

WASHINGTON BUYER AND SELLER GUIDE FOR TITLE AND ESCROW





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WE AT TICOR

We at Tigor are proud to be able to provide this helpful guide to understanding the title and escrow process when buying or selling a home in Washington.

With over 160 years of history in the title industry, Tigor Title and our FNF family of title companies offers you the financial strength, experience and expertise needed to close your transactions with confidence and peace of mind.

This booklet has been prepared to give you an overview of the general process involved during the purchase/sale of a home and explain the various roles that we will play in helping to close your transaction.

We hope you find this information beneficial in making your transaction and closing experience a smooth and positive one!

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All content herein is informational only and not intended to offer legal or financial advice.



IMPORTANT CONTACTS FOR YOUR TRANSACTION



TITLE / ESCROW

Name: _____
 Company: Ticor Title _____
 Address: _____
 City/State/Zip: _____
 Phone: _____
 Fax: _____
 Email: _____

CONTACT

Name: _____
 Company: _____
 Address: _____
 City/State/Zip: _____
 Phone: _____
 Fax: _____
 Email: _____

CONTACT

Name: _____
 Company: _____
 Address: _____
 City/State/Zip: _____
 Phone: _____
 Fax: _____
 Email: _____

CONTACT

Name: _____
 Company: _____
 Address: _____
 City/State/Zip: _____
 Phone: _____
 Fax: _____
 Email: _____

REAL ESTATE AGENT

Name: _____
 Company: _____
 Address: _____
 City/State/Zip: _____
 Phone: _____
 Fax: _____
 Email: _____

CONTACT

Name: _____
 Company: _____
 Address: _____
 City/State/Zip: _____
 Phone: _____
 Fax: _____
 Email: _____

CONTACT

Name: _____
 Company: _____
 Address: _____
 City/State/Zip: _____
 Phone: _____
 Fax: _____
 Email: _____

Why Title Insurance is Important and Worth the Money

A Value Proposition is the unique value a product or service provides to a customer. It describes the benefits the product delivers.

It answers the question: Why is this worth the money?



- 1 Title insurance protects the interests of property owners and lenders against legitimate or false title claims by owners or lien holders. It insures the title to the investment, unlocking its potential as a financial asset for the owner.
- 2 At Ticor we access, assemble, analyze, and distribute title information, in addition to handling escrow and closing.
- 3 Title problems are discovered in more than one-third of residential real estate transactions. These “defects” must be resolved prior to closing. The most common problems are existing liens, unpaid mortgages, and recording errors of names, addresses or legal descriptions.
- 4 A homeowner’s title insurance policy protects the owner for as long as he or she has an interest in the property; and the premium is paid only once, at closing.
- 5 Title insurance is different from other forms of insurance because it insures against events that occurred before the policy is issued, as opposed to insuring against events in the future, as auto, health, property or life insurance do. Title insurance is loss prevention insurance.
- 6 Ticor performs a thorough search of existing records to identify all possible defects in order to resolve them prior to issuing a policy. We perform intensive and extensive work up-front to minimize claims. The better we do this, the lower our rate of claims and the more secure your level of protection.
- 7 Researching titles is extremely labor-intensive since only a small percentage of public records are computerized. The industry invests a substantial amount of time and expense to collect and evaluate title records. As a result, the industry’s claims experience is low compared to other lines of insurance.
- 8 Ticor’s impressive Claim Reserves gives you unquestionable security and peace of mind knowing that your policy is backed by a leader in the title insurance industry.
- 9 Dollar for dollar, title insurance is the best investment you can make to protect your interest in one of the most valuable assets you own: your home.
- 10 To get the best value, choose Ticor Title for all your Title and Escrow needs. Write us in on your next transaction and you’ll see why we are Worth the Money.



What is Title Insurance?

The purchase of a home is often the single largest investment people will make in a lifetime; therefore, the importance of fully protecting such an investment cannot be overstressed. Title insurance is protection which assures that the rights and interests to the property are as expected, that the transfer of ownership is smoothly completed and that the new owner receives protection from future claims against the property. It is the most effective, most accepted and least expensive way to protect property ownership rights.



Because land endures over generations, many people may develop rights and claims to a particular property. The current owner's rights—which often involve family and heirs—may be obscure. There may be other parties (such as government agencies, public utilities, lenders or private contractors) who also have “rights” to the property. These interests limit the “title” of any buyer.



● Why Do You Need a Title Insurance Policy?

If title insurance companies work to eliminate risks and prevent losses caused by defects in the title before the closing, why do you need a title insurance policy? The title to the property could be seriously threatened or lost completely by hazards which are considered hidden risks—“those matters, rights or claims that are not shown by the public records and, therefore, are not discoverable by a search and examination of the those public records.” Matters such as forgery, incompetency or incapacity of the parties, fraudulent impersonation, and unknown errors in the records are examples of “hidden risks” which could provide a basis for a claim after the property has been purchased.

Title insurance isn't just for a homeowner. Subdividers need it when planning a new tract of homes or a commercial strip center. Attorneys use it for clients who are investing in shopping centers, hotels, office buildings and countless other projects. Builders need it in order to obtain construction loans from their lender. Everyone wants to have peace of mind when investing their hard-earned money. The title insurance company will help protect these important investments, no matter how large or small, with its own reputation and financial strength.

● Why Does the Lender Need a Policy on My Property?

For the lender, a title policy is a guarantee that it has a valid and enforceable lien (loan or deed of trust) secured by the property, that no one else other than those listed on the policy has a prior claim (or loan, etc.) and that the party to whom they are making the loan does own the property being used as security for the loan. This protection remains in effect as long as the loan remains unpaid.

The existence of a lender's title policy encourages lenders such as banks, savings and loan associations, commercial banks, life insurance companies, etc., to loan money. Because they are lending other people's money (savings or policy holder's funds), they must be concerned with safety should the borrower not make their payments. The title company insures that the title to the property is marketable in the event of foreclosure and the guarantee is backed by the integrity and solvency of the title company. Of course, this benefits everyone—from the single-family homeowner to the owner of a high-rise building.

● What is a Title Search?

Before issuing a policy of title insurance, the title company must review the numerous public records concerning the property being sold or financed. The purpose of this title search is to identify and clear all problems before the new owner takes title or the lender loans money.

Our research helps us to determine if there are any rights or claims that may have an impact upon the title such as unpaid taxes, unsatisfied mortgages, judgments, tax liens against the current or past owners, easements, restrictions and court actions. These recorded defects, liens, and encumbrances are reported in a “preliminary report” to applicable parties. Once reported, these matters can be accepted, resolved or extinguished prior to the closing of the transaction. In addition, you are protected against any recorded defects, liens or encumbrances upon the title that are unreported to you and which are within the coverage of the particular policy issued in the transaction.

● What Types of Policies Are There?

Protection against flaws and other claims is provided by the title insurance policy which is issued after your transaction is complete. Two types of policies are routinely issued at this time: An “owner’s policy” which covers the home buyer for the full amount paid for the property; and a “lender’s policy” which covers the lending institution over the life of the loan. When purchased at the same time, a substantial discount is given in the combined cost of the two policies. Unlike other forms of insurance, the title insurance policy requires only one moderate premium for a policy to protect you or your heirs for as long as you own the property. There are no renewal premiums or expiration date.

● How is Title Insurance Different Than Other Types of Insurance?

With other types of casualty insurance such as auto, home, health, and life, a person thinks of insurance in terms of future loss due to the occurrence of some future event. For instance, a party obtains automobile insurance in order to pay for future loss occasioned by a future “fender bender” or theft of the car. Title insurance is a unique form of insurance which provides coverage for future claims or losses due to title defects which are created by some past event (i.e. events prior to the acquisition of the property).



Another difference is that most other types of insurance charge ongoing fees (premiums) for continued coverage. With title insurance, the original premium is the only cost as long as the owner or heirs own the property. There are no annual payments to keep the Owner’s Title Insurance Policy in force. While some people balk at another “closing fee”, title insurance is pretty reasonable considering the policy could last a lifetime.

● How Does a Title Insurance Policy Protect Against Claims?

If a claim is made against the owner or lender, the title insurance company protects the insured by:

1. Defending the title, in court if necessary, at no cost to owner/lender, and
2. Bearing the cost of settling the case, if it proves valid, in order to protect your title and maintain possession of the property.

Each policy is a contract of “indemnity.” It agrees to assume the responsibility for legal defense of title for any defect covered under the policy’s terms and to reimburse for actual financial losses up to the policy limits.

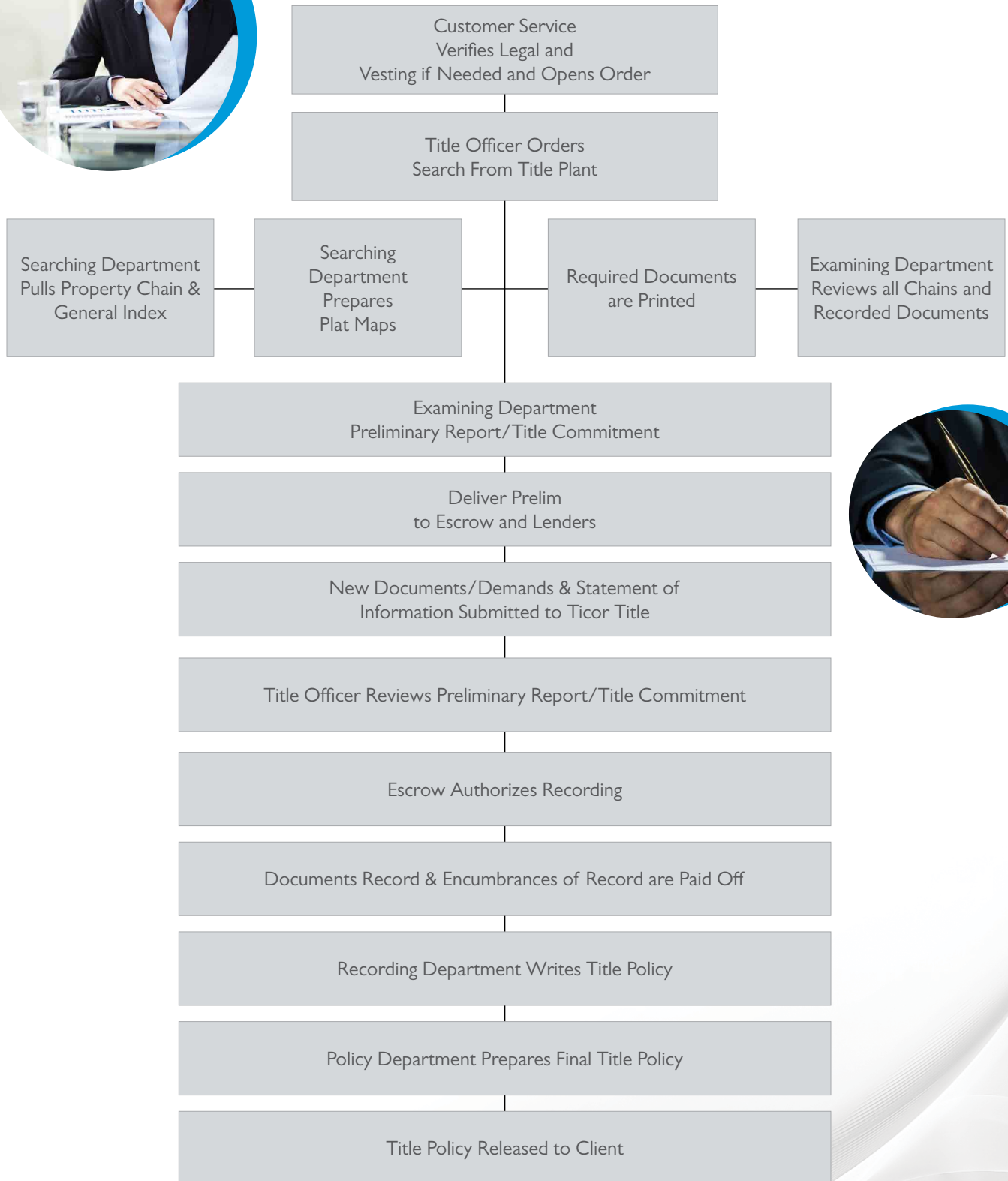


We Hope You Never Have a Title Claim

With home ownership comes the need to protect the property against the past, as well as the future. Each successive owner brings the possibility of title challenges to the property. Title insurance protects a policyholder against challenges to rightful ownership of real property, challenges that arise from circumstances of past ownerships.

● HERE ARE 21 REASONS FOR TITLE INSURANCE:

1. A fire destroys only the house and improvements. The ground is left. A defective title may take away not only the house but also the land on which it stands. Title insurance protects you (as specified in the policy) against such loss.
2. A deed or mortgage in the chain of title may be a forgery.
3. A deed or a mortgage may have been signed by a person under age.
4. A deed or a mortgage may have been made by an incapacitated person or one otherwise incompetent.
5. A deed or a mortgage may have been made under a power of attorney after its termination and would, therefore, be void.
6. A deed or a mortgage may have been made by a person other than the owner, but with the same name as the owner.
7. The testator of a will might have had a child born after the execution of the will, a fact that would entitle the child to claim his or her share of the property.
8. A deed or mortgage may have been procured by fraud or duress.
9. Title transferred by an heir may be subject to a federal estate tax lien.
10. An heir or other person presumed dead may appear and recover the property or an interest therein.
11. A judgment or levy upon which the title is dependent may be void or voidable on account of some defect in the proceeding.
12. Title insurance covers attorneys' fees and court costs.
13. Title insurance helps speed negotiations when you're ready to sell or obtain a loan.
14. A deed or mortgage may be voidable because it was signed while the grantor was in bankruptcy.
15. There may be a defect in the recording of a document upon which your title is dependent.
16. Claims constantly arise due to marital status and validity of divorces. Only title insurance protects against claims made by non-existent or divorced "wives" or "husbands."
17. Many lawyers, in giving an opinion on a title, protect their clients as well as themselves, by procuring title insurance.
18. By insuring the title, you can eliminate delays and technicalities when passing your title on to someone else.
19. Title insurance reimburses you for the amount of your covered losses.
20. Each title insurance policy we write is paid up, in full, by the first premium for as long as you or your heirs own the property.
21. Over the last 24 years, claims have risen dramatically.





TITLE POLICY COMPARISON CHART

POLICY PROTECTION AGAINST THE RISKS OF:	ALTA HOMEOWNERS	STANDARD OWNERS	EXTENDED
Record defects, liens, encumbrances, adverse claims or other matters not known or disclosed to the new owner that attach before date of policy	✓	✓	✓
Forgery or Fraud in connection with the execution of documents	✓	✓	✓
Undue influence on Grantor or mental incompetence of Grantor	✓	✓	✓
Undisclosed or missing heirs	✓	✓	✓
Wills not properly probated, mistaken interpretation of Wills and Trusts	✓	✓	✓
Conveyance by minor(s), Conveyances by Corporation or Partnership without proper legal authority	✓	✓	✓
Incorrect legal descriptions, non-delivery of deeds	✓	✓	✓
Delivery of Deed after Death of Grantor	✓	✓	✓
Clerical errors in recorded legal documents	✓	✓	✓
Unmarketability of title as insured or lack of legal access	✓	✓	✓
Unrecorded liens	✓		✓
Survey and Boundary questions	✓		✓
Claims of parties in possession not disclosed by the public records	✓		✓
Easements or claims to easements not disclosed by public records	✓		✓
<p>An existing violation of a subdivision law or regulation affecting the Land:</p> <ul style="list-style-type: none"> You are unable to obtain a building permit You are forced to correct or remove the violation; or Someone else has a legal right to, and refuses to perform a contract to purchase the Land, lease it or make a Mortgage on it. <p><i>This covered risk is subject to;</i></p> <ul style="list-style-type: none"> A customer deductible amount of either 1% of Policy Amount or \$2,500.00. (whichever is less) Title Company's Maximum Liability is \$10,000.00 	✓		

POLICY PROTECTION AGAINST THE RISKS OF:	ALTA HOMEOWNERS	STANDARD OWNERS	EXTENDED
<p>You are forced to remove / remedy your existing structures (or any part of them excluding boundary walls and fences) because any portion was built without the appropriate building permit.</p> <p>This covered risk is subject to;</p> <ul style="list-style-type: none"> • A customer deductible amount of either 1% of Policy Amount or \$5,000.00. (whichever is less) • Title Company's Maximum Liability is \$25,000.00 	✓		
<p>Certain zoning issues that force you to remove or make modifications to your existing structure.</p> <p>This covered risk is subject to;</p> <ul style="list-style-type: none"> • A customer deductible amount of either 1% of Policy Amount or \$5,000.00. (whichever is less) • Title Company's Maximum Liability is \$25,000.00 	✓		
<p>You are forced to remove your existing structure (s) because it (they) encroaches onto your neighbor's land.</p> <p>This covered risk is subject to;</p> <ul style="list-style-type: none"> • A customer deductible amount of either 1% of Policy Amount or \$2,500.00. (whichever is less) • Title Company's Maximum Liability is \$25,000.00 	✓		
POST CLOSING COVERAGE:			
Another party owns an interest in your title	✓		
Another party has rights affecting your title resulting from leases, contracts or options	✓		
Another party claims to have rights affecting your title by forgery or impersonation	✓		
Another party has an easement on the property	✓		
Your title is defective	✓		
Another party has the right to limit the use of your land	✓		
Your neighbor builds any structures, after the policy date, other than boundary walls or fences, which encroach onto the land	✓		



Coverage for
1-4 family
residences



● Provide the Best for Homeowners

Homeowners depend upon the strength and stability of a reputable title insurer to back their policies for years to come. We have a long and proud history of providing homeowners with the most innovative title and escrow products in the industry. Homeowners can enjoy peace of mind knowing they are insured by one of the industry's premier title insurers. With the Homeowner's Policy, you'll have even more peace of mind knowing you have the best policy available.

● Providing the Best to Realtors®

The superior coverage of the Homeowner's Policy of Title Insurance, backed by the nation's strongest title insurer, provides outstanding benefits to Realtors as well.

- Reduces Realtor's exposure in a transaction regarding certain regulatory matters
- Increases the client's satisfaction and confidence by providing the finest protection available
- Helps ensure the client's ability to resell the home in the future, free of potentially damaging title problems
- Gives the Realtor and client peace of mind in the increasingly complex world of real estate

Informing clients about premium title insurance such as the Homeowner's Policy makes good business sense. With superior title coverage issued through a strong and reputable title insurer, Realtors and clients benefit from two critical layers of protection.

● Superior All-Inclusive Benefits With the Homeowner's Policy

The Homeowner's Policy includes the following basic coverage:

- False impersonation of the true owner of the property
- Forged deeds, releases or wills
- Undisclosed or missing heirs
- Instruments executed under invalid or expired power of attorney
- Mistakes in recording legal documents
- Misinterpretation of wills
- Deeds by minors
- Deeds by persons supposedly single, but in fact married
- Liens for unpaid estate, inheritance, income or gift taxes
- Fraud



● Pre and Post Policy Protections

The Homeowner's Policy coverage protects homeowners against claims arising both before and after the policy date. The homeowner is covered if someone else has an interest in or claims to have rights affecting title, or the title is defective. Post-policy protection also includes coverage for forgery, impersonation, easements, use limitations and structural encroachments built by neighbors (except for boundary walls or fences) after the policy date.

● Expanded Access Coverage

The Homeowner's Policy provides homeowners with expanded access protection for right of access to and from the property. Traditional title policies do not define the type of access a homeowner has to the property, but the Homeowner's Policy specifically insures both actual pedestrian and vehicular access, based on a legal right.

● Restrictive Covenant Violations

The Homeowner's Policy protects homeowners against the loss of title to property because of a violation of a restrictive covenant that occurred before the insured acquired title.

● Building Permit Violations

The Homeowner's Policy covers homeowners if they must remove or remedy an existing structure (except for boundary walls and fences) because it was built without a building permit from the proper government office. This coverage is subject to deductible amounts and maximum limits of liability.

● Subdivision Law Violations

The Homeowner's Policy protects homeowners if they can't sell the property or get a building permit because of a violation of an existing subdivision law. Homeowners are also protected if they are forced to correct or remove the violation. This coverage is subject to a policy deductible and maximum limits of liability.

● Zoning Law Violations

The Homeowner's Policy protects homeowners if they must remove or remedy existing structures because they violate existing zoning laws or regulations (subject to the policy deductible and maximum limit of liability). Homeowners are also protected if they can't use the land for a single-family residence due to the way the land is zoned.

● Encroachment Protection

The Homeowner's Policy covers homeowners if forced to remove an existing structure because it encroaches on a neighbor's land (coverage for encroachments of boundary walls or fences is subject to policy deductible and maximum limit of liability). It also covers homeowners when someone else has a legal right to, and does, refuse to perform a contract to purchase the homeowner's land, lease it or make a mortgage loan on it because a neighbor's existing structures encroach onto the land.



HOMEOWNER'S POLICY ADDITIONAL BENEFITS

- **Water and Mineral Rights Damage**

The Homeowner's Policy provides coverage if a homeowner's existing improvements, including lawns, shrubbery and trees, are damaged because someone exercised a right to use the surface of the land for extraction of minerals or water.

- **Supplemental Tax Lien**

The Homeowner's Policy protects homeowners if a supplemental tax lien is filed and assessed against the property because of new construction or a change of ownership prior to the policy date.

- **Map Inconsistencies**

The Homeowner's Policy provides coverage if the map attached to the homeowner's policy does not show the correct location of the land, according to public records.

- **Continuous Coverage**

The Homeowner's Policy covers homeowners forever, even if they no longer have the title. The policy insures anyone who inherits the title because of the homeowner's death and the spouse who receives the title after dissolution of marriage. The Homeowner's Policy also allows homeowners to transfer their home into a trust after the policy date and receive uninterrupted coverage, at no extra cost.

- **Value-Added Protection**

Traditional title policies don't increase their coverage as the value of a home increases. Not so with the Homeowner's Policy. The policy amount automatically increases by ten percent per year for five years, up to 150% over the original policy amount. This automatic increase in coverage is included at no extra cost.



- **How to Offer Homeowner's Policy Coverage**

This information is a general overview of the coverages and protections the Policy provides. It should not be construed as a full statement of coverage or policy provisions. This policy has been adopted by both the Washington Land Title Association (WLTA) and the American Land Title Association (ALTA).

Your company representative can provide you and your clients with information about the Homeowner's Policy coverage in simple, easy to understand language. Your representative is also available to meet with your clients personally to explain the Homeowner's Policy or any other title or escrow related product we offer. Simply request information about the Homeowner's Policy when opening an escrow! It's that easy!

- **Conditions, Stipulations and Further Information**

Call your local representative for more information or specifics about policy language pertaining to this and other products. The Homeowner's Policy Coverage has certain deductibles, liability limitations, exceptions and exclusions which apply to some coverage items.



The Tigor Title Title Commitment is an offer to issue a policy of title insurance covering a particular estate or interest in land subject to stated exceptions.

Since these exceptions may point to potential problems with an intended purchase, it is important for all parties to review the report once it is received.

A Title Commitment provides a list of the matters which will be shown as exceptions to coverage in a designated policy or policies of title insurance, if issued concurrently, covering a particular state or interest in land. It is designed to provide a preliminary response to an application for title insurance and is intended to facilitate the issuance of the designated policy or policies. It is normally prepared after application (order) for such policy(ies) of title insurance on behalf of the principals to a real property transaction.

The Title Commitment states on its face that it is made solely to facilitate the subsequent issuance of a title insurance policy and that the insurer assumes no liability for errors in the report. Accordingly, any claim arising from a defect in title must be made under the title policy and not the Title Commitment.

If a title policy is not contemplated, a Title Commitment should not be ordered. Instead, consideration should be given to requesting a Subdivision Guarantee Report or other similar title product.

After a title order has been placed, matters relative to the title policy coverage on the subject property are assembled in a title search package and examined by skilled technicians. This is when the Title Commitment is prepared and sent to the customer. The report contains relevant information so that the parties to the transaction will become aware of matters which will not be insured against by the title company. This report is issued before the title policy, hence the name Title Commitment.



5 COMMON WAYS TO HOLD TITLE



1 A SINGLE INDIVIDUAL

A person who is not married or a registered domestic partner.

2 SEPARATE PROPERTY

A person who is married or a registered domestic partner who holds title without a spouse or registered domestic partner. Tigor Title Company typically requires the non-participating spouse or registered domestic partner to execute a quit claim deed in order to relinquish their possible interest in the property.

3 COMMUNITY PROPERTY

The Revised Code of Washington (RCW 26.16.030) defines community property as property “acquired after marriage or after registration of a state registered domestic partnership by either domestic partner or either husband or wife or both.”

4 TENANCY-IN-COMMON

Two or more people have interests (not as community property or joint tenants) in the property. The individual interests do not need to be equal but the sum total of the interests must equal 100% (i.e. Fred Smith and unmarried man, as to an undivided 73% interest and Anne Jones, an unmarried woman, as to an undivided 27% interest). The interests of each tenant-in-common passes to his/her heir(s) at law upon death.

5 JOINT TENANCY

Two or more people have equal interests in the property and the deed by which they take title must specify that the property is “held as joint tenants, with right of survivorship”. Unlike tenancies-in-common, when a co-owner dies, his or her ownership interest automatically passes to the other co-owners.



● Understanding an ID Affidavit

What's in a name? When a title company seeks to uncover matters affecting title to real property, the answer is, "Quite a bit."

An ID Affidavit provides title companies with the information they need to distinguish the buyers and sellers of real property from others with similar names. After identifying the true buyers and sellers, title companies may disregard the judgments, liens or other matters on the public records under similar names.

To help you better understand this sensitive subject, below are answers to common questions relating to ID Affidavits.

● What is an ID Affidavit?

A Statement of Information is a form routinely requested from the buyer, seller and borrower in a transaction where title insurance is sought. The completed form provides the title company with information needed to adequately examine documents so as to disregard matters which do not affect the property to be insured, matters which actually apply to some other person.

● What Does an ID Affidavit Do?

Every day documents affecting real property – liens, court

decrees, bankruptcies – are recorded. Whenever a title company uncovers a recorded document in which the name is the same or similar to that of the buyer, seller or borrower in a title transaction, the title company must ask, "Does this document affect the parties we are insuring?" Because if it does, it affects title to the property and would, therefore, be listed as an exception from coverage under the title policy.

A properly completed ID Affidavit will allow the title company to differentiate between parties with the same or similar names when searching documents recorded by name. This protects all parties involved and allows the title company to competently carry out its duties without unnecessary delay.



VESTING: COMMON WAYS OF HOLDING TITLE

	Community Property	Joint Tenancy	Tenancy in Common	Tenancy in Partnership	Title Holding Trust
Parties	Marriage (husband and wife)	Any number of persons (can be husband and wife/same sex marriage/registered domestic partners)	Any number of persons (can be husband and wife/same sex marriage/registered domestic partners)	Only partners (any number of partners)	Individuals, groups of persons, or corporations, a living trust
Division of Interest	Owners and managerial interests are equal (Except control of business is solely with managing spouse)	Ownership interest must be equal	Ownership can be divided into any number of interests equal or unequal	Ownership interest is in relation to interest in partnership	Ownership is a personal property interest and can be divided into any number of interests
Title	Title is in the "community". Each interest is separate but management is unified	Equal right of possession	Each co-owner has a separate legal title to his/her undivided interest	Title is in partnership	Legal title is held by the trustee; beneficiary has equitable title
Possessions	Both co-owners have equal management control	Equal right of possession	Equal right of possession	Equal right of possession but only for partnership purposes	Right of possession as specified in the trust provisions
Conveyance	Personal property (except "necessaries") may be conveyed for valuable consideration without consent of other spouse; real property requires written consent of other spouse, and separate interest cannot be conveyed except upon death	Conveyance by one co-owner without the others breaks the joint tenancy	Each co-owner's interest may be conveyed separately by its owner	Any authorized partner may convey whole partnership property for partnership purposes	Designated parties within the trust agreement authorize the trustee to convey property. Also, a beneficiary's interest in the trust may be transferred

	Community Property	Joint Tenancy	Tenancy in Common	Tenancy in Partnership	Title Holding Trust
Death	On co-owner's death, 1/2 belongs to survivor in severalty. 1/2 goes by will to decedent's devisee or by succession to survivor	On co-owner's death, his/her interest ends and cannot be disposed of by will. Survivor owns the property by survivorship	On co-owner's death, his/her interest passes by will to devisee or heirs. No survivorship rights	On partner's death, his/her partnership interest passes to the surviving partner pending liquidation of the partnership. Share of deceased partner then goes to his/her estate	Successor beneficiaries may be named in the trust agreement, eliminating the need for probate
Successor's Status	If passing by will, tenancy in common between devisee and survivor results	Last survivor owns property	Devisee or heirs become tenants in common	Heirs or devisees have rights in partnership interest but not specific property	Defined by the trust agreement, generally the successor becomes the beneficiary and the trust continues
Creditor's Rights	Property of the community is liable for debts of either spouse, which are made before or after marriage. Whole property may be sold on execution sale to satisfy creditor	Co-owner's interest may be sold on execution sale to satisfy his/her creditor. Joint tenancy is broken. Creditor becomes a tenant in common	Co-owner's interest may be sold on execution sale to satisfy his/her creditor. Creditor becomes a tenant in common	Partner's interest may be sold separately by "Charging Order" by his/her personal creditor, or his/her share of profits may be obtained by a personal creditor. Whole property may be sold on execution sale to satisfy partnership creditor	Creditor may seek an order for execution sale of the beneficial interest or may seek an order that the trust estate be liquidated and the proceeds distributed

Ticor Title has provided these comparisons for informational purposes only. These charts are not to be used to determine how you should acquire ownership in the property. It is strongly recommended that you seek professional advice from an attorney and/or your tax advisor to determine the legal and tax consequences of how your title should be vested.



What is an Escrow?

Buyers and sellers of a piece of property establish terms and conditions for the transfer of ownership of the property. These terms and conditions are given to a third party known as the escrow holder. In turn, the escrow holder has the responsibility of seeing that terms of the escrow are carried out. The escrow is an independent neutral account and the vehicle by which the mutual instructions of all parties to the transaction are complied with.



- **Why is Escrow Needed?**

Whether you are the buyer or the seller, you want assurance that no funds or property will change hands until all instructions have been followed. With the increasing complexity of business, law and tax structures, it takes a trained professional to supervise the transaction.

- **How Long is an Escrow?**

The length of an escrow is determined by the terms of the purchase agreement/joint escrow instructions and can range from a few days to several months.

- **Who Chooses the Escrow?**

The selection of the escrow holder is normally done by agreement between the principals. If a real estate agent is involved, they may recommend an escrow holder.

- **Why Ticor Escrow?**

Ticor Escrow has experienced and knowledgeable Escrow Officers waiting to assist you. We can handle your Residential and Commercial Purchases and/or Refinance Escrows, from the unique to the complex. Ticor has offices locally and nationwide to accommodate the most demanding Buyers, Sellers and Borrowers. Call us today to close your next transaction.



How Does The ESCROW PROCESS Work?

The escrow is a depository for all monies, instructions and documents necessary for the purchase of your home, including your funds for down payment and your lender's funds and documents for the new loan. Generally, the buyer deposits a down payment with the escrow holder and the seller deposits the deed and any other necessary documents with the escrow holder. Prior to the close of escrow the buyer deposits the balance of the funds required and agreed upon by the parties with the escrow holder. The buyer instructs the escrow holder to deliver the monies to the seller when:

- The subject property is free and clear of all title defects
- The deed conveying title of property to buyer has been sent to the county for recording.

The escrow holder thus acts for both parties and protects the interests of each within the authority of the escrow instructions. Escrow cannot be completed until the terms and conditions of the instructions have been satisfied and all parties have signed escrow documents. The escrow holder takes instructions based on the terms of the purchase agreement and the lender's requirements

● Escrow Duties

1. The Escrow Officer's duties typically include the following:
2. Receive signed Purchase Agreement; prepare Escrow Instructions
3. Receive and deposit buyer's earnest money into an escrow account
4. Serve as the neutral agent and liaison/communication link to all parties to the transaction
5. Order Title Commitment to determine status of title to property
6. Request beneficiary's statement or pay-off demand related to existing financing
7. Comply with lender's requirements as specified in the lender's closing instructions
8. Secure releases of all escrow contingencies or other conditions required
9. Prorate taxes, interest, insurance and rents
10. Prepare or secure the transfer deed or other documents necessary to consummate the transaction
11. Arrange appointments for buyer/seller to sign documents
12. Request and receive purchase funds from the buyer and loan funds from new lender
13. Close escrow pursuant to instructions provided by seller, buyer, and lender.
14. Arrange for recording of deeds and any other documents as instructed
15. Request issuance of the title insurance policies
16. Disburse funds as authorized, including charges for title insurance, recording fees, commissions and loan payoffs
17. Disposition of all funds held in escrow account
18. Prepare final accounting statements for the parties

● Communication Tips for Escrow

- When calling the escrow officer, have the escrow number and buyer/seller's names handy.
- Keep the escrow officer informed on any matters that may affect the transaction.
- Direct your questions to the proper representative, such as:
 - Real Estate Agent: Physical aspects of property, conflicts, and terms of sale.
 - Lender: Loan terms, credit report issues, etc.
 - Escrow Officer: Escrow instructions, documents and forms to be filled out.





HOME

It all begins with the offer and acceptance skillfully negotiated by the real estate agents representing Buyer and Seller.

● The Buyer(s)

- Tenders a written offer to purchase (or accepts the Seller's counter-offer) accompanied by a good faith deposit amount.
- Applies for a new loan, completing all required forms and often prepaying certain fees such as credit report and appraisal costs. Approves and signs the escrow instructions and other related instruments required to complete the transaction.
- Approves the title commitment and any property disclosure or inspection report called for by the purchase and sale agreement. (Deposit Receipt)
- Approves and signs new loan documents and fulfills any remaining condition contained in the contract, lender's instructions and/or the escrow instructions.
- Deposits funds necessary to close the escrow. Approves any changes by signing amendments in the escrow instructions.
- The Lender (When applicable)
- Accepts the new loan application and other related documents from the Buyer(s) and begins the qualification process.
- Orders and reviews the property appraisal, credit report, verification of employment, verification of deposit(s), title commitment and other related information.
- Submits the entire package to the loan committee and/or underwriters for approval. When approved, loan conditions and title insurance requirements are established.
- Provide a Loan Estimate/Closing Disclosure Form describing terms of loan and applicable closing costs.
- Deposits the new loan documents and instructions with the escrow holder for Buyer's approval and signature.
- Reviews and approves the executed loan package and coordinates the loan funding with the escrow officer.



● The Escrow Officer

- Receives an order for escrow and title services.
- Orders the title commitment and examination on the subject property from Ticor Title.
- Acts as the impartial “stakeholder” or depository, in a fiduciary capacity, for all documents and monies required to complete the transaction per written instructions of the principals.
- Prepares the escrow instructions and required documents in accordance with terms of the sale.
- With authorization from the real estate agent or principal, orders demands on existing deeds of trust and liens or judgments, if any. For assumption or subject to loan, orders the beneficiary’s statement or formal assumption package.
- Reviews documents received in the escrow: title commitment, payoff or assumption statements, new loan package and other related instruments. Reviews the conditions in the lender’s instructions including the hazard and title insurance requirements.
- Presents the documents, statements, loan package(s), estimated closing statement and other related documents to the principal(s) for approval and signature/s, and requests the balance of the buyer’s funds.
- Reviews the signed instructions and documents, returns the loan package and requests the lender’s funds.
- Receives the proceeds of the loan(s) from the lender(s).
- Determines when the transaction will be in the position to close and advises the parties.
- Assisted by Title personnel, records the deed, deed of trust and other documents required to complete the transaction with the County Recorder and orders the title insurance policies.
- Closes the escrow by preparing the final settlement statements, disbursing the proceeds to the Seller, paying off the existing encumbrances and other obligations.
- Delivers the appropriate statements, funds and remaining document to the principals, agents and/or lenders.



● The Seller(s)

- Accepts Buyer’s Offer to Purchase and initial good faith deposit to open escrow.
- Submits documents and information to escrow holder, such as: addresses of Lien holders, tax receipts, equipment warranties, home warranty contracts, any leases and/or rental agreements.
- Approves and signs the escrow instructions, conveyance deed and other related document required to complete the transaction.
- Orders inspections, receives clearance, and approves final reports and/or repairs to the property as required by the terms of the purchase and sale agreement (Deposit Receipt).
- Fulfills any remaining conditions specified in the contract and/or escrow instructions; approves the payoff demands and/or beneficiary’s statements.
- Approves any final changes by signing amendments to the escrow instructions or contract.
- Requests the Title Company to examine the public records affecting the real property and issue a title commitment. Determines the requirements and documents needed to complete the transaction and advises the escrow officer and/or agents.
- Reviews and approves the signed documents, releases and the order for title insurance, prior to the closing date.
- When authorized by the escrow officer, records the signed documents with the County Recorder’s office and prepares to issue the title insurance policies.



OPENING ESCROW

The selection of the escrow holder is normally done by agreement between the parties to a transaction. Typically, the escrow is then opened by the real estate agent. Which agent (the “seller side” or the “buyer side”) will open the escrow is generally determined by local practice.

Escrow is opened upon receipt of an executed Purchase and Sale Agreement. An escrow file number is assigned and the appropriate information is entered into the computer. Upon issuance of the escrow file number, the escrow officer will order a title commitment from the title company or title department.

- **The escrow officer will need some basic information in order to open and proceed with the escrow:**

- Correct street address, and parcel #
- Sales price
- Full names of all parties involved and marital status
- Contact information for all parties, including email, phone numbers, and mailing addresses.
- Existing lender name, loan number, contact information and approximate unpaid balance
- HOA (Homeowner’s association) information, such as address and dues
- HOA management company information (if any)
- Commission amount and additional conditions

In general, the first item to enter the escrow is the buyer’s initial deposit. The escrow file will grow, item by item, until all of the conditions have been met and the escrow is ready to close.

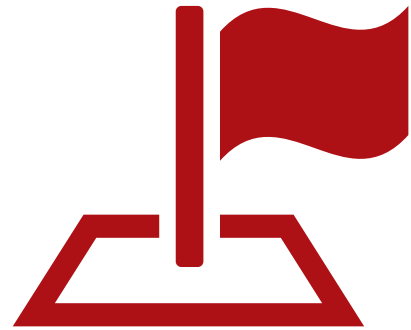
- **The Escrow Officer Will Also Need the Following From the Buyer’s Agent:**

- (see pg. 17 ID Affidavit - Why is Needed?)
- New lender information and loan amount
- Fire/hazard insurance information for new policy or existing policy



A “red flag” is a signal to pay attention! Below are some of the items which may cause delays or other problems within a transaction and must be addressed well before the closing.

- Bankruptcies
- Business trusts
- Clearing liens and judgments, including child or spousal support liens
- Encroachment or off record easements
- Establishing fact of death–joint tenancy Family trusts
- Foreclosures
- Physical inspection results–Encroachment, off-record easements
- Probates
- Power of Attorney–Use of, proper execution
- Proper execution of documents
- Proper jurats, notary seals
- Recent construction
- Transfers or loans involving corporations or partnerships
- Last minute change in buyers
- Last minute change in type of title insurance coverage



TAXES: These are usually standard, showing the status of the current tax year.

RED FLAG: Postponed property taxes is a program put on by the state for senior citizens. It allows the owner to postpone the taxes until the property is sold or refinanced. The owner applies to the state, and the state provides “checks” that the owner uses to pay the taxes. The reason this is a red flag is because a demand will need to be ordered from the state by escrow in order to pay off the postponed taxes. It may take up to two weeks to get a demand.

CC&R’S: These are standard. The CC&R’s should be provided to the buyer within the title report. The buyer should read these thoroughly, especially if improvements to the property are contemplated.

RED FLAG: Some CC&R’s prohibit certain types of improvements.

EASEMENTS: These are also standard. Most easements in newer subdivisions (20 years or less) are contained in the street. Some subdivisions have nonexclusive easements over portions of the property for such things as maintenance of side yards, access to common areas (like golf courses), etc.

RED FLAG: If improvements are contemplated (such as construction of a pool or spa for example), then the buyer should determine that there will not be any interference to contemplated improvements. However, you should be aware that easements are very difficult to get removed, and your client may be better off with another property if an easement interferes with his future plans for the property.

AGREEMENTS: These commonly take the form of road maintenance agreements, mutual easement agreements (like a shared driveway) or improvement agreements, and will bind the owner to certain actions. A copy of the agreement should be requested from title and provided to the buyer. It is the buyer’s responsibility to contact their own counsel if they do not understand how the agreement would affect them.



RED FLAGS IN THE ESCROW / TITLE PROCESS

TRUST DEEDS: These are common. Escrow will order a demand from the lender(s) which will allow the title company to pay off the existing loan(s) using the proceeds from the new buyer's loan (or proceeds if all cash).

RED FLAG: Watch out for old trust deeds from a previous owner (or sometimes the current owner if he has refinanced). If you find a trust deed listed that has already been paid, or that looks like it was taken out by a previous owner, call your title officer immediately. He will research the trust deed, and take the necessary steps to either remove it from the public record (by working with escrow to get release documents) or by acquiring an "indemnity" from the title company who paid off the old loan. Old trust deeds with private party beneficiaries (an individual acting as lender, such as an old seller carry-back) are difficult to get removed, especially if several years have gone by since the loan has been paid off. A bond will sometimes be necessary in order to clear title of an old trust deed. These bonds must be covering twice the face value of the deed of trust, and will cost upwards from 1% of the bond amount (usually around 2 or 3 percent, more for higher risk bonds), depending on how much supporting documentation is provided to the bonding company. Note: If you have a client/buyer who is getting financing from the seller, or any individual, advise them to contact you or their title officer when the loan is being paid off. The release documents are much easier to get now rather than in a few years when the lender may no longer be around.

ENCROACHMENTS: Sometimes a structure (commonly a fence or driveway) encroaches upon a property. This usually means that a client will have to take the property subject to the encroachment. Contact your title officer if you see encroachment language in your prelim.

RED FLAG: The lender will usually not want to lend on a property where encroachments exist. In some circumstances, an endorsement to the lender's policy (usually with an extra charge) can allow the lender to close. These are determined on a case-by-case basis. Again, contact your title officer.

NOTICE OF VIOLATION: These will sometimes be recorded by the fire department, the health department or the local zoning enforcement division in situations where the property violates a local statute.

RED FLAG: These are always a red flag. The lender will not accept these conditions. The violation will have to be eliminated and the local enforcement agency will have to issue a release before closing. Escrow (or the seller or the seller's representative) will usually have to deal directly with the appropriate agency to resolve these types of issues.

COURT ORDERS/JUDGMENTS: These are not a standard item. The most common type to show on a title commitment is support judgments. These are issued by the courts when child/spousal support is owed by the party named. (See "Statement of Information")

RED FLAG: Any order/judgment is a red flag. Support judgments can take up to six weeks to get a demand and release from the creditor (usually the district attorney's office). If you see an order or judgment, contact escrow immediately to verify that the demand has been ordered.

BANKRUPTCY: While not unusual, bankruptcies are not standard.

RED FLAG: All open bankruptcies require the debtor to get permission from the court to sell or encumber an asset (the home) or to take on new debt. Chapter 7 and 13 bankruptcies against the seller are the most common found in a sale situation. A letter from the bankruptcy trustee will be required to close escrow. The trustee will sometimes require that a payment be made to the court at close. We sometimes find a Chapter 13 against a buyer, which will also require a letter from the trustee allowing the debtor to take on more debt. An open Chapter 7 against the buyer is rare, and the buyer probably cannot get a loan as long as he is in a Chapter 7. (See "Statement of Information").

NOTE: Chapter 7 is a complete washout of dischargeable debt, Chapter 13 is a reorganization of debt and Chapter 11 is a reorganization of debt for a company or corporation.

NOTICE OF PENDING ACTION: This is also known as a "lis pendens."

RED FLAG: This is a big red flag. This means that someone has a lawsuit pending that may affect the title to the property. These are often found in acrimonious divorce situations. A demand (the aggressing party usually wants money before releasing) and withdrawal (a "withdrawal of lis pendens" is a legal document that must be recorded to release the lis pendens) will be required before closing.

ID Affidavit: Also known as a statement of facts, statement of identity, or an SI. This required document will be provided to the parties by escrow. It asks for information about the parties such as social security number, residence history, marital history, job history, aliases, etc. Please fill this out as completely as possible. The SI allows the company to eliminate things recorded in the GI (General Index) against the name (as opposed to the property) such as tax liens, judgments, welfare liens, support liens and lawsuits that may be filed against people that have the same name as you. These types of liens attach automatically to any real property owned by the debtor, and therefore make the property liable for any payment due under the lien.

RED FLAG: If you have a common name (for example: Smith, Johnson, Garcia, Martinez, Lee, etc) it is important that the company receive the completed SI promptly in order to “clear” these items. Sometimes you may be unaware that a lien exists. More often, you may have resolved the situation but had never gotten the proper release documents recorded in order to remove it from the public record. We cannot close a file with unresolved liens against a seller. (There are some circumstances when a deal can still be closed when there is an unresolved lien against a buyer.) Contact your title or escrow officer if you find that this situation exists.





OTHER PARTIES TO AN ESCROW TRANSACTION



In addition to the buyer, seller, lender and real estate agent(s), Escrow may involve several other parties such as: Appraisal, Home Warranty, Home Inspection, and Disclosure Report.

● APPRAISAL

If the buyer is securing a new loan for the purchase, an appraisal will be required by the lender. An appraiser will:

- Research the subject property as to year built bedrooms, baths, lot size and square footage.
- Compare data of recent sales in the subject's neighborhood, typically within a one mile radius. The appraiser usually locates at least three (and preferably more) similar homes that have sold within the past six months. These homes are considered the "Comparable Properties" or "Comps" for short.
- Field inspection is conducted in two parts: (1) the inspection of the subject property, and (2) the exterior inspection of the comparable properties.

The subject property inspection includes taking photos of the front and rear of the home (that may include portions of the yard) and photos of the street scene. The appraiser also makes an interior inspection for features and conditions which may detract from or add to the value of the home. A floor plan of the home is drawn and included while doing the inspection.

● HOME WARRANTY

Home Warranties offer advantages to both the buyer and seller. This policy protects the buyer by paying for certain repairs and costs of major mechanical systems and major appliances in the home such as heating and air conditioning. There are a variety of plans available.

Benefits of Home Warranty Coverage to the Seller

- Home may sell faster and at a higher price
- Optional coverage during the listing period
- Protection from legal disputes that occur after the sale increases the marketability of home

Benefits of Home Warranty Coverage to the Buyer

- Warranty coverage for major systems and built-in appliances
- Protects cash flow
- Puts a complete network of qualified service technicians at the Buyer's service
- Low deductible

Most home warranty plans can be paid for at the close of escrow. A copy of the invoice is presented to the escrow company and it becomes part of the seller's closing costs. FNF offers Home Warranty coverage at www.HomeWarranty.com or 1.800.862.6837

● HOME INSPECTIONS

A home inspection is another component of the escrow process. It is a physical examination to identify material defects in the systems, structure and components of a building, such as foundations, basements and under-floor areas, exteriors, roof coverings, attic areas and roof framing, plumbing, electrical systems, heating and cooling systems, fireplaces and chimneys, and building exteriors.

Is Your Home Inspector Insured?

They should have: Professional Liability Insurance Coverage, General Liability and Workers Compensation.

How the Seller Should Prepare for a Home Inspection

The seller should have the property fully accessible, including elimination of stored objects that may prevent the inspector from accessing key components of the home. Areas of special concern are attics, crawlspaces, electric panels, closets, garages, gates/ yards, furnaces and water heaters. All utilities should be on with functioning pilots lit.

Inspector's Responsibility to the Homeowner

Respect the property. Leave the property as they found it. Answer questions about the report after the inspection is completed. Provide a copy of the report on site.





THE LOAN PROCESS

● Step 1: APPLICATION

An application is considered received when the consumer provides the following information to the Creditor:

- Consumer Information
- Name
- Income
- Social Security number to obtain a credit report
- Address of the subject property
- Estimate of the value of the property
- Mortgage loan amount sought

● Step 2: ORDERING DOCUMENTATION

Your loan consultant will order the necessary documentation for the loan as soon as it is received. Any verifications will be mailed, and the credit report and appraisal will be ordered. You will also receive a Loan Estimate of your costs and details of your loan.

● Step 3: AWAITING DOCUMENTATION

Within approximately two weeks, all necessary documents should be received from your loan consultant. Each item is reviewed carefully in case additional items may be needed from you to resolve any questions or problems.

● Step 4: LOAN SUBMISSION

Submitting your loan is a critical part of the process. All of the necessary documentation will be sent to the lender, along with your credit report and appraisal.

● Step 5: LOAN APPROVAL

Loan approval may be obtained in stages. Usually within one to three days, your loan consultant should have pre-approval from the lender. If the loan requires mortgage insurance, or if an investor needs to review the file, final approval could take additional time. You do not have final loan approval until ALL of the necessary parties have underwritten the loan.

● Step 6: CLOSING DISCLOSURE

The lender will provide to you a Closing Disclosure to review prior to the release of loan documents.

● Step 7: LENDER PREPARATION OF DOCUMENTS

As soon as the loan is approved and all requirements of the lender have been met, the loan documents will be prepared. These documents will be sent to the escrow officer, and you will be asked to sign the documents. Your lender may require an impound account for tax installment payments, depending on the type of loan.

● Step 8: FUNDING

Once you have signed the documents and they have been returned to the lender, the lender will review them and make sure that all conditions have been met and all of the documents have been signed correctly. When this is completed, they will “fund” your loan. (“Fund” means that the lender will give the title company the money by check or wire.)

● Step 9: RECORDATION

When the loan has been funded, the title company will record the Deed of Trust with the county in which the property is located (usually by the next day). Upon receipt of confirmation of the deed being recorded, title or escrow will then disburse monies to the appropriate parties. At this time, in most cases, your loan is considered complete.





What Is PMI?

Private Mortgage Insurance

Buying a home is easier than ever, thanks to the availability of private mortgage insurance, or PMI. Private mortgage insurance has made it possible for qualifying buyers to obtain mortgages with a down payment as low as 3%. Such mortgages are increasingly in demand in today's home market because potential homeowners, especially first time home buyers, are unable to accumulate the 20 or 30% down payment that would be required without private mortgage insurance.

● Definition PMI

PMI is a type of insurance required by the lender that helps protect lenders against losses due to foreclosure. This protection is provided by private mortgage insurance companies and enables lenders to accept lower down payments than would normally be allowed.

● When Do I Need to Carry PMI?

If you make a down payment of less than 20% of the home sales price, your lender will require you to carry PMI. This will protect the lender from a potential loss if you default on your low down payment loan.

● How Long Am I Required to Carry PMI?

PMI can usually be canceled by the home buyer when they have at least 20% equity in the home, either due to payment of the principal or the appreciation of the property. When you believe your home has achieved 20% equity, you can contact your loan server for guidelines. Usually lenders will require an appraisal on the property to verify the equity.

● How Much Is PMI Going to Cost Me?

The House Banking Committee has estimated that the average cost of mortgage insurance is between \$300 and \$900 a year. Premiums are based on the amount and terms of the mortgage and will vary according to loan to value ratio, type of loan and the amount of coverage required by the lender.

● What Are the Payment Options for PMI?

PMI can be paid on either an annual, monthly or single premium plan.



There are many types of tax issues which should be considered during a real estate transaction. Ticor Title provides the following information as a resource only and always recommends that a seller and buyer consult with their legal and tax professionals for advice.



Topics we will briefly overview which may be a part of, or a result of, your escrow include:

- Capital Gains Tax
- Change of Ownership Filing
- Transfer Tax
- FIRPTA
- Property Taxes
- Supplemental Taxes

The I.R.S. provides free publications that explain the tax aspects of real estate transactions. A few of these include:

Publication #523: Selling Your Home

Publication #530: Tax Information for First Time Homeowners

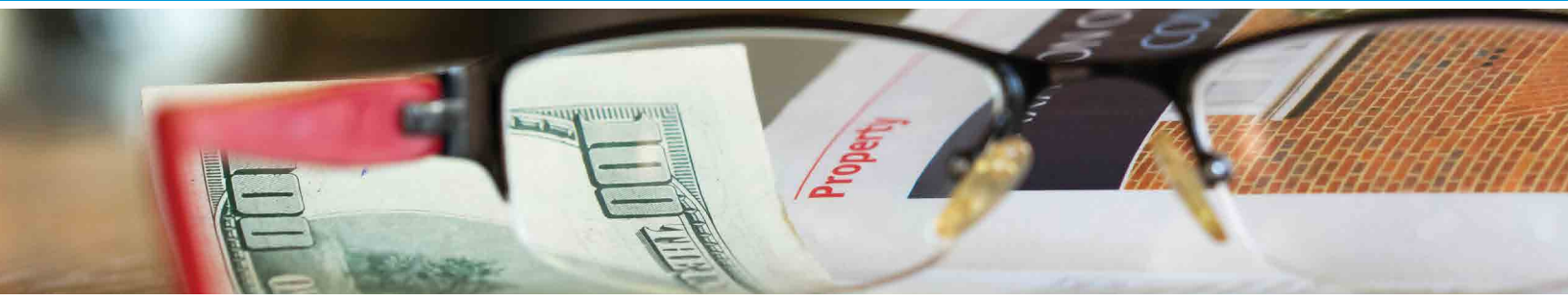
Publication #544: Sales and Other Dispositions of Assets

Publication #551: Basis of Assets

● Federal Requirements

The Internal Revenue Service (IRS) requires that sellers report certain information pertaining to sales of real property. Under the Tax Reform Act of 1986, reportable transactions include sales and exchanges of properties including, but not limited to, houses, townhouses and condominiums. Also reportable is stock in cooperative housing corporations and mobile homes without wheels. Specifically excluded from reporting are foreclosures and abandonment of real property, as well as financing or refinancing of properties.

The escrow officer, as the settlement agent, will ask the seller to complete a Certificate for Information Reporting for the 1099 S form which may be required by the IRS. The seller is required to provide their correct taxpayer identification number (social security number), as well as the closing date of the transaction and gross proceeds of the transaction. Most settlement agents now transmit the reportable information electronically to the IRS at the end of the year, although a “hard copy” of the form is included in the seller’s closing documents.



● Excise Taxes

Excise Tax is a tax on the sale of real estate. The real estate excise tax is typically paid by the seller of the property, although the buyer is liable for the tax if it is not paid. The tax applies to the seller. The tax also applies to transfers of controlling interests (50% or more) in entities that own property in the state.

County treasurers collect the state and local taxes, except for the tax that applies to acquisition of controlling interests which is reported directly to the Department of Revenue.

The state tax rate is .0128. City and county rates vary depending on the area.

● Property Taxes

Homeowners pay property taxes to their appropriate assessment, collection or franchise tax department in each county. A change in ownership or the completion of new construction could result in a change in the assessed value of the property and may result in the issuance of a supplemental property tax bill. Taxes are due on predesignated dates and become delinquent when not paid. Penalties are assessed for delinquent taxes. The yearly “tax calendar” varies by state.

In addition to standard property taxes, many jurisdictions also contain special assessment districts, which may have been formed as a means of financing infrastructure. Bonds may have been sold to finance the infrastructure and the ultimate property owner continues to make payments on the principal and interest on the bond. The bond issues vary in size and term. Other special city and county districts may be assessed for a variety of purposes, including street lights and traffic signals, street maintenance, certain educational purposes, etc.

● Change of Ownership Filings

When property changes hands, local government agencies require notice of change of ownership. At the local level, this would be any county office that assesses or collects taxes. Reporting a change in the ownership of the property allows the local jurisdiction to assess the tax liability for each property as the title is transferred from seller to buyer.

The reporting documents vary from state to state, but all states require at minimum the names of the seller and buyer, assessor’s parcel number or other property identifying number, the property location and tax address.

The escrow officer will generally assist the client in completing the document and ensuring that it reaches the Recorder’s Office along with the other documents pertinent to the change of ownership.

Some situations which appear to be a change of ownership are exempt from the filing of this type of document, including corrections to the record and status changes such as a change in vesting.



PATH ACT

INCREASES WITHHOLDING RATE

UP TO
15%



President Obama recently-enacted the Protecting Americans from Tax Hikes (PATH) Act. This law creates significant changes to the Foreign Investment in Real Property Tax Act (FIRPTA).



What does the new rule change about withholding requirements?

The PATH Act increases the FIRPTA base withholding rate from 10% to 15% of the amount realized on the sale of real property by a foreign person (the transferor). If the sales price does not exceed \$1,000,000, Real Property sold by a foreign person that is to be used as a residence by the buyer qualifies for a reduced rate of 10%. If the buyer is not using the property as a residence, the new 15% withholding rate is for all transactions. If the price is higher than \$1,000,000, the 15% withholding rate is applicable for all transactions.



What are the benefits?

The PATH Act benefits the real estate industry by doubling the maximum amount of stock ownership a foreign person may have in a real estate investment trust (REIT) from 5% to 10%. Another additional benefit is that the law permits certain foreign pension funds to invest in REITs without having FIRPTA withholding apply.

APPROPRIATE WITHHOLDING TAX RATE UNDER NEW TAX LAW	YES	NO
Buyer Intends To Use Property as a Residence?		
\$300,000 and Under	\$0	15%
\$300,001 - \$1,000,000	10%	15%
Over \$1,000,000	15%	15%



When does it go into effect?

The PATH Act is effective 60 days after Obama signed it into law. This applies to sales on and after approximately **FEBRUARY 17, 2016.***



What are the guidelines buyers must follow when determining the withholding rate?

1. If the amount realized is \$300,000 (typically the sales price) or less, and the property will be used by the buyer as a residence (within current regulations), no amount is to be withheld or remitted to the IRS.
2. If the amount realized is greater than \$300,000 but does not exceed \$1,000,000 and the property will be used by the buyer as a residence, then the withholding rate is 10% of the entire amount realized.
3. If the amount realized exceeds \$1,000,000, then the withholding rate is 15% of the total consideration, regardless of how the property is used by the buyer.

NOTE: Other exceptions to withholding may apply.



Are there any obligations for FIRPTA withholding by the real estate agent or broker?

If you represent the buyer or seller of real property subject to FIRPTA withholding, you could be liable for the tax up to the amount of commission received in certain circumstances. We always recommend discussing your situation with a tax professional.

* The IRS has not issued new forms or publications which state the official date as of yet.

If you have additional questions about the PATH Act, please contact a tax professional or the IRS.

- **When do I sign loan documents?**

Generally, your escrow instructions will be mailed to you for completion and signature. Your escrow officer or real estate agent will contact you to make an appointment for you to sign your final loan papers. At this time, the escrow holder will also tell you the amount of money you will need (in addition to your loan funds) to purchase your new home. The lender will send your loan funds directly to the title company.

- **What do I bring to my loan document signing appointments?**

If you are required to bring money to closing, remember that it must be in the form of a Washington State Bank Cashiers Check or Wire Transfer. These funds need to be received by the Escrow office 24 hours in advance of the recording/closing date indicated on your Purchase and Sale Agreement.

A valid picture ID, such as a driver's license or state ID card is required at signing for all persons who will be signing documents. These items are needed by a Notary Public to verify your identity. It is a routine but necessary step for your protection.

Make sure you are aware of your lender's requirements and that you have satisfied those requirements before you come to the escrow company to sign your papers. Your loan officer or real estate agent can assist you.

- **What's the next step after I've signed the loan documents?**

After you have signed all the necessary instructions and documents, the escrow holder will return them to the lender for final review. This review usually occurs within a few days. After the review is completed, the lender is ready to fund your loan and informs the escrow holder.

- **When will I receive the deed?**

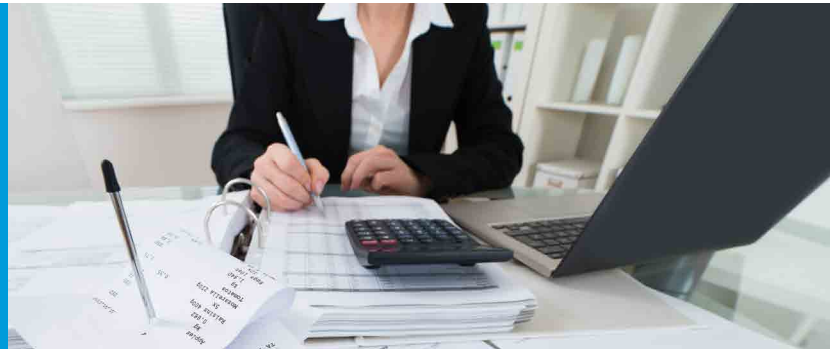
The original deed to your home will be mailed directly to you at your new home by the County Recorder's office. This service takes several weeks (sometimes longer, depending on the County Recorder's work volume).





WHAT IS PAYOFF

A loan payoff is an extremely important service provided by title companies to facilitate the handling of money in the closing of a real estate transaction. It is the receipt of funds from the buyer and the payment of the obligations of the seller (if any) in conjunction with a real estate transaction. The payoff function is performed by Ticor Title as part of the escrow process.



● Commonly Used Payoff Terms

Prefigures: Estimated payoff figures calculated and given prior to closing upon request. These figures are only valid through the date given and are based on the information provided at the time.

Good Funds: Ticor Title must be in receipt of “good funds” prior to disbursing on a payoff. Types of good funds include:

1. funds wired into Ticor Title’s trust account;
2. a cashier’s, teller’s or certified check (provide next day availability after deposit to comply with AB51 2);
3. other local checks (provide availability of funds five days after deposit), and
4. out of area checks (provide availability of funds ten days after deposit).

Demands: Demands must include specific payoff information concerning the particular property and must be signed. It is the responsibility of the Escrow Officer to order and provide all necessary demands, including any updates or changes on a timely basis.

Taxes: Outstanding property taxes can be paid out of the payoff proceeds.

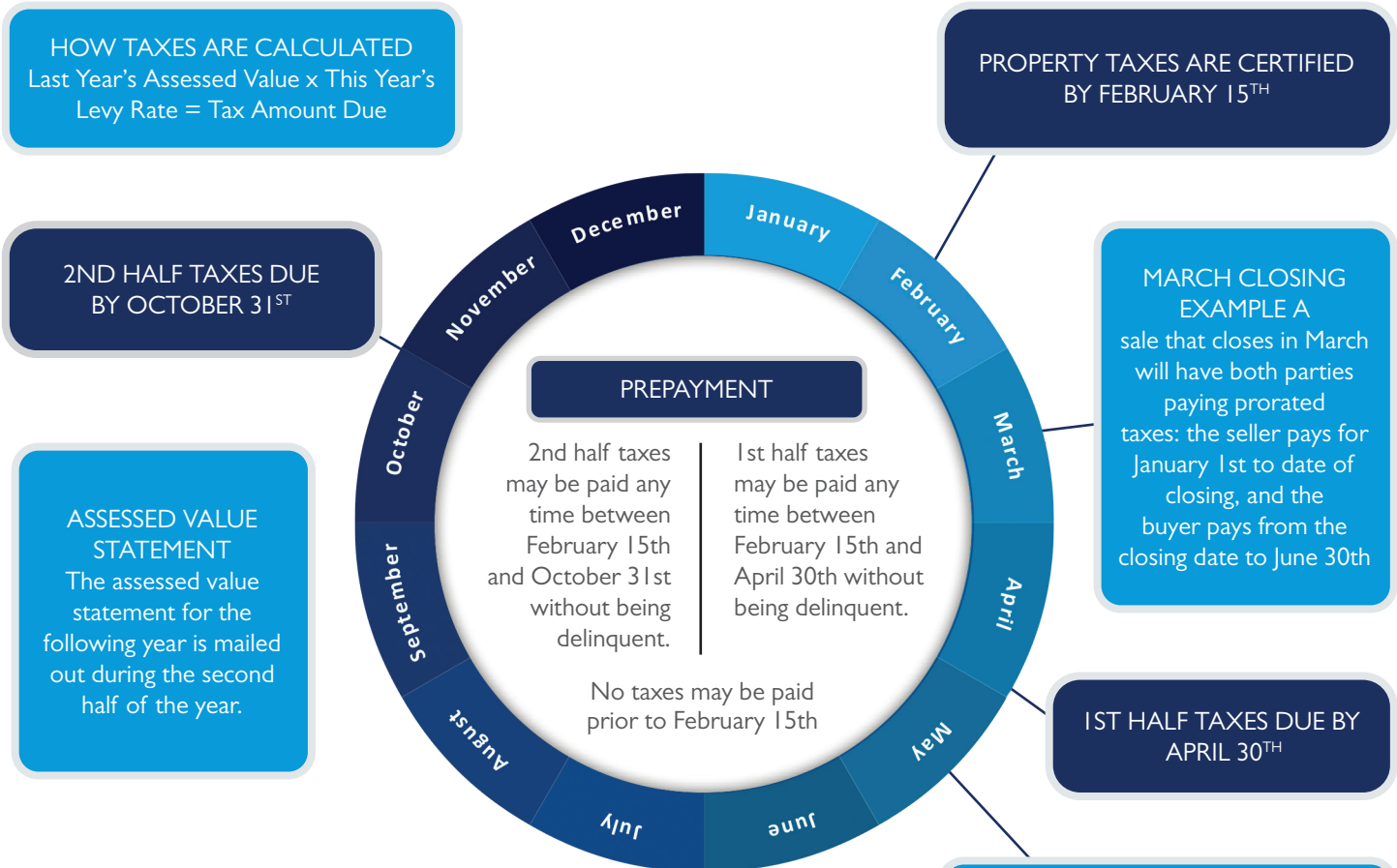
Refunds: Any overpayment of demands will be refunded to the escrow upon receipt from the lender. Refunds typically take two to six weeks to process.

Shortages: Your Escrow Officer will contact you if there is a shortage of the necessary funds to cover the outstanding obligations. The shortages must be received prior to payoff.

Disbursement Checks: Checks are delivered locally to lending institutions by a contracted messenger service. Checks to individuals and to out of area lenders are typically sent via an overnight delivery company.

Wire Transfers: Funds can be wired into and out of Ticor Title offices with our bank.

Out of County Transactions: Ticor Title offices can receive and disburse payoff funds through any of our offices.



ASSESSED VALUE VS. TAXABLE VALUE

The assessed value is typically the same as the taxable value except in cases where the taxpayer has applied for and received an exemption. For example, senior and disabled property owners may qualify for tax reductions. In some cases home improvements may qualify for a 3-year exemption for taxes on the value of the improvement. For more information on possible exemptions or tax deferrals, contact the Assessor-Treasurer for the county in which the property is located.

ASSESSOR -TREASURER PROPERTY TAX HOTLINES:

- King County: (206) 296-3850
- Pierce County: (253) 798-6111
- Snohomish County: (425) 388-3433
- Spokane County: (509) 477-3698

MAILING ADDRESS FOR TAXES:

Snohomish County Treasurer
3000 Rockefeller Ave, M/S 501
Everett, WA 98201

King County Treasury
500 Fourth Avenue, Room 600
Seattle, WA 98104

Pierce County Budget & Finance
P.O. Box 11621
Tacoma, WA 98411-6621

Spokane County Treasurer
PO Box 199
Spokane, WA 99210

Benton County Treasury
5600 W Canal Dr Ste A
Kennewick, WA 99336



CLOSING COSTS: WHAT BUYERS & SELLERS TYPICALLY PAY FOR



Closing Costs are fees and expenses, over and above the price of the property, incurred by the buyer and/or the seller in the property ownership transfer. Examples are title searches, closing services, loan fees and deed filing fees. Also called settlement costs. There are two sides (buyer and seller) to the equation when determining closing costs. Below is a simple customary closing cost list. Keep in mind these are typical, but should not be considered hard fast rules, feel free to consult your real estate agent for more detail.



● Seller Normally Pays for:

- One-half of the escrow fee (according to contract)
- Work orders (according to contract)
- Owner's title insurance premiums
- Real estate commission
- Any judgments, tax liens, etc. against the seller
- Any unpaid Homeowner Association dues
- Home Warranty (according to contract)
- Any bonds or assessments (according to contract)
- Recording charges to clear all documents of record against seller
- Payoff of all loans in seller's name (or existing loan balance being assumed by buyer)
- Interest accrued to lender being paid off, reconveyance fees and any prepayment penalties
- Excise Tax (% based on county and sale price)



● Buyer Normally Pays for:

- One-half of the escrow fee (according to contract)
- Lender's title policy premiums (ALTA)
- Document preparation (if applicable)
- Tax pro-ration (from date of acquisition)
- Recording charges for all documents in buyer's names
- Home Owner's insurance premium for first year
- Home Warranty (according to contract)
- Inspection fees (according to contract): roofing, property, geological, pest, etc.
- All new loan charges (except those required by lender for seller to pay)
- Interim interest on new loan from date of funding to first payment date

BETTER CLOSING EXPERIENCE...

From open to close, our team is dedicated to creating a superior client experience by providing clear communication, personalized service, and consistency with every escrow transaction.

Direct your next transaction to Ticor Title and let our resources, services, and team of specialists make your closing a success!



Consumer Financial Protection Bureau (CFPB)

Know Before You Close





Know Before You Close

Simple answers about the CFPB and how the new rules will change real estate transactions.



What is CFPB?

After the 2008 financial meltdown, Congress established the Consumer Financial Protection Bureau (CFPB). It was created in 2011 after the Dodd-Frank Act was placed into effect. The Consumer Financial Protection Bureau provides information to consumers to understand financial agreements in which they enter. The CFPB strives to educate the purchaser on fair practices, enforce consumer laws, and analyze financial markets.

CFPB Primary Goals:

Easier-to-use disclosure forms

Improved consumer understanding

Better comparison shopping

Avoid costly surprises at the closing table

On November 20, 2013 the CFPB announced the completion of their new integrated mortgage disclosure forms along with their regulations (RESPA Regulation X and TILA Regulation Z) for the proper completion and timely delivery to the consumer. These regulations are known as “The Rule”.

Any residential loan originated after October 3, 2015 will be subject to the new rules and forms set forth by the CFPB*. The Rule replaces the Good Faith Estimate (GFE) and early TILA form with the new Loan Estimate. It also replaces the HUD-1 Settlement Statement and final TILA form with the new Closing Disclosure. The introduction of the new disclosure forms require changes to the systems that produce the closing forms. Fidelity National Title Group is already well underway in preparing our production systems to provide the new required fee quotes, prepare the new closing disclosure forms, and track the delivery and waiting periods required by the new regulations.

In Plain English, Please

For more than 30 years, federal law has required all lenders to provide two disclosure forms to consumers when they apply for a mortgage and two additional short forms before they close on the home loan. These forms were developed by different federal agencies under the Truth in Lending Act (TILA) and the Real Estate Settlement Procedures Act (RESPA).



To help simplify matters and avoid the confusing situations consumers have often faced when purchasing or refinancing a home in the past, the Dodd-Frank Act provided for the creation of the Consumer Financial Protection Bureau (CFPB) and charged the bureau with integrating the mortgage loan disclosures under the TILA and RESPA.

*Loans in progress (applications submitted prior to October 3, 2015) will use current TILA and RESPA forms.

Changes to the Closing Disclosure Timing

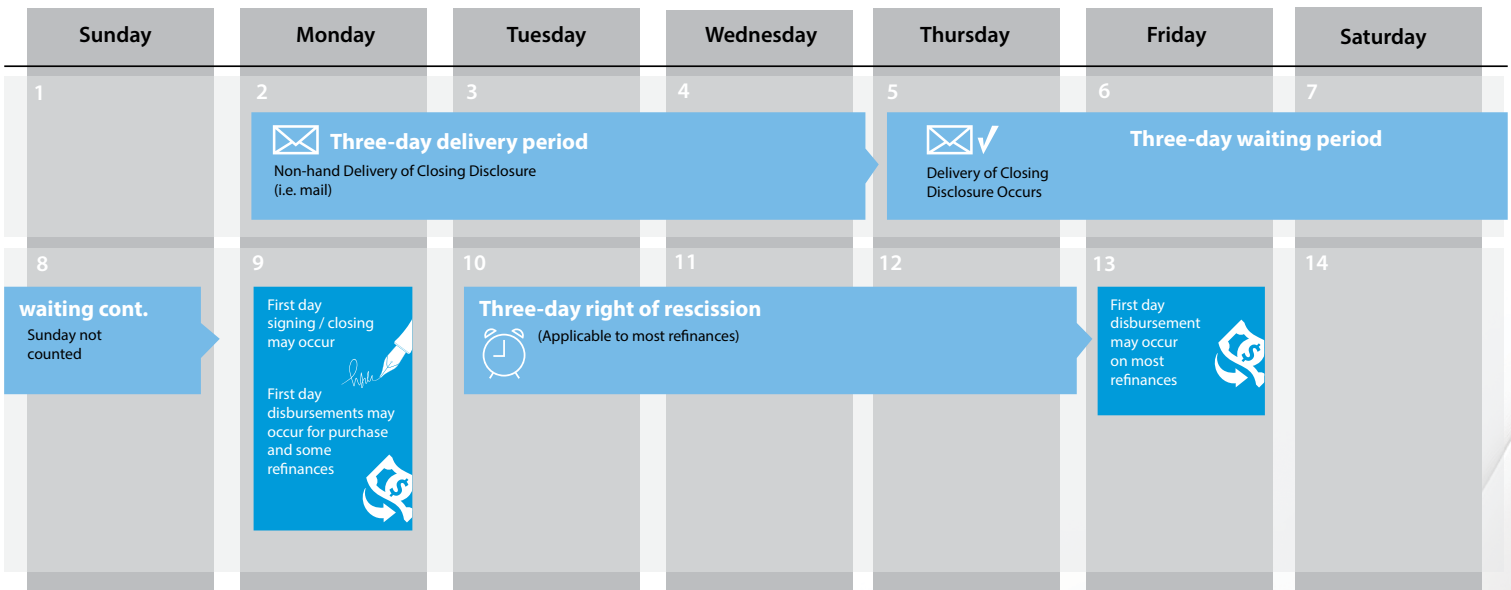
In addition to new forms for residential mortgage transactions, the new regulations also require delivery timetables for delivery to consumers, impacting when a closing can take place and disbursements made. Below is a preview of how the CFPB regulations will impact the closing process for transactions that originate after October 3, 2015.

Which forms are in & out on October 3, 2015?

Out with the old	In with the new*
Good Faith Estimate Early TILA Form	 New Loan Estimate
HUD-1 Settlement Statement Final TILA Form	 New Closing Disclosure

* As of October 3, 2015 for residential purchase and refinance transactions.

Example Closing Calendar





WILL THE NEW CFPB RULE DELAY MY CLOSING?



According to the Consumer Financial Protection Bureau, the answer is **NO** for just about everybody.

For mortgage applications submitted on or after October 3, 2015, lenders must give you new, easier-to-use disclosures about your loan three business days before closing. This gives you time to review the terms of the deal before you get to the closing table.

Many things can change in the days leading up to closing. Most changes will not require your lender to give you three more business days to review the new terms before closing. The new rule allows for ordinary changes that do not alter the basic terms of the deal.

Only **THREE** changes require a new 3–day review:

1. The APR (annual percentage rate) increases by more than 1/8 of a percent for fixed-rate loans or 1/4 of a percent for adjustable loans*. A decrease in APR will not require a new 3-day review if it is based on changes to interest rate or other fees.
2. A prepayment penalty is added, making it expensive to refinance or sell.
3. The basic loan product changes, such as a switch from fixed rate to adjustable interest rate or to a loan with interest-only payments.

* Lenders have been required to provide a 3-day review for these changes in APR since 2009.

NO OTHER changes require a new 3–day review:

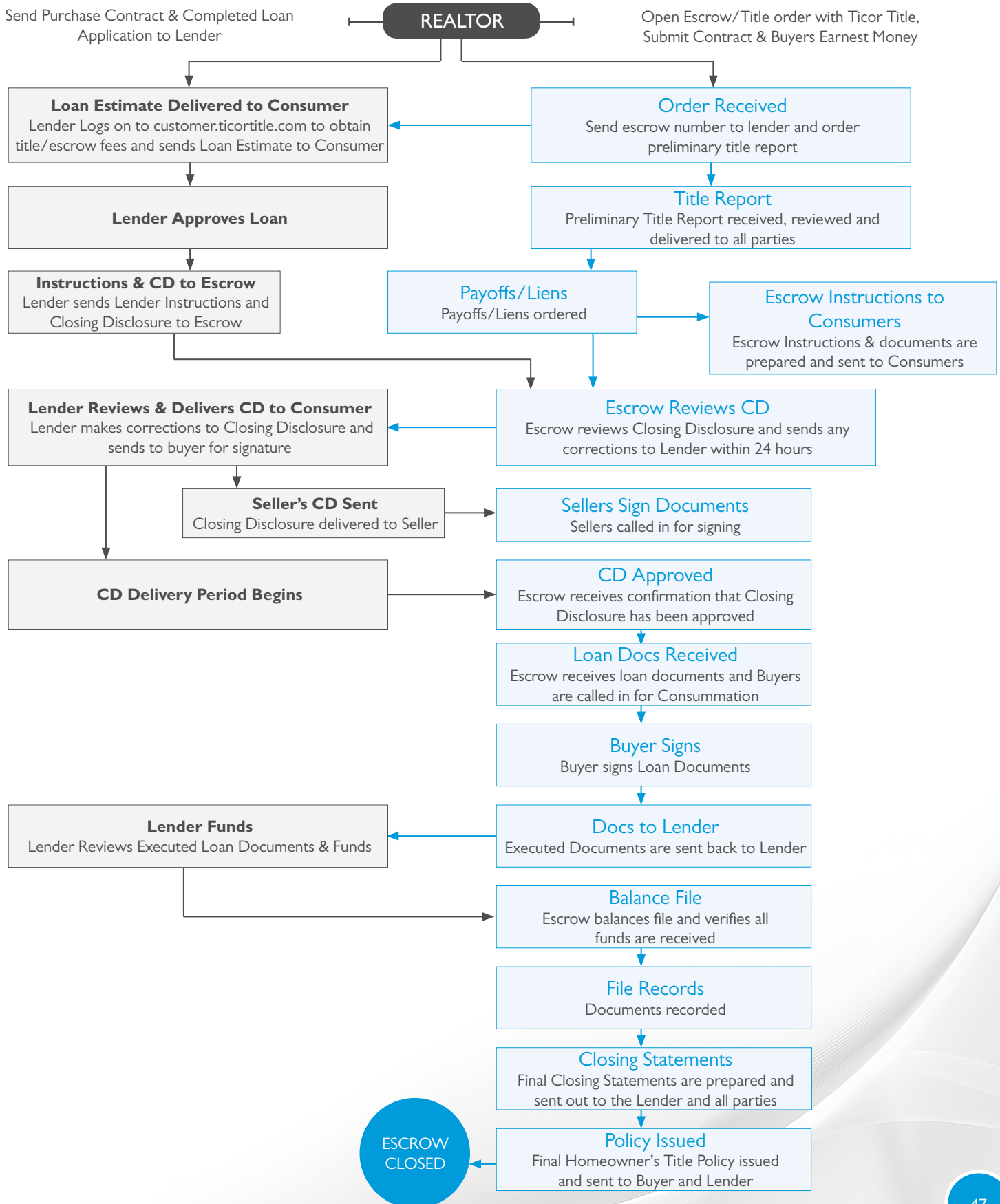
There has been much misinformation and mistaken commentary around this point. Any other changes in the days leading up to closing do not require a new 3-day review, although the lender will still have to provide an updated disclosure. For instance, the following circumstances do not require a new 3-day review:

- Unexpected discoveries on a walk-through such as a broken refrigerator or a missing stove, even if they require seller credits to the buyer.
- Most changes to payments made at closing, including the amount of the real estate commission, taxes and utilities proration, and the amount paid into escrow.
- Typos found at the closing table.

Source: consumerfinance.gov

ITEMS PERFORMED BY LENDER

ITEMS PERFORMED BY TICOR:



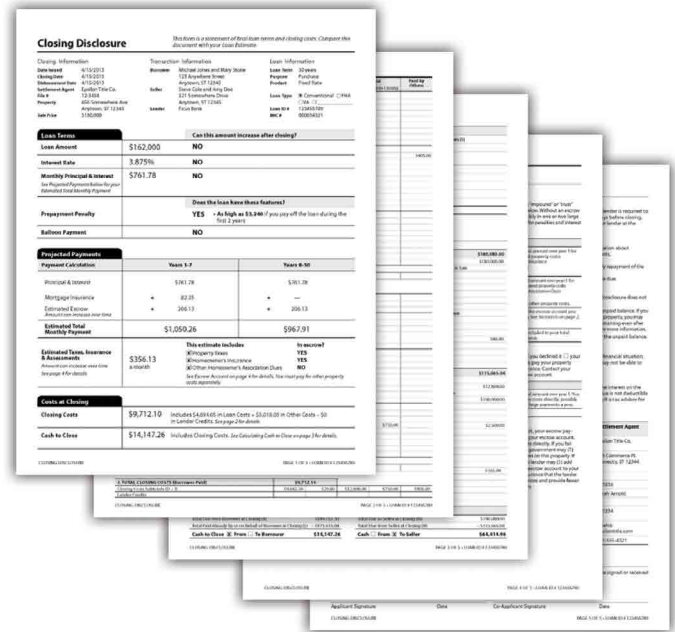


THE NEW CLOSING DISCLOSURE EXPLAINED

A look at the different sections of the Closing Disclosure and explanations of each page.

Closing Disclosure at-a-glance

- The new form is 5 pages long
- New form replaces the TILA and HUD-1
- One Closing Disclosure is required for each loan
- Charge descriptions on both the Loan Estimate and Closing Disclosure must match.



The Closing Disclosure replaces the Truth-in-Lending Act (TILA) disclosure and the HUD-1 Settlement Statement. Under the final rule, the creditor is responsible for delivering the Closing Disclosure to the consumer, but creditors may use settlement agents to provide the Closing Disclosure, provided they comply with the final rule.

There is still a requirement for one Closing Disclosure for each loan and charge descriptions used on the Loan Estimate must be substantially similar to the descriptions used on the Closing Disclosure. This is so a consumer may easily identify a change in costs or terms by a comparison of the two forms.

Page 1.

The first page of the Closing Disclosure is almost identical to Page 1 of the Loan Estimate. It describes the:

- Loan terms
- Loan amount
- Interest rate
- Monthly P&I, and
- Any prepayment penalty or balloon payment

This page also provides the projected payments over the life of the loan. This page also discloses to the borrower what amounts will be deposited into their impound or escrow account and provides the total estimated closing costs and cash to close.

Closing Disclosure		This form is a statement of final loan terms and closing costs. Compare this document with your Loan Estimate.	
Closing Information		Transaction Information	
Date Issued: 4/15/2013	Closing Date: 4/15/2013	Borrower: Michael Jones and Mary Stone	Loan Term: 30 years
Unbearance Date: 4/15/2013	Settlement Agent: Epilon Title Co.	Seller: Steve Cole and Amy Doe	Product: Fixed Rate
File #: 12-3056	Property: 456 Somewhere Ave, Anytown, ST 12345	Lender: Ficus Bank	Loan Type: <input checked="" type="checkbox"/> Conventional <input type="checkbox"/> FHA <input type="checkbox"/> VA <input type="checkbox"/> Other
Sale Price: \$180,000			Loan ID #: 123456789 ABC # 00054321
Loan Terms		Can this amount increase after closing?	
Loan Amount	\$162,000	NO	
Interest Rate	3.875%	NO	
Monthly Principal & Interest <small>See Projected Payments below for your Estimated Total Monthly Payment.</small>	\$761.78	NO	
Prepayment Penalty		Does the loan have these features?	
		YES - As high as \$3,240 if you pay off the loan during the first 2 years.	
Balloon Payment		NO	
Projected Payments			
Payment Calculation	Years 1-7	Years 8-30	
Principal & Interest	\$761.78	\$761.78	
Mortgage Insurance	+ 82.35	+ —	
Estimated Escrow <small>Amount can increase over time.</small>	+ 206.13	+ 206.13	
Estimated Total Monthly Payment	\$1,050.26	\$967.91	
Estimated Taxes, Insurance & Assessments		This estimate includes	
\$356.13 a month <small>Amount can increase over time. See page 4 for details.</small>		<input checked="" type="checkbox"/> Property Taxes <input checked="" type="checkbox"/> Homeowner's Insurance <input checked="" type="checkbox"/> Other Homeowner's Association Dues <small>See Escrow Account on page 4 for details. You must pay for other property costs separately.</small>	
Costs at Closing			
Closing Costs	\$9,712.10	Includes \$4,664.05 in Loan Costs + \$5,048.05 in Other Costs - \$0 in Lender Credits. See page 2 for details.	
Cash to Close	\$14,147.26	Includes Closing Costs. See Calculating Cash to Close on page 3 for details.	

Page 2.

The second page is similar to the current Page 2 of the HUD-1 Settlement Statement. It provides a breakdown of all the closing cost details and lists all loan costs and other costs paid by borrower, seller, and other parties.

Closing Cost Details				
Loan Costs	Borrower-Paid	Seller-Paid	Paid by Others	
	At Closing	Before Closing	At Closing	Before Closing
A. Origination Charges				
01 Origination Charge	\$1,892.00			
02 0.2% of Loan Amount (Points)	\$360.00			
03 Application Fee	\$300.00			
04 Underwriting Fee	\$1,000.00			
05				
06				
07				
08				
09				
10				
B. Services Borrower Did Not Shop For				
01 Appraisal Fee	\$275.00	\$25.00		\$400.00
02 Credit Report Fee	\$75.00			
03 Flood Determination Fee	\$200.00			
04 Flood Insurance Fee	\$11.25			
05 Title Insurance Fee	\$75.00			
06 Tax Maturity Review Fee	\$80.00			
07				
08				
09				
10				
C. Services Borrower Did Shop For				
01 Prod Inspection Fee	\$1,200.00			
02 Survey Fee	\$60.00			
03 Title - Insurance Binder	\$600.00			
04 Title - Lender's Title Insurance	\$0.00			
05 Title - Settlement Agent Fee	\$800.00			
06 Title - Title Search	\$800.00			
07				
08				
09				
10				
D. TOTAL LOAN COSTS (Borrower-Paid)				
	\$4,664.05	\$25.00		
Other Costs				
E. Taxes and Other Government Fees				
01 Recording Fees	\$85.00			
02 Transfer Tax	\$85.00			
03 Transfer Tax	\$85.00			
F. Prepaids				
01 Homeowner's Insurance (Premiums) (12 mos.)	\$1,200.00			
02 Mortgage Insurance (Premium) (12 mos.)	\$275.00			
03 Prepaid Interest (\$1.44 per day from 4/15/13 to 4/15/13)	\$275.00			
04 Property Taxes (\$ 5.00/ft. Any County MIA)	\$630.00			
G. Initial Escrow Payment at Closing				
01 Homeowner's Insurance (\$100.00 per month for 2 mos.)	\$200.00			
02 Mortgage Insurance (per month for 2 mos.)	\$175.00			
03 Property Taxes (\$100.00 per month for 2 mos.)	\$200.00			
04				
05				
06				
07				
08				
09				
10				
H. Other				
01 FICA Regular Contribution	\$100.00			
02 FICA Processing Fee	\$150.00			
03 Home Inspection Fee	\$750.00		\$750.00	
04 Home Warranty Fee	\$500.00			
05 Real Estate Commission	\$5,700.00			
06 Real Estate Commission	\$5,700.00			
07 Title - Owner's Title Insurance (optional)	\$1,000.00			
08				
09				
10				
I. TOTAL OTHER COSTS (Borrower-Paid)				
	\$8,018.05			
J. TOTAL CLOSING COSTS (Borrower-Paid)				
	\$9,712.10			
Lender Credits				
	\$0.00	\$25.00	\$12,850.00	\$600.00



THE NEW CLOSING DISCLOSURE EXPLAINED

Page 3.

The third page displays a Calculating Cash to Close table similar to the table on Page 2 of the Loan Estimate. This table provides a comparison to the charges disclosed on the Loan Estimate. The rest of the page shows the summaries of the borrower and seller costs and credits, similar to the current Page I of the HUD-1 Settlement Statement.

Calculating Cash to Close			
Use this table to see what has changed from your Loan Estimate.			
	Loan Estimate	Final	Did this change?
Total Closing Costs (1)	\$8,054.00	\$5,712.10	YES - See Total Loan Costs (9) and Total Other Costs (1)
Closing Costs Paid Before Closing	\$0	-\$9,380	YES - You paid these Closing Costs before closing
Closing Costs Financed (2)	\$0	\$0	NO
Down Payment (3) and Loan Borrower	\$18,000.00	\$18,000.00	NO
Deposit	-\$10,000.00	-\$10,000.00	NO
Funds for Downer	\$0	\$0	NO
Seller Credits	\$0	-\$1,500.00	YES - See Seller Credits in Section I
Adjustments and Other Credits	\$0	-\$3,075.04	YES - See details in Sections K and L
Cash to Close	\$16,054.00	\$14,147.26	

Summary of Transactions			
Use this table to see a summary of your transaction.			
BORROWER'S TRANSACTION		SELLER'S TRANSACTION	
K. Due from Borrower at Closing	\$189,742.30	M. Due to Seller at Closing	\$186,499.00
(1) Sub-Price of Property	\$180,000.00	(1) Sub-Price of Property	\$180,000.00
(2) Sub-Price of Any Personal Property Included in Sale		(2) Sub-Price of Any Personal Property Included in Sale	
(3) Closing Costs Paid at Closing (1)	\$9,682.30	(3) Closing Costs Paid at Closing (1)	\$0
(4) Adjustments	\$0	(4) Adjustments	\$0
(5) Other Credits	\$0	(5) Other Credits	\$0
Adjustments for Items Paid by Seller in Advance		Adjustments for Items Paid by Seller in Advance	
(1) City/Town Taxes	\$0	(1) City/Town Taxes	\$0
(2) County Taxes	\$0	(2) County Taxes	\$0
(3) Assessments	\$0	(3) Assessments	\$0
(4) HOA Dues	4/15/13 to 4/30/13	(4) HOA Dues	4/15/13 to 4/30/13
	\$80.00		\$80.00
(5) Other	\$0	(5) Other	\$0
(6) Total	\$80.00	(6) Total	\$80.00
L. Paid Already by or on Behalf of Borrower at Closing	\$175,655.04	N. Due from Seller at Closing	\$115,665.04
(1) Deposit	\$10,000.00	(1) Escrow Deposit	\$10,000.00
(2) Loan Advance	\$142,000.00	(2) Closing Costs Paid at Closing (1)	\$12,800.00
(3) Existing Liens Assumed or Taken Subject to	\$0	(3) Existing Liens Assumed or Taken Subject to	\$0
(4) Payoff of First Mortgage Loan	\$100,000.00	(4) Payoff of First Mortgage Loan	\$100,000.00
(5) Payoff of Second Mortgage Loan	\$0	(5) Payoff of Second Mortgage Loan	\$0
(6) Other Credits	\$2,500.00	(6) Seller Credit	\$2,500.00
(7) Sub-Price from Equim Title Co.	\$750.00	(7) Other	\$0
(8) Adjustments	\$0	(8) Adjustments	\$0
(9) Other	\$0	(9) Other	\$0
(10) Total	\$175,655.04	(10) Total	\$115,665.04
Adjustments for Items Unpaid by Seller		Adjustments for Items Unpaid by Seller	
(1) City/Town Taxes	1/1/13 to 4/14/13	(1) City/Town Taxes	1/1/13 to 4/14/13
	\$365.04		\$365.04
(2) County Taxes	\$0	(2) County Taxes	\$0
(3) Assessments	\$0	(3) Assessments	\$0
(4) Other	\$0	(4) Other	\$0
(5) Total	\$365.04	(5) Total	\$365.04
CALCULATION		CALCULATION	
Total Due from Borrower at Closing (9)	\$189,742.30	Total Due to Seller at Closing (9)	\$186,499.00
Total Paid Already by or on Behalf of Borrower at Closing (L)	-\$175,655.04	Total Due from Seller at Closing (N)	-\$115,665.04
Cash to Close <input checked="" type="checkbox"/> From <input type="checkbox"/> To Borrower	\$14,147.26	Cash <input type="checkbox"/> From <input checked="" type="checkbox"/> To Seller	\$64,834.96

Page 4.

The fourth page contains disclosures about other terms of the loan, including:

- Whether the loan is assumable
- If the loan has a demand feature
- May impose a late payment fee and when it may be incurred
- If the loan has a negative amortization feature
- Whether the lender will accept partial payments
- Informs the borrower the lender will have a security interest in their property.

The page also includes a table describing what charges will be impounded and how much will be collected each month. Finally, the page includes adjustable payment and interest rate tables if they are applicable to the loan.

Additional Information About This Loan					
Loan Disclosures					
Assumption If you sell or transfer this property to another person, your lender <input type="checkbox"/> will allow, under certain conditions, this person to assume this loan on the original terms. <input checked="" type="checkbox"/> will not allow assumption of this loan on the original terms.	Escrow Account For some, your loan <input checked="" type="checkbox"/> will have an escrow account (also called an "impound" or "trust" account) to pay the property costs listed below. Without an escrow account, you would pay them directly, possibly in one or two large payments a year. Your lender may be liable for penalties and interest for failing to make a payment.				
Demand Feature Your loan <input type="checkbox"/> has a demand feature, which permits your lender to require early repayment of the loan. You should review your note for details. <input checked="" type="checkbox"/> does not have a demand feature.	<table border="1"><thead><tr><th>Estimated Property Costs over Year 1</th><th>Estimated total amount over year 1 for your escrowed property costs. Homeowner's Insurance Property Taxes</th></tr></thead><tbody><tr><td>\$2,475.50</td><td></td></tr></tbody></table>	Estimated Property Costs over Year 1	Estimated total amount over year 1 for your escrowed property costs. Homeowner's Insurance Property Taxes	\$2,475.50	
Estimated Property Costs over Year 1	Estimated total amount over year 1 for your escrowed property costs. Homeowner's Insurance Property Taxes				
\$2,475.50					
Late Payment If your payment is more than 15 days late, your lender will charge a late fee of 5% of the monthly principal and interest payment.	<table border="1"><thead><tr><th>Non-Escrowed Property Costs over Year 1</th><th>Estimated total amount over year 1 for your non-escrowed property costs. Homeowner's Insurance Fees</th></tr></thead><tbody><tr><td>\$1,800.00</td><td></td></tr></tbody></table>	Non-Escrowed Property Costs over Year 1	Estimated total amount over year 1 for your non-escrowed property costs. Homeowner's Insurance Fees	\$1,800.00	
Non-Escrowed Property Costs over Year 1	Estimated total amount over year 1 for your non-escrowed property costs. Homeowner's Insurance Fees				
\$1,800.00					
Negative Amortization (increase in Loan Amount) Under your loan terms, you <input type="checkbox"/> are scheduled to make monthly payments that do not pay all of the interest due that month. As a result, your loan amount will increase (negatively amortize), and your loan amount will likely become larger than your original loan amount. Increases in your loan amount lower the equity you have in this property. <input type="checkbox"/> may have monthly payments that do not pay all of the interest due that month. If you do, your loan amount will increase (negatively amortize), and, as a result, your loan amount may become larger than your original loan amount. Increases in your loan amount lower the equity you have in this property. <input checked="" type="checkbox"/> does not have a negative amortization feature.	<table border="1"><thead><tr><th>Estimated Escrow Payment</th><th>A cushion for the escrow account plus profit of broker. See Section G on page 2.</th></tr></thead><tbody><tr><td>\$412.25</td><td></td></tr></tbody></table>	Estimated Escrow Payment	A cushion for the escrow account plus profit of broker. See Section G on page 2.	\$412.25	
Estimated Escrow Payment	A cushion for the escrow account plus profit of broker. See Section G on page 2.				
\$412.25					
Partial Payments Your lender <input checked="" type="checkbox"/> may accept payments that are less than the full amount due (partial payments) and apply them to your loan. <input type="checkbox"/> may hold them in a separate account until you pay the rest of the payment, and then apply the full payment to your loan. <input type="checkbox"/> does not accept any partial payments. If the loan is sold, your new lender may have a different policy.	<table border="1"><thead><tr><th>Monthly Escrow Payment</th><th>The amount included in your total monthly payment.</th></tr></thead><tbody><tr><td>\$206.13</td><td></td></tr></tbody></table>	Monthly Escrow Payment	The amount included in your total monthly payment.	\$206.13	
Monthly Escrow Payment	The amount included in your total monthly payment.				
\$206.13					
Security Interest You are granting a security interest in 456 Somewhere Ave., Anytown, ST 12345. You may lose this property if you do not make your payments or satisfy other obligations for this loan.	<table border="1"><thead><tr><th>No Escrow</th><th>Estimated total amount over year 1. You must pay these costs directly, possibly in one or two large payments a year.</th></tr></thead><tbody><tr><td></td><td></td></tr></tbody></table>	No Escrow	Estimated total amount over year 1. You must pay these costs directly, possibly in one or two large payments a year.		
No Escrow	Estimated total amount over year 1. You must pay these costs directly, possibly in one or two large payments a year.				
	In the future: Your property costs may change and, as a result, your escrow payment may change. You may be able to cancel your escrow account, but if you do, you must pay your property costs directly. If you fail to pay your property taxes, your state or local government may (1) in your name and penalties or (2) place a tax lien on this property. If you fail to pay any of your property costs, your lender may (1) add the amounts to your loan balance, (2) set an escrow account to your loan, or (3) require you to pay for property insurance that the lender buys on your behalf, which likely would cost more and provide fewer benefits than what you could buy on your own.				

Page 5.

On the fifth page under the heading “Loan Calculations” the consumer will find the:

- Total of payments over the life of the loan
- Finance charge
- Amount financed
- Annual Percentage Rate (APR)
- Total interest percentage information

Under “Other Disclosures” the consumer will find information about the:

- Appraisal (if applicable)
- Contract details
- Liability after foreclosure
- Refinance information
- Tax deductions

Loan Calculations		Other Disclosures			
Total of Payments. Total you will have paid after you make all payments of principal, interest, mortgage insurance, and loan costs, as scheduled.	\$285,803.36	Appraisal If the property was appraised for your loan, your lender is required to give you a copy at no additional cost at least 3 days before closing. If you have not yet received it, please contact your lender at the information listed below.	Contract Details See your note and security instrument for information about: • what happens if you fail to make your payments. • what is a default on the loan. • situations in which your lender can require early repayment of the loan, and • the rules for making payments before they are due.		
Finance Charge. The dollar amount the loan will cost you.	\$118,830.27	Liability after Foreclosure If you foreclose on this property and the foreclosure does not cover the amount of unpaid balance on this loan, ☒ state law may protect you from liability for the unpaid balance. If you refinance or take on any additional debt on this property, you may lose this protection and have to pay any debt remaining even after foreclosure. You may want to consult a lawyer for more information. <input type="checkbox"/> state law does not protect you from liability for the unpaid balance.	Refinance Refinancing this loan will depend on your future financial situation, the property value, and market conditions. You may not be able to refinance this loan.		
Amount Financed. The loan amount available after paying your upfront finance charge.	\$162,000.00	Tax Deductions If you borrow more than this property is worth, the interest on the loan amount above this property's fair market value is not deductible from your federal income taxes. You should consult a tax advisor for more information.			
Annual Percentage Rate (APR). Your costs over the loan term expressed as a rate. This is not your interest rate.	4.174%				
Total Interest Percentage (TIP). The total amount of interest that you will pay over the loan term as a percentage of your loan amount.	69.46%				
Questions? If you have questions about the loan terms or costs on this form, use the contact information below. To get more information or make a complaint, contact the Consumer Financial Protection Bureau at: www.consumerfinance.gov/mortgage-doing					
Contact Information					
Lender	Mortgage Broker	Real Estate Broker (B)	Real Estate Broker (S)	Real Estate Broker (C)	Settlement Agent
Ficus Bank		Omega Real Estate Broker Inc.	Alpha Real Estate Broker Co.	Epsilon Title Co.	
4321 Fanchon Blvd Senneca, ST 12340		230 Local Lane Somerset, ST 12345	1007 Suburb Ct. Somerset, ST 12340	123 Commerce Pl Somerville, ST 12344	
NMLS ID					
ST License ID		2765416	261455	261616	
Contact		Samuel Green	Joseph Cain	Sarah Arnold	
Contact NMLS ID		12345			
Contact ST License ID		F16415	F51461	P11234	
Email		sam@omgare.biz	joe@alphare.biz	sarah@epsilontitle.com	
joesmith@ficusbank.com		123-555-7890	321-655-1711	987-655-4321	
Phone					
Confirm Receipt					
By signing, you are only confirming that you have received this form. You do not have to accept this loan because you have signed or received this form.					
Applicant Signature	Date	Co-Applicant Signature	Date		
CLOSING: 05/01/2018				PAGE 5 OF 5 - LOAN ID #123456789	

At the bottom of the page is the Contact Information and Signature lines. If signature lines are included, the following disclosure is used: “By signing, you are only confirming that you have received this form. You do not have to accept this loan because you have signed or received this form” indicating a signature is intended only as a receipt of the form.

All of these forms, dates, rules, and laws can seem like a lot to take in. The good news is that we’ve done our homework and are here to help you understand what you need to know before you close.

Timing References by Day

Signing	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
↓	↓	↓	↓	↓	↓	↓
Waiting Period 🕒	Preceding Thursday	Preceding Friday	Preceding Saturday	Preceding Monday	Preceding Tuesday	Preceding Wednesday
↓	↓	↓	↓	↓	↓	↓
Delivery Period ✉	Preceding Monday	Preceding Tuesday	Preceding Wednesday	Preceding Thursday	Preceding Friday	Preceding Saturday

Note:

- If a federal holiday falls within the Delivery and/or Waiting Periods, add an additional business day.
- The three-day period is measured by days, not hours. Thus, disclosure must be delivered three days before closing, and not 72 hours prior to closing.
- Disclosures may also be delivered electronically to start the Delivery Period and may be signed in compliance with E-Sign requirements.



Cable / Telephone / Internet Services

AT&T	800-222-0300	www.consumer.att.com
Verizon	800-483-3000	www.verizon.com
Frontier	855-430-6652	www.frontier.com
Comcast	800-266-2278	www.comcast.com
Century Link	866-963-6665	www.centurylink.com/home
Comcast	800-226-2278	www.comcast.com
DirecTV	800-531-5000	www.directv.com
Dish Network	844-848-1071	www.dish.com
Day Wireless Systems	800-503-3433	www.daywireless.com

Heating / Electricity / Natural Gas

Puget Sound Energy	King/Pierce/Snohomish	888-225-5773	www.pse.com
Bowman Payless - Oil	King/Pierce	800-660-4733	
Norgas - propane	King	253-839-5062	
Seattle City Light	King	206-684-3000	www.seattle.gov/light
Vashon Island Energy	King	206-463-3637	
Eatonville P & L	Pierce	360-832-3361	www.eatonville-wa.gov/light
Elmhurst Mutual P & L	Pierce	253-531-4646	www.elmhurstmutual.org
Lakeview L & P	Pierce	253-584-6060	www.lakeviewlight.com
Parkland L & Water	Pierce	253-531-5666	www.plw.coop
Pennisula Light Company	Pierce	253-857-1510	www.penlight.org
Tacoma Power Energy	Pierce	253-502-8600	www.mytpu.org
Snohomish Public Utilities	Snohomish	877-783-1000	www.snopud.com

Garbage

Arlington	Waste Management	800-592-9995	www.wmnorthwest.com/arlington/
	Republic Services	425-778-0188	www.republicservices.com/locations
Auburn	City of Auburn	253-931-3038	www.auburnwa.gov/solidwaste
	Republic Services	206-682-9735	www.republicservicesnw.com
	Waste Management	800-592-9995	www.wmnorthwest.com
Bellevue	Republic Services	206-682-9735	www.republicservicesnw.com
Bonney Lake	Murreys Disposal	888-806-7048	www.murreysdisposal.com
Bothell	Waste Management	800-592-9995	www.wmnorthwest.com
	CleanScapes	425-453-0220	www.cleanscapes.com/bothell
	Republic Services	425-778-0188	www.republicservices.com/locations
Brier	Waste Management	800-592-9995	www.wmnorthwest.com/ssnohomishcounty/
Buckley	City of Buckley	360-761-7810	www.cityofbuckley.com/utilitybilling
Burien	CleanScapes	206-767-3322	www.cleanscapes.com/burien/community/

Covington	Republic Services	206-682-9735	www.republicservicesnw.com
Darrington	Town of Darrington	360-436-1542	www.town.darrington.wa.us
	Waste Management	800-592-9995	www.wmnorthwest.com/darrington
Des Moines	CleanScapes	206-767-3322	www.cleanscapes.com
DuPont	Le May Inc	253-537-8687	www.lemayinc.com
Eatonville	Le May Inc	253-537-8687	www.lemayinc.com
Edgewood	Murreys Disposal	888-806-7048	www.murreysdisposal.com
Edmonds	Waste Management	800-592-9995	www.wmnorthwest.com/ssnohomishcounty
	Republic Services	425-778-0188	www.republicservices.com/locations
Enumclaw	Waste Management	800-592-9995	www.wmnorthwest.com
Enumclaw	City of Enumclaw	360-825-5541	www.ci.enumclaw.wa.us/
Everett	Waste Management	800-592-9995	www.wmnorthwest.com/ssnohomishcounty
	Republic Services	425-778-0188	www.republicservices.com/locations
Federal Way	Waste Management	800-592-9995	www.wmnorthwest.com
Fife	Murreys Disposal	888-806-7048	www.murreysdisposal.com
Gig Harbor	Murreys Disposal	888-806-7048	www.murreysdisposal.com
Gold Bar	Republic Services	425-778-0188	www.republicservices.com/locations
Granite Falls	Waste Management	800-592-9995	www.wmnorthwest.com/granitefalls
	Republic Services	425-778-0188	www.republicservices.com/locations
Index	Republic Services	425-778-0188	www.republicservices.com/locations
Issaquah	CleanScapes	425-837-1234	www.cleanscapes.com/
Kent	Republic Services	206-682-9735	www.republicservicesnw.com
	Waste Management	800-592-9995	www.wmnorthwest.com
Kirkland	Waste Management	800-592-9995	www.wmnorthwest.com
	City of Kirkland	425-587-3150	www.kirklandwa.gov
Lake Stevens	Republic Services	425-778-0188	www.republicservices.com/locations
Lakewood	Le May Inc	253-537-8687	www.lemayinc.com
Lynnwood	Waste Management	800-592-9995	www.wmnorthwest.com/ssnohomishcounty
	Republic Services	425-778-0188	www.republicservices.com/locations
Maple Valley	Republic Services	206-682-9735	www.republicservicesnw.com
	CleanScapes	425-413-1555	www.cleanscapes.com
Marysville	Waste Management	800-592-9995	www.wmnorthwest.com/marysville
	Republic Services	425-778-0188	www.republicservices.com/locations
Mercer Island	Republic Services	206-682-9735	www.republicservicesnw.com
Mill Creek	Waste Management	800-592-9995	www.wmnorthwest.com/millcreek
Milton	Murreys Disposal	888-806-7048	www.murreysdisposal.com
Monroe	Republic Services	425-778-0188	www.republicservices.com/locations
Mountlake Terrace	Waste Management	800-592-9995	www.wmnorthwest.com/mountlaketerrace
	Republic Services	425-778-0188	www.republicservices.com/locations
Mukilteo	Waste Management	800-592-9995	www.wmnorthwest.com/mukilteo
Newcastle	Waste Management	800-592-9995	www.wmnorthwest.com
North Bend	Republic Services	206-682-9735	www.republicservicesnw.com



UTILITIES LOCATOR

Orting	Murreys Disposal	888-806-7048	www.murreysdisposal.com
Puyallup	Le May Inc	253-537-8687	www.lemayinc.com
	Murreys Disposal	888-806-7048	www.murreysdisposal.com
Redmond	Waste Management	800-592-9995	www.wmnorthwest.com
Renton	Republic Services	206-682-9735	www.republicservicesnw.com
	Waste Management	800-592-9995	www.wmnorthwest.com
Roy	Le May Inc	253-537-8687	www.lemayinc.com
Ruston	Town of Ruston	253-759-3544	www.rustonwa.org/services/utility-billing
SeaTac	CleanScapes	206-767-1166	www.cleanscapes.com
Seattle	Waste Management	800-592-9995	www.wmnorthwest.com
	CleanScapes	206-250-7500	www.cleanscapes.com
	Seattle Public Utilities	206-684-3000	www.seattle.gov/util
Skyway	Waste Management	800-592-9995	www.wmnorthwest.com
Snohomish	Republic Services	425-778-0188	www.republicservices.com/locations
South Hill	Murreys Disposal	888-806-7048	www.murreysdisposal.com
Stanwood	Waste Management	800-592-9995	www.wmnorthwest.com/stanwood
	Republic Services	425-778-0788	www.republicservices.com/locations
Steilacoom	Le May Inc	253-537-8687	www.lemayinc.com
Sultan	Republic Services	425-778-0188	www.republicservices.com/locations
	City of Sultan	360-793-2231	www.ci.sultan.wa.us/utilities
Sumner	Murreys Disposal	888-806-7048	www.murreysdisposal.com
Tacoma	Le May Inc	253-537-8687	www.lemayinc.com
	City of Tacoma	253-591-5543	www.cityoftacoma.org
	Murreys Disposal	888-806-7048	www.murreysdisposal.com
University Place	UP Refuse and Recycling	253-564-3212	www.uprefuse.com
	Le May Inc	253-537-8687	www.lemayinc.com
Vashon	Murreys Disposal	888-806-7048	www.murreysdisposal.com
Woodinville	Waste Management	800-592-9995	www.wmnorthwest.com
Woodway	Republic Services	425-778-0188	www.republicservices.com/locations

Water & Sewer

Arlington	City of Arlington	360-403-3421	www.arlingtonwa.gov/index.aspx?page=160
Auburn	City of Auburn	253-931-3038	www.auburnwa.gov/services/utilities
Bellevue	City of Bellevue	425-452-6932	www.ci.bellevue.wa.us/utilities.htm
	Cascade Water	425-453-0930	www.cascadewater.org
Bothell	City of Bothell	425-486-6250	www.ci.bothell.wa.us/808/Utilities
	Alderwood Water	425-743-4605	www.alderwoodwater.com/
Brier	City of Brier	425-775-5440	www.ci.brier.wa.us/publicworks/planning.htm
Burien	Highline Water	206-824-0375	www.highlinewater.org
	Water District 20	206-243-3990	www.kcwd20.com
	Water District 49	206-242-8535	www.wd49.com
	Water District 125	206-242-9547	www.waterdistrict125.com

Covington	City of Covington	253-631-0565	www.covingtonwater.com
Darrington	Town of Darrington	360-436-1131	www.town.darrington.wa.us/Utility+Billing
Des Moines	Highline Water	206-824-0375	www.highlinewater.org
Edmonds	City of Edmonds	425-771-0241	www.edmondswa.gov/water-utility.html
Enumclaw	City of Enumclaw	360-825-5541	www.ci.enumclaw.wa.us/174/Water-Acct-Info
Everett	City of Everett	425-257-8999	everettwa.gov/619/Utility-Services
Federal Way	Highline Water	206-824-0375	www.highlinewater.org
	Lakehaven Water	253-941-1516	www.lakehaven.org/35/Customers
Gold Bar	City of Goldbar	360-793-1101	www.cityofgoldbar.us/city-services/new-gold-bar-area
Granite Falls	City of Granite Falls	360-691-6441	www.ci.granite-falls.wa.us/?page_id=823
Index	City of Goldbar	360-793-2488	www.cityofgoldbar.us/city-services/new-gold-bar-area
Issaquah	City of Issaquah	425-837-3070	www.ci.issaquah.wa.us/index.aspx?NID=295
	Cascade Water	425-453-0930	www.cascadewater.org
Kent	Water District 111	253-631-3770	www.wd111.com
	Soos Creek Water	253-630-9900	www.sooscreek.com
	City of Kent	253-856-5201	www.kentwa.gov/residents/water-sewer-drainage-utilities
	Highline Water	206-824-0375	www.highlinewater.org
Kirkland	City of Kirkland	425-587-3150	www.ci.kirkland.wa.us
	NW Utility District	425-398-4400	www.nud.net
	Woodinville Water	425-487-4100	www.woodinvillewater.com
	Cascade Water	425-453-0930	www.cascadewater.org
Lake Stevens	City of Lake Stevens	425-397-3000	www.lakestevenswa.gov/index.aspx?NID=123
Lynnwood	City of Lynnwood	425-670-5170	www.ci.lynnwood.wa.us/City-Services/Sewer-and-Water.htm
	Alderwood Water	425-743-4605	www.alderwoodwater.com
Maple Valley	Covington Water	253-631-0565	www.covingtonwater.com
	Cedar River Water District	425-255-6370	www.crwdsd.com
Marysville	City of Marysville	360-363-8001	www.marysvillewa.gov/340/Utility-Billing
Mercer Island	City of Mercer Island	206-275-7783	www.mercergov.org/Page.asp?NavID=541
Mill Creek	Alderwood Water	425-743-4605	www.alderwoodwater.com
	Silver Lake Water	425-337-3647	www.slwsd.com
Monroe	City of Monroe	360-794-7400	www.monroewa.gov/index.aspx?NID=96
Mountlake Terrace	City of Mountlake Terrace	425-670-8264	www.cityofmlt.com/162/Utilities
Mukilteo	Mukilteo Water	425-355-3355	www.mukilteowwd.org
Newcastle	Coal Creek Utility	425-235-9200	www.ccuud.org
North Bend	Sallal Water	425-888-7633	www.northbendwa.gov/index.aspx?NID=69
Redmond	City of Redmond	425-556-2152	www.redmond.gov/cms/one.aspx?objectId=2108
	Cascade Water	425-453-0930	www.cascadewater.org
Renton	Soos Creek Water	253-630-9900	www.sooscreek.com
	Water District 90	425-255-9600	www.kcwd90.com
Sammamish Plateau	Sammamish Plateau Water	425-392-6256	www.spwater.org
	Cascade Water	425-453-0930	www.cascadewater.org



UTILITIES LOCATOR

Seahurst	Water District 49	206-242-8535	www.wd49.com
SeaTac	Highline Water	206-824-0375	www.highlinewater.org
Seattle	Seattle Public Utilities	206-684-3333	www.seattle.gov/util
Skyway	Seattle Public Utilities	206-684-3000	www.seattle.gov/util
	Cascade Water	425-453-0930	www.cascadewater.org
	Skyway Water	206-772-7343	www.skywayws.org
Snohomish	City of Snohomish	360-568-3115	www.ci.snohomish.wa.us/137/Utility-Billing
Stanwood	City of Stanwood	360-629-2181 ext. 113	www.ci.stanwood.wa.us/community/page/stanwood-utilities
Sultan	City of Sultan	360-793-2231	www.ci.sultan.wa.us/utilities/water
Tukwila	Cascade Water	425-453-0930	www.cascadewater.org
	City of Tukwila	206 433-1800	www.tukwilawa.gov
Vashon Island	Water District 19	206-463-9007	www.water19.com
Woodinville	Woodinville Water	425-487-4100	www.woodinvillewater.com
Woodway	Olympic View Water & Sewer	425-774-7769	www.olympicviewwater.com/about





ADJUSTABLE RATE MORTGAGE (ARM): A mortgage in which the interest rate is adjusted periodically in accordance with a market indicator, to more closely coincide with the current rates. Also sometimes known as renegotiable rate mortgage, the variable rate mortgage, or the graduated rate mortgage.

AMORTIZATION: Reduction of the principal of a debt in regular, periodic installments.

ANNUAL PERCENTAGE RATE (APR): An interest rate reflecting the cost of a mortgage as a yearly rate. This rate is likely to be higher than the stated note rate or advertised rate on the mortgage, because it takes into account point and other credit cost. The APR allows home buyers to compare different types of mortgages based on the annual cost for each loan.

ASSUMPTION OF MORTGAGE: An obligation undertaken by a new purchaser of land to be liable for payment of an existing note secured by a mortgage.

CAPS: Consumer safeguards that limit the amount the interest rate on an adjustable rate mortgage can change at each adjustment or over the life of the loan.

CONDITIONS, COVENANTS & RESTRICTIONS (CC&R'S): A document that controls the use, requirements and restrictions of a property.

CERTIFICATE OF REASONABLE VALUE (CRV): An appraisal issued by the Veterans Administration showing the property's current market value.

CLOSING (ALSO CALLED "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.

CONDOMINIUM: A statutory form of real estate development of separately- owned units and jointly-owned common elements in a multi-unit project.

CONVENTIONAL MORTGAGE: A mortgage securing a loan made by investors without governmental underwriting, i.e., a loan which is not FHA insured or VA guaranteed.

DEED: Written instrument which, when properly executed and delivered, conveys title.

DISCOUNT POINT: An additional charge made by a lender at the time a loan is made. Points are measured as a percent of the loan, with each point equal to one percent.

EARNEST MONEY: A deposit of funds made by a buyer of real estate as evidence of good faith.

EASEMENT: A non-possessory right to use all or part of the land owned by another for a specific purpose.

EQUITY: The difference between the fair market value and current indebtedness, also referred to as the owner's interest. The value an owner has in real estate over and above the obligation against the property.

FEDERAL HOUSING ADMINISTRATION LOAN (FHA LOAN): A loan insured by the Federal Housing Administration, open to all qualified home purchasers.

FARMERS HOME ADMINISTRATION LOAN (FMHA LOAN): A loan insured by the federal government similar to FHA loan, but usually used for residential properties in rural areas.



GLOSSARY OF TERMS

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): Also known as “Fannie Mae.” A U.S. government sponsored corporation dealing in the purchase of first mortgages for the secondary market.

FEE SIMPLE DEED: The absolute ownership of a parcel of land. The highest degree of ownership that a person can have in real estate, which gives the owner unqualified ownership and full power disposition.

JOINT TENANCY: An equal undivided ownership of property by two or more persons. Upon death of any owner, the survivors take the decedent’s interest in the property.

LIEN: A claim upon a piece of property for the payment or satisfaction of a debt or obligation.

LOAN-TO-VALUE RATIO: The relationship between the amount of the mortgage loan and the appraised value of the property expressed as a percentage.

MORTGAGE: A conditioned pledge of property to a creditor as security for the payment of a debt.

NEGATIVE AMORTIZATION: Occurs when your monthly payments are not large enough to pay all the interest due on the loan. This unpaid interest is added to the unpaid balance of the loan. The danger of negative amortization is that the home buyer ends up owing more than the original amount of the loan.

PERSONAL PROPERTY: Any property which is not real property, e.g., money, savings accounts, appliances, cars, boats, etc.

POINTS (ALSO CALLED “COMMISSION OR DISCOUNT” POINTS): Each point is equal to 1% of the loan amount (e.g., two points on a \$100,000 mortgage would cost \$2000).

PRINCIPAL, INTEREST, TAXES AND INSURANCE (PITI): Also called monthly housing expense.

PRIVATE MORTGAGE INSURANCE (PMI): In the event that a buyer does not have a 20% down payment, lenders will allow a smaller down payment—as low as 3% in some cases. With the smaller down payment loans, however, borrowers are usually required to carry private mortgage insurance. Private mortgage insurance

will usually require an initial premium payment and may require an additional monthly fee, depending on the loan’s structure.

REALTOR®: A real estate broker or an associate holding active membership in a local real estate board affiliated with the National Association of Realtors®.

SUBDIVISION: A tract of land surveyed and divided into lots for purposes of sale.

TENANCY IN COMMON: An undivided ownership in real estate by two or more persons, without right of survivorship – interests need not be equal.

TRUST ACCOUNT: An account separate and apart and physically segregated from the broker’s own, in which the broker is required by law to deposit all funds collected for clients.

TRUSTEE: The neutral third party in the deed of trust with limited powers. When the loan is paid in full, the property is reconveyed by the trustee back to the person or persons legally entitled to the land, or if delinquent, the property will be conveyed pursuant to non judicial foreclosure proceedings, to the highest bidder in a public sale.

TRUSTOR: The borrower, owner and guarantor of the property conveyed in a deed of trust.

VETERANS ADMINISTRATION LOAN (VA LOAN): Housing loan to veterans by banks, savings and loans, or other lenders that are guaranteed by the Veterans Administration, enabling veterans to buy a residence with little or no down payment.

WARRANTY: In a broad sense, an agreement or undertaking by a seller to be responsible for present or future losses of the purchaser occasioned by deficiency or defect in the quality, condition or quantity of the thing sold. In a stricter sense, the provision or provisions in a deed, lease or other instrument conveying or transferring an estate or interest in real estate under which the seller becomes liable to the purchaser for defect in or encumbrances on the title.



Call your local Ticor Title representative for more details or specific policy language pertaining to any of our title products.