LENDER REQUIREMENTS:

Your lender may require additional documentation or inspections (roof, septic, water, etc.) in order to comply with loan underwriting requirements. To expedite the processing of your loan, all lender-requested documentation should be submitted in a timely fashion.

SURVEY:

If your lender requires a survey endorsement to the lender policy, it will be necessary for you to obtain a survey. If the seller has a prior survey, the lender may approve your use of the seller's survey if there have been no structural changes to the property.

BUYER PROTECTION PLAN:

If a home warranty product is being provided and shown on contract, please provide the invoice to your escrow officer.

HOMEOWNER INSURANCE (Hazard/Flood):

Your lender will require a copy of the policy(s) and a paid receipt or invoice at least 10 days prior to consummation. The lender's full name and address must be shown on the policy.

CONDOMINIUM APPROVAL:

Written approval of the sale may be required from the Condominium Association. Your closing agent must have this approval form in order to close. Please be sure to make application early in order to avoid any delay in closing.

POWER OF ATTORNEY:

The use of a power of attorney must be approved in advance of settlement by the closing agent and your lender. If you are planning to use a power of attorney, please inform the closing agent as soon as possible to allow time to properly review the document.

MARITAL STATUS:

Spouses may be required to sign certain closing documents even though they do not intend to hold title and their name will not appear on the deed. Check with your closing agent and lender to see what documents you and your spouse will be required to sign.

CLOSING DISCLOSURE (CD):

This is a federally mandated form which must be delivered to you at least 3 business days* before you sign paperwork. If you have questions or if any information is incorrect, notify your lender immediately.

MAIL-AWAY:

If you are unable to attend the signing, please provide the address where the closing documents should be mailed and a contact phone number. Your signature on certain affidavits, loan documents and other closing documents may require the services of a notary.

*For the purpose of the CD, "business day" is defined as every day except Sundays and Federal legal holidays.



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CHECKLIST FOR CLOSING DAY

TIPS FROM OUR TEAM
TO HELP YOU PREPARE

Whether you are purchasing a home or selling a house, knowing what to expect and being prepared at the “closing” can help eliminate stress and result in a pleasant experience. At First American Title, we understand how important this transaction is to you, and we are committed to consistently providing a level of service that prepares you for this final step in your real estate transaction.

Although the settlement process can vary from state to state, here are some common items that may be required from you at closing and can help your closing go as smoothly and quickly as possible.



VALID PHOTO IDENTIFICATION

Two forms of identification are typically required at closing, including one of the following:

- Valid Driver's License or non-driver I.D. issued by any state
- Valid US Military ID
- Current United States or Foreign Passport (Foreign Passport must have been stamped by U.S. Immigration and Naturalized Service)



HAZARD INSURANCE POLICY AND PAID RECEIPT

A hazard policy, also known as homeowner's insurance, with the lender designated as the insured holder of the mortgage, is required on most loans. Evidence of hazard insurance, including a paid receipt, must be provided prior to closing.



CASHIER'S CHECK OR WIRE TRANSFER PAYABLE TO: *First American Title*

In the event you are required to bring funds to closing, we cannot accept personal checks or cash. If you prefer to wire your funds, please contact us for bank routing instructions.

If you will be bringing a proceeds check from another settlement, please contact us to verify the acceptance of those funds - we do not automatically accept checks from all title companies and attorneys.



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Checklist for a SMOOTH CLOSING



First American Title wants to make your real estate transaction as smooth as possible.

Help us work together as a team to put the pieces together for an effortless closing:

- Email, fax or deliver the contract and all addenda to First American Title as soon as possible.
- Provide First American Title with the real estate license numbers for both you and your broker.
- Provide First American Title with accurate phone numbers and mailing addresses for your clients (especially on investment properties).
- Advise First American Title in advance if your client has any special needs (physical limitations, time constraints, location constraints, special life circumstances, power of attorney, etc.).
- Encourage your clients to respond to any requests for information from First American Title. A lack of requested information such as new lender, loan payoff information and insurance agent can cause delays.
- When performing a split closing, provide the other title company information to First American Title as soon as possible. First American Title will coordinate with the other company to ensure a smooth transaction.
- Let us know if your client has travel plans, may be otherwise unavailable on the anticipated closing date, or if a courtesy signing may be necessary at another of our offices.
- Advise First American Title in advance if your client will be using a Power of Attorney. Powers of Attorney must be approved in advance by the title company (and the lender if a buyer intends to use a Power of Attorney).
- Review the title commitment/preliminary report when you receive it. If something seems out of the ordinary, call your escrow officer.
- Keep the lender in the loop. Just as with escrow, make sure the lender has received all addenda and invoices.
- Email, fax or deliver invoices for repairs (supplies and/or labor), commission, or any other items to First American Title as soon as possible. Make a note as to who is responsible for paying the bill.
- Encourage buyers to respond promptly to lender requests for information and documentation.
- Ensure all invoices, addenda and other important information is delivered to the lender and escrow officer at least two weeks prior to your anticipated closing date. This will allow them to coordinate on the preparation of the Closing Disclosure.
- Two weeks before close of escrow, verify the lender has everything needed to prepare the Closing Disclosure.
- Review the estimated settlement statement when you receive it. If something does not match your understanding of the transaction, call your escrow officer.
- Notify your client that all funds owed at closing will need to be in the form of a cashier's check or wire transfer.
- Encourage your client to remain focused and attentive during signing and limit distractions. If parents are bringing their children to the signing remind them to bring a book, toy, or activity for them.
- Remind your client that real estate transactions are complicated and may take longer than anticipated. Patience is vital to a smooth transaction.

Every closing and title company is unique. If you have closing questions or concerns please contact your escrow officer.



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WHAT TO AVOID DURING THE CLOSING PROCESS

The following actions may seriously impact your closing. Speak with your title company, real estate professional, and lender if any of these could occur before closing.



CHANGING JOBS

A job change may result in your loan being denied, particularly if you are taking a lower-paying position or moving into a different field. Don't think you're safe because you've received approval earlier in the process, as the lender may call your employer to re-verify your employment just prior to funding the loan.



CHANGES TO YOUR MARITAL STATUS

How you hold title is affected by your marital status. Be sure to make both your lender and the title company aware of any changes in your marital status so documents can be prepared correctly.



MAKING ANY LARGE PURCHASES

A major purchase that requires a withdrawal from your verified funds or increases your debt can result in your not qualifying for the loan. A lender may check your credit or re-verify funds at the last minute, so avoid purchases that could impact your loan approval.



PAYING OFF EXISTING ACCOUNTS UNLESS YOUR LENDER REQUESTS IT

If your loan officer advises you to pay off certain bills in order to qualify for the loan, follow that advice. Otherwise, leave your accounts as they are until your escrow closes.



SWITCHING BANKS OR MOVING YOUR MONEY TO ANOTHER INSTITUTION

After the lender has verified your funds at one or more institutions, the money should remain there until needed for the purchase.



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IDENTIFICATION

REQUIREMENTS AT CLOSING

To help prevent instances of forgery and fraud, parties signing documents in a real estate or lending transaction are required to provide acceptable forms of identification. Although specific requirements may vary from state to state, here is a general overview of the type(s) of identification that are typically used to substantiate and affirm identity.

ACCEPTABLE IDENTIFICATION DOCUMENTS

The document must be current and contain the signer's photograph, physical description, signature, and bear a serial or other identifying number.

- ☒ Valid Driver's License or non-driver I.D. issued by any state
- ☒ United States Passport
- ☒ Foreign Passport stamped by the U.S. Citizenship and Immigration Services (USCIS)
- ☒ Valid United States Military I.D.

EXAMPLES OF UNACCEPTABLE IDENTIFICATION DOCUMENTS

- ☒ Social Security Cards
- ☒ Permanent Resident I.D. Card
- ☒ Employee I.D. Badges
- ☒ Club Cards

The closing agent / notary will make sure that the document signer signs the same name that appears on the identification presented. If your name has changed or it will change prior to the closing, please provide the proper identification to support the change.

We understand that by keeping you informed and helping you prepare for the closing day, the more likely you will have a stress-free closing experience. If you have questions regarding identification documentation, please contact us prior to closing.



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Reminders for Residential Buyers



⇒ WHAT HAPPENS AFTER SIGNING?

The loan documents are returned to your lender for review. Once the lender authorizes us to close escrow, we will contact you or your agent with the good news.

⇒ WHAT WILL I GET IN THE MAIL AFTER CLOSING?

You will receive your final Settlement Statement - be sure to keep it for tax purposes. You will also receive a title policy and recorded deed showing your ownership. Finally, you will receive an information package from your new lender.

⇒ WHEN DO I GET MY KEYS?

Your real estate professional will handle the key exchange. It typically happens once your lender allows us to record the transaction.

⇒ HOW DO I MAKE MY FIRST PAYMENT?

You should have received a temporary payment coupon with your loan documents at the signing - you may need to use it to make your first payment. Within a few weeks, you should receive coupons /statements directly from your lender.

⇒ UTILITIES

You will need to contact the utility company to transfer utilities into your name before you move in. The seller's final utility bill is not handled through escrow; you must address the transfer directly with the utility company and the seller so that you are not billed for those services.

Congratulations - You are a new homeowner! We appreciate working with you.
Please feel free to call us with any questions.



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WHAT HAPPENS AFTER CLOSING

Congratulations! The closing papers have been signed and you are now holding the keys to your new home. At First American Title, we strive to deliver an exceptional level of service in all phases of the homebuying process and are pleased to offer the following information that you may find helpful in making a smooth transition to your new home.



KEYS TO HOME

Your real estate agent has supplied you with a set of keys that unlocks the doors to your new home. To ensure security, you should immediately **change the locks** upon moving in.

UTILITIES

If you have not already done so, contact the local service providers to **make arrangements** for electricity, gas, water, phone and cable or satellite services. While some providers may need as little notice as a day to activate your services, it's best to give them a few weeks' notice.

OWNER'S TITLE INSURANCE POLICY

You may have received a First American Title Owner's Policy at the closing table. If this service is not available in your area, you will receive your policy by mail in four-to-six weeks.

RECORDED DEED

Once recorded in the official county records, the original deed to your home **will be mailed directly to you**, generally within four-to-six weeks.

LOAN PAYMENTS

At the closing, written instructions were provided with details for making your first loan payment. You should **receive your loan coupon book before your first payment is due**. If you don't receive your book, or if you have questions about your tax and insurance escrows, please contact your lender.

PROPERTY TAXES

At the closing, property taxes were prorated between the buyer and the seller based on occupancy time in the home. You may not receive a tax statement for the current year on the home you buy; however, it is **your obligation to make sure the taxes are paid when due**. Check with your lender to find out if taxes are included with your payment and if the tax bill will be paid by the lender from escrowed funds.

FILING FOR HOMESTEAD

If the home you purchased is in a homestead state, you **may be required to declare homestead or file for a homestead exemption**. A homestead

exemption reduces the value of a home for state-tax purposes. Please check with the local county recorder's office to determine eligibility, filing requirements and deadlines.

POSTAL SERVICE

Your local Post Office can provide the necessary Change of Address forms to expedite the delivery of mail to your new home. You can **make the Change of Address process faster** and easier by notifying everyone who sends you mail of your new address and the date of your move two weeks before you move. Many bills and statements provide an area for making an address change.

DRIVER'S LICENSE

If your new home is located in a state other than your previous residence, you may be required by law to **obtain a driver's license issued by your state of residency**. Check with the State Department of Motor Vehicles to determine eligibility and requirements.



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Reminders for Refi Borrowers



⇒ ARE YOUR LOAN PAYMENTS TAKEN OUT AUTOMATICALLY?

If so, you may want to call your payoff lender and ask them to stop the automatic withdrawal from your bank account. Sometimes communication that your loan has been paid off can be slow in reaching the department in charge of automatic withdrawals.

⇒ YOUR FIRST PAYMENT COUPON IS INCLUDED WITH THE COPIES OF YOUR DOCUMENTS.

In some cases, you may not get notification before your first payment is due, so use the temporary coupons to send in your first payment(s).

⇒ DEPENDING ON THE TYPE OF REFINANCE, YOU MAY HAVE A THREE DAY RIGHT OF RESCISSION.

This means that you have the right to cancel the transaction any time in the next three business days (which includes Saturdays but not Holidays). Please review your lender's documents as to how to exercise any rescission rights, and if you choose to rescind, in addition to notifying your lender, please let us know. Otherwise, if we don't hear from you, we will record on the fourth business day. Please be sure to review your document copies carefully, and consult your loan officer with any questions.

⇒ KEEP YOUR FINAL SETTLEMENT STATEMENT FOR TAX PURPOSES.

In addition to the final Settlement Statement you will receive at closing, we retain copies and are happy to provide them upon request.

Thank you for choosing First American Title for your title and escrow needs!
We appreciate working with you - please feel free to call us with any questions.



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Frequently Asked Questions

About Title Insurance

What Is Title Insurance?

A title insurance policy protects the insured against any loss suffered as a result of the title to land not being as insured in the policy. For a one-time premium the title policy provides protection as long as the buyer owns the property. Unlike other kinds of insurance, title insurance insures against past events, affecting the rights to real property, rather than unforeseen future events.

Why Is Title Insurance Important?

Title insurance is recommended on any home, no matter how new or apparently secure. Undoubtedly, the land has had many previous owners. Claims against any one of these persons can be filed against the property and against you as the present owner. Such hazards as fraud, missing heirs, old liens and many others can, and sometimes do, arise like ghosts out of the past. Title insurance protects you against these claims and title defects. Your title insurance policy is your shield of protection and will defend your ownership against loss as outlined by the policy. Your protection and peace of mind last as long as you and your heirs remain in ownership.

How Much Does Title Insurance Cost?

Unlike the annual premiums of most other forms of insurance, you pay a one-time premium for title insurance. The premium will depend on the type of coverage you and/or your lender request.

Who Is Covered?

There are two basic types of title insurance policies: an Owner's Policy and a Lender's Policy.

Owner's Policy:

Owner's title insurance is generally issued for the amount of the purchase price. It protects the purchaser and the purchaser's heirs as long as they own the property.

Lender's Policy:

Most lenders require title insurance as security for their investment in the property. The borrower typically pays for the Lender's Policy, which is issued for the loan amount.

How Does A Title Company Eliminate Risks?

Title insurers conduct an examination of the public records looking for matters affecting the title to the real property. These records can include, among other things:

- » Deeds
- » Civil and Probate court records
- » Easements
- » Maintenance Agreements
- » Assessments
- » Debts and other burdens
- » Restrictions on the property

An important part of the title insurance process is eliminating risk prior to insuring, thereby reducing the possibility of claim or loss. However, even the most careful examination cannot disclose "hidden hazards" to title.

What Are Some Hidden Hazards?

Hidden hazards can emerge after completion of a real estate purchase creating an unpleasant and sometimes costly surprise. Some examples are:

- » Forged deeds, releases or wills
- » Undisclosed heirs claiming an interest in the property
- » Documents executed under an expired or fabricated power of attorney
- » Mistakes made in the public record
- » Deeds executed by persons of unsound mind
- » Gaps in the "chain of title"
- » Invalid divorces
- » Fraud

While many of these hidden hazards might not be revealed as a result of a routine title examination, they may be covered under the terms of a title insurance policy. First American Title Insurance Company will defend the insured owner against an attack on their title and cover the cost of any settlement, up to the amount of the policy.



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Frequently Asked Questions About Title Insurance

What Is A Preliminary Report/ Title Commitment?

Based on the results of the title examination, First American Title will issue a Preliminary Report or Commitment for Title Insurance, depending upon the practice in your area. This document will include the following:

- » The names of the buyers and sellers
- » The type and amounts of coverage to be issued
- » The legal description of the property
- » A report of the condition of the title including any easements, liens, judgments and existing loans
- » A sketch (map) of the property
- » Copies of pertinent documents disclosed in the title report or commitment
- » An agreement to issue a Title Insurance Policy upon payment of the premium, subject to the terms and conditions as stated

What Are Some Exceptions To The Title Policy?

The following are some items which are typically not covered by the title insurance:

- » Taxes or assessments not shown by the public record
- » Errors due to poor surveying, such as faulty boundary lines
- » Limitations on land use, such as laws against farm animals
- » Exceptions may also be added to your policy

Examples include:

- » Easements, right of way and other legal obligations noted in the deed or other public records
- » Restrictive covenants or agreements limiting uses to your property

Things To Look For On Title Reports

Pending Action

Before title insurance can be issued on a subject property, a civil action affecting the property will generally need to be dismissed or settled. A pending divorce may not need to be finalized prior to closing of a sale or loan, however there may be special circumstances. Be sure to check with your First American Title office for further information.

Taxes And Assessments

Be sure to look for any special circumstances such as exemptions or classification designations that could change the tax amount as a result of a sale or loan.

Vesting

Your seller should be vested in the property. If they are not in title, look for a real estate contract as an exception. If one does not exist, check the legal description to make sure it is the same as on the purchase and sale agreement.

Joint Use

Driveways, party walls and access easements may require a joint maintenance agreement by the lender. The title report will show if one has been recorded.

Extended Coverage

If an extended coverage policy is requested, an ALTA survey of the property might be required. If there is a question on encroachment, lien rights or other matters, these must be cleared prior to closing. A supplemental report will be issued if these matters are cleared by an inspection of the property.

Legal Description

The legal description should always be compared to the legal description on the purchase and sales agreement to ensure all property being conveyed has been included and thereby covered in the preliminary commitment.

Identity Matters

Judgments and liens may be eliminated with an identity affidavit if they do not affect the party in question. If they do affect the party, but have been paid and not satisfied of record, a release should be recorded or filed to eliminate the matters from record.

Deed Of Trust

Deeds of Trust which are paid off require a reconveyance from the trustee or a court-ordered release to remove it from record.





ARE YOU CYBER SECURE?

Real estate transactions involve a significant amount of personal information. Everyone involved, from buyers/sellers to real estate professionals, attorneys, and title/settlement companies, must be exceptionally diligent in protecting that information.

According to the FBI's 2015 Internet Crime Report, the cyber crime which resulted in the largest financial loss to victims involved email compromise. The real estate industry has been plagued by incidents of email related fraud in which closing funds, sales proceeds, and other monetary transfers are rerouted to criminals. These email fraud scenarios are clever, varied, and devious.

Protection of information is at the heart of preventing this type of fraud. Many people are used to protecting sensitive information like their social security number or bank account, but online accounts could be the key to unlocking enough information for a criminal to stage an impersonation.

PROTECTION BEGINS WITH AN AWARENESS OF:

- 1 Where you connect - home, work, on the go.
- 2 How you connect - your computer and/or mobile device.
- 3 The appropriate use of passwords and multi-factor authentication.



SEE THE REVERSE SIDE FOR TIPS TO ENHANCE YOUR
CYBER SECURITY METHODS



Devices

- Make sure the operating system, security software, browsers and apps are up-to-date on your computer and mobile devices. Protect all devices that connect to the internet including gaming systems and other web-enabled devices.
- Delete unused or defunct apps.
- Minimize the information accessible by apps.
- Prevent unauthorized access to mobile devices by using passcodes or other authorization methods (fingerprint scanning, pattern recognition, etc.).
- Deactivate Wi-Fi and Bluetooth when not in use to prevent unauthorized access while you're on the go.
- Educate all family members about cyber security. It only takes one user to infect a household of devices.

Passwords and Access

- Use strong passwords that include a mix of characters (upper and lowercase, numbers, special characters). Rather than using a single word, make your password a sentence or phrase. Avoid using any personal information like a birthday or child's name.
- Be aware of what you share. Your password should not be linked to anything that you share publicly or on social media. If you always talk about your love of chocolate online, your password should not be iLOVEch0colate!
- Use a different password for each important account, such as banking, email, social media and other accounts that are prone to attack. Criminals may breach one account and then use your password to access others.
- If any online account offers multifactor authentication, use it. This means the user must be identified by multiple methods for access or password resets. For instance, an account may send a code to your phone or email address and you must enter the code to gain access to the account, in addition to entering a password.

Behavior

- Don't click on any links or open attachments unless you trust the source.
- If you receive email communication concerning the delivery of funds on a real estate transaction, call the sender at a trusted phone number (not a phone number listed in the email).

First American Title is committed to protecting your information.

Thank you for joining us in fostering a secure electronic environment for your real estate transactions.



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