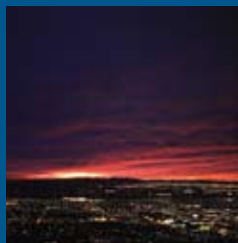
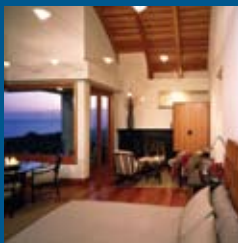




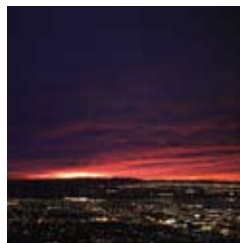
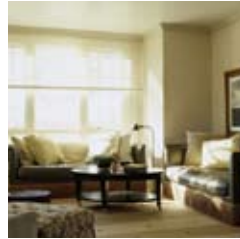
First American
Title Insurance Company



selling a home

IN ARIZONA

think first.



THINK FIRST AMERICAN.



*First American
Title Insurance Company*

4801 E. Washington Street, Phoenix, AZ 85034
Phone 602.685.7000 ▼ Fax 800.523.5338 ▼ www.firstam.com

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YOUR ESCROW NUMBER _____

YOUR NEW ADDRESS _____

CITY/STATE/ZIP _____

quick reference

Complete the following information as it becomes available. Utility companies may ask for your Escrow Number and the name of your Title Company.
IMPORTANT: Do not cancel your home insurance or disconnect utilities prior to the close of escrow.

REALTOR®	Name _____	Phone (____) _____
	Assistant _____	Cell (____) _____
	Company _____	Pager (____) _____
	Address _____	Fax (____) _____
	City/State/Zip _____	Email _____

ESCROW	Escrow Officer _____	Email _____
	Escrow Assistant _____	Email _____
	Address _____	Phone (____) _____
	City/State/Zip _____	Fax (____) _____

INSURANCE	Agent _____	Policy # _____	STOP DATE	START DATE
	Phone (____) _____			
	New Agent _____	Policy # _____	___/___/___	___/___/___
	Phone (____) _____			
GAS	Southwest Gas 602-861-1999 • 1-800-873-2440 • In Mesa 480-644-2221		___/___/___	___/___/___
	New gas company _____			
CABLE	Cox 602-277-1000		___/___/___	___/___/___
	New cable company _____			
ELECTRIC	Salt River Project 602-236-8888 • Arizona Public Service 602-371-7171		___/___/___	___/___/___
	New electric company _____			
COMMUNICATIONS	Qwest 1-800-244-1111 • AT&T 1-800-222-0300 • MCI 1-800-444-3333 • Cox 602-277-1000			
	Long distance carrier, if different _____			
	New phone company _____			
	Your new phone (____) _____	New fax (____) _____	___/___/___	___/___/___
	Cell phone _____			
	Pager _____			
	Internet service _____			
WATER	Apache Junction 480-982-2201	Gilbert 480-503-6800	Phoenix 602-262-6251	
	Arcadia 480-945-8363	Glendale 623-930-3190	Queen Creek 480-987-3240	
	Cave Creek 623-580-9600	Goodyear 623-932-3015	Scottsdale 480-312-2461	
	Chandler 480-782-2280	Mesa 480-644-2221	Sun Cities 623-974-2521	___/___/___
	Chandler Heights 480-988-2731	Paradise Valley 480-948-5410	Sun Lakes 480-895-1366	___/___/___
	Fountain Hills 480-837-9522	Peoria 623-773-7160	Tempe 480-350-8361	
	New water company _____			
OTHER	Newspapers: Arizona Republic 602-444-1000 • The Tribune 1-888-887-4286			
	Other _____			
	Magazines _____		___/___/___	___/___/___
	Pest control _____			
	Lawn service _____			
	Post Office _____			

fast facts

> FOR SELLERS

> REALTOR.®

A Realtor® is a licensed real estate agent and a member of the National Association of Realtors®, a real estate trade association.

Realtors® also belong to their state and local Boards of Realtors.® They have a wealth of resources at their disposal, including the Multiple Listing Service and continuing education. All association members agree to abide by a 17-article Code of Ethics and strive for the height of professionalism.

> REAL ESTATE AGENT.

A real estate agent is licensed by the state to represent parties in the transfer of property. Every Realtor® is a real estate agent, but not every real estate agent is a professional Realtor.®

> LISTING AGENT.

A listing agent forms a legal relationship with the homeowner to sell the property, and places the property in the Multiple Listing Service.

> BUYER'S AGENT.

A Buyer's agent or Buyer broker is an agent hired by the Buyer. Generally, the Buyer broker is paid from the commission fee agreed to by the Seller.

> REALTOR'S® PREAMBLE.

Excerpt from the **Preamble to the Realtor's® code of Ethics:**

*The term **Realtor**® has come to connote competency, fairness, and high integrity resulting from adherence to a lofty ideal of moral conduct in business relations.*

No inducement of profit and no instruction from clients ever can justify departure from this ideal.

In the interpretation of this obligation, Realtors® can take no safer guide than that which has been handed down through the centuries, embodied in the Golden Rule:

“Whatsoever ye would that others should do to you, do ye even so to them.”

> MULTIPLE LISTING SERVICE (MLS).

The MLS is a database of properties listed for sale by Realtors® who are members of the local Board of Realtors.® Information on an MLS property is available to thousands of Realtors.®

[COUNT ON]

First American Title

[COUNT ON US] *for service*

In recent polls based on “quality of service, product and people,” we’ve been voted Number One in Arizona four times (Arizona Business Magazine: Ranking Arizona). Your Realtor® recommends First American with confidence, knowing each of our branches is staffed by professionals dedicated to closing your escrow.

[COUNT ON US] *for stability*

First American Title is the principal subsidiary of The First American Corporation in Santa Ana, California, the largest supplier of real estate related services in the nation. We’re backed by assets totaling over \$3 billion and reserves of more than one-third billion. First American Title is the leading title insurer in the state, with roots dating back to 1892, we’ve served Arizona families for generations.

[COUNT ON US] *for convenience*

We offer more convenient locations—over 35 offices in the Phoenix Metropolitan area and more than 60 throughout Arizona. First American has an extensive network of offices and agents throughout the United States, the Bahama Islands, Canada, Mexico, Puerto Rico, the U.S. Virgin Islands, Bermuda, Guam, and the United Kingdom. Our Arizona Division headquarters is located at 4801 E. Washington, Phoenix, AZ 85034, on the southeast corner of 48th Street and Washington.

[COUNT ON US] *for all of your needs*

First American offers more than title insurance and escrow services:
Property research • Account servicing
Foreclosures • 1031 tax-deferred exchanges



FOR SALE

BY OWNER

Many people believe they can save a considerable amount of money by selling their homes themselves. It may seem like a good idea at the time, but while you may be willing to take on the task, are you qualified? Following are some questions to help you realistically assess what's involved:

DO you have the knowledge, patience, and sales skill needed to sell your home?

IF your Buyer is aggressive, **CAN** you negotiate a successful outcome for yourself?

DO you know how to determine the current market value of your home?

ARE you aware of conditions in the marketplace today that affect value and length of time to sell?

DO you know how to determine whether or not a Buyer can qualify for a loan?

ARE you concerned about having strangers walking through your home?

DO you understand the steps of an escrow and what's required of you and the Buyer?

ARE you familiar enough with real estate regulations to prepare a binding sales contract? Counter-offers?

ARE you aware that every time you leave your home, you are taking it off the market until you return?

HAVE you made arrangements with an escrow and title company, home warranty company, pest-control service and lender to assist you with the transaction?

DO you need to hire a real estate attorney? If so, **DO** you know what the cost will be and how much liability they will assume in the transaction?

DO you know how to advertise effectively and what the costs will be?

ARE you aware that prospective Buyers and bargain hunters will expect you to lower your cost because there's no Realtor® involved?

DO you understand the various types of loans Buyers may choose and the advantages and disadvantages for the Seller?

ARE you prepared to give up your evenings and weekends to show your home to potential Buyers and "just-looking" time wasters?

benefits

FROM A PROFESSIONAL REALTOR®

BEFORE YOU MAKE THE DECISION TO TRY TO SELL YOUR HOME ALONE, CONSIDER THE BENEFITS A REALTOR® CAN PROVIDE THAT YOU MAY NOT BE AWARE OF:

A Realtor® understands market conditions and has access to information not available to the average homeowner.

A Realtor® can advertise effectively for the best results.

A Realtor® knows how to price your home realistically, to give you the highest price possible within your time frame.

A Realtor® is experienced in creating demand for homes and how to show them to advantage.

A Realtor® knows how to screen potential Buyers and eliminate those who can't qualify or are looking for bargain-basement prices.

A Realtor® knows how to go toe-to-toe in negotiations.

A Realtor® is always "on-call," answering the phone at all hours, and showing homes evenings and weekends.

A Realtor® can remain objective when presenting offers and counter-offers on your behalf.

A Realtor® maintains errors-and-omissions insurance.

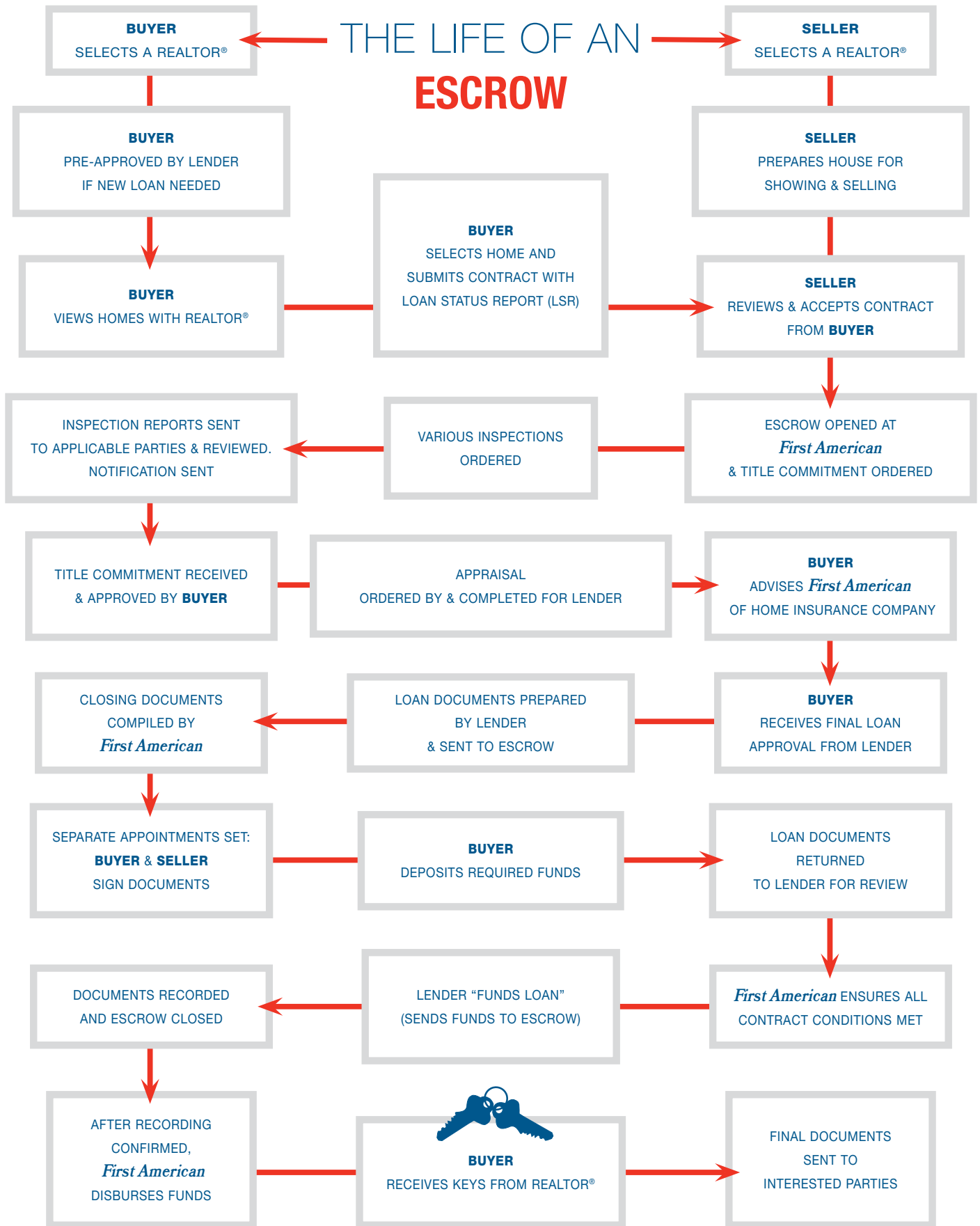
A Realtor® will listen to your needs, respect your opinions and allow you to make your own decisions.

A Realtor® can help protect your rights, particularly important with the increasingly complicated real estate laws and regulations.

A Realtor® is experienced with resolving problems to ensure a successful closing on your home.

ONLY YOU CAN DETERMINE WHETHER YOU SHOULD ATTEMPT TO SELL YOUR HOME—PROBABLY YOUR LARGEST INVESTMENT—ALL ALONE. TALK WITH A REALTOR® BEFORE YOU DECIDE. YOU MAY FIND WORKING WITH A PROFESSIONAL IS A LOT LESS EXPENSIVE AND MUCH MORE BENEFICIAL THAN YOU EVER IMAGINED!

THE LIFE OF AN ESCROW





a home warranty

A home warranty is an insurance policy that covers a variety of mechanical, electrical, and plumbing items, as well as some appliances, inside the home. Optional coverage is available for more expensive systems such as air conditioners, refrigerators, pools and spas.

The Seller may purchase a home warranty plan prior to selling to protect against repairs needed during the listing period, and the Buyer may be able to assume the policy at the close of escrow. Or the Seller may offer to purchase a home warranty policy for the Buyer. Offering a home warranty plan may provide these benefits:

- > Increase the marketability of your home by reassuring potential Buyers.
- > Help sell your home faster and at a higher price.
- > Ward off potential disputes after the sale for repair and/or replacement of covered items.

Most home warranty plans can be paid for at the close of escrow. A copy of the invoice is presented to First American Title, and it becomes part of the Seller's closing costs.

preparing your home FOR SALE

- First impressions have a major impact on potential Buyers.
- Try to imagine what a potential Buyer will see when they approach your house for the first time and walk through each room. Ask your Realtor® for advice; they know the marketplace and what helps a home sell. Here are some tips to present your home in a positive manner:

- ✓ Mow and edge the lawn regularly, and trim the shrubs.
- ✓ Make your entry inviting: Paint your front door and buy a new front door mat.
- ✓ Paint or replace the mailbox, if needed.
- ✓ If screens or windows are damaged, replace or repair them.
- ✓ Repair or replace worn shutters and other exterior trim.
- ✓ Make sure the front steps are clear and hazard-free.
- ✓ Make sure the door bell works properly and has a pleasant sound.
- ✓ Ensure that all exterior lights are working.
- ✓ Check stucco walls for cracks and discoloration.
- ✓ Remove any oil and rust stains from the driveway and garage.
- ✓ Clean and organize the garage, and ensure the door is in good working order.
- ✓ Repair or replace loose knobs on doors and cabinets.
- ✓ Shampoo carpeting or replace if very worn. Clean tile floors, particularly the caulking.
- ✓ Brighten the appearance inside by painting walls, cleaning windows and window coverings, and removing sunscreens.
- ✓ Repair leaky faucets and caulking in bathtubs and showers.
- ✓ If doors stick or squeak, fix them.
- ✓ Make sure toilet seats look new and are firmly attached.
- ✓ Repair or replace loud ventilating fans.
- ✓ Replace worn shower curtains.
- ✓ Rearrange furniture to make rooms appear larger. If possible, remove and/or store excess furniture.
- ✓ Remove clutter throughout the house. Organize and clean out closets and pantry.
- ✓ Make sure all kitchen appliances are clean and work properly.
- ✓ Avoid extension cords in plain view.
- ✓ Keep washer and dryer clean and empty.
- ✓ Air conditioners/heaters, evaporative coolers, hot water heater should be clean, working and inspected if necessary. Replace filters.
- ✓ Check the pool and/or spa equipment and pumps. Make sure all are working properly and that the pool and/or spa are kept clean.
- ✓ Inspect fences, gates and latches. Repair or replace as needed.

staging

YOUR HOME

for show

To make the best impression, keep your home clean, neat, uncluttered and in good repair. Please review this list prior to each showing:

- 1 **keep** everything clean. A messy or dirty home will cause prospective buyers to notice every flaw.
- 2 **clear** all clutter from counter tops.
- 3 **let** the light in. Raise shades, open blinds, pull back the curtains and turn on the lights.
- 4 **get** rid of odors such as tobacco, pets, cooking, etc., but don't overdo air fresheners or potpourri. Fresh baked bread and cinnamon can make a positive impact.
- 5 **send** pets away or secure them away from the house, and be sure to clean up after them.
- 6 **close** the windows to eliminate street noise.
- 7 **if** possible you, your pets, and your children should be gone while your home is being shown.
- 8 **clean** trash cans and put them out of sight.
- 9 **if** you must be present while your home is shown, keep noise down. Turn off the TV and radio. Soft, instrumental music is fine, but avoid vocals.
- 10 **keep** the garage door closed and the driveway clear. Park autos and campers away from your home during showings.
- 11 **hang** clean attractive guest towels in the bathrooms.
- 12 **check** that sink and tub are scrubbed and unstained.
- 13 **make** beds with attractive spreads.
- 14 **stash** or throw out newspapers, magazines, junk mail.

If the Buyer is securing a new loan to purchase your home, the Buyer's lender will require an appraisal to determine the fair market value of the property. A licensed appraiser will research nearby houses (within one mile if possible) that have sold in the last six months and are similar to yours in size, age, construction, and amenities.

The appraiser will make an appointment to see your home and will take about 30 minutes to an hour to look over the property. He will measure your home, draw a representative floor plan, take photographs inside and out, and review the property's condition, specific improvements and amenities. You can help the appraiser by providing a list of any improvements and remodeling projects completed since you bought your home along with an approximate dollar amount for each improvement. Keep in mind that remodeling projects rarely bring a 100% return on investment, but a list will ensure the appraiser doesn't overlook the added features.

The appraiser will provide a typed appraisal report to the Buyer's lender within a few days after visiting your property. You will be notified if the lender requires repairs before they will lend on your home. If specified in the contract, you must repair these problems. The appraiser will have to return to review the required repairs, and a re-inspection fee will be charged.

Note: If the Buyer is applying for an FHA or VA loan, your property will have to meet certain requirements. Chipped or peeling paint on any structures on the property will have to be scraped and repainted. Missing or damaged shingles and missing slats or blocks in your fence will have to be replaced. Other improvements also may have to be made before the escrow can close. Your Realtor® should be able to advise you on the latest FHA/VA requirements.

THE APPRAISAL PROCESS



understanding TITLE INSURANCE

THE TITLE INDUSTRY IN BRIEF. Prior to the development of the title industry in the late 1800's, a homebuyer received a grantor's warranty, attorney's title opinion, or abstractor's certificate as assurance of home ownership. The Buyer relied on the financial integrity of the grantor, attorney, or abstractor for protection. Today, title insurance companies are regulated by state statute. They are required to post financial guarantees to ensure that any claims will be paid in a timely fashion. They also must maintain their own "title plants" which house duplicates of recorded deeds, mortgages, plats, and other pertinent county property records.

what IS TITLE INSURANCE?

Title insurance provides coverage for certain losses due to defects in the title that occurred prior to your ownership. The Seller can give only those rights that previously have been received with "good title." Title insurance protects against defects such as prior fraud or forgery that might go undetected until after closing and possibly jeopardize your ownership and investment.

why TITLE INSURANCE IS NEEDED.

Title insurance assures the new Buyers that they are acquiring marketable title from the Seller. It is designed to eliminate risk or loss caused by defects in title from the past. Title insurance protects the interest of the mortgage lender as well as the equity of the Buyer for as long as they or their heirs have any interest in the property.

when IS THE PREMIUM DUE?

It is a one-time premium which is paid at the close of escrow. It is customary for the Seller to pay for the Owner's Policy. If there is a new loan, the Buyer pays for the Lender's Policy. The policy has a perpetual term and provides coverage for as long as you are in a position to suffer a loss.

do ALL TITLE COMPANIES OFFER THE SAME PROTECTION?

Any standard American Land Title Association (ALTA) policy covers the same basic items. However, First American Title's EAGLE Policy (our ALTA Homeowner's Policy of Title Insurance*) combines the easy-to-understand Plain Language Policy with additional coverages, including coverage for events happening after the policy date.**

Some examples:

- *Post-policy* Encroachment. The owner has been in his home for several years when a neighbor builds a patio cover on the property. We'll provide legal defense.**
- *Post-policy* Forgery. Someone forges the homeowners name on a mortgage. We'll provide legal defense.**
- Building Permit Violation. A room added prior to the closing date did not receive a city permit, and the new homeowner is being forced to remove the structure. We'll pay for the removal, per policy limits.**
- Automatic Inflation Coverage of 150%, a 10% increase in the policy amount for each of the first five years.

Note: *If you decide to sell your home in the future, new title insurance will be needed to protect your Buyer for the time prior to and during your ownership for any defects that may have occurred. See below for First American Title's short-term, reduced-rate certificate.*

* An ALTA Homeowners Title Insurance Policy is requested in Line 117 of the revised AAR Residential Resale Real Estate Purchase Contract, 5/00.

** Deductibles, maximums, and conditions may apply.

ASK FOR OUR *Eagle Policy* ON YOUR NEXT PURCHASE

	ALTA STANDARD	ALTA PLAIN LANGUAGE	OUR EAGLE
COVERED RISKS	1. Someone else owns an interest in your title	✓	✓
	2. A document is not properly signed	✓	✓
	3. Forgery, fraud, duress, incompetency, incapacity or impersonation affects your title	✓	✓
	4. Defective recording of any document affects your title	✓	✓
	5. You have no legal access to and from your land	✓	✓
	6. Restrictive covenants limit your use of the land	✓	✓
	7. A lien on your title because there is: (a) a deed of trust, (b) a judgment, tax, or special assessment, and/or (c) a charge by the homeowners' association	✓	✓
	8. Purchase, lease or loan refused because title is unmarketable	✓	✓
	9. Unrecorded mechanic's liens on your title for labor and materials		✓
	10. Others have rights under unrecorded leases, contracts or options		✓
	11. Someone else has an unrecorded easement on your land		✓
	12. Forced removal of structure because it: (a) extends onto other land or onto an easement, (b) violates a restriction on Schedule B, and/or (c) violates an existing zoning law		✓
	13. Cannot use land for single family dwelling or residence because use violates a restriction in Schedule B or a zoning ordinance		✓
	14. Other defects, liens, or encumbrances		✓
	15. Plain language		✓
	16. Forgery occurs after policy date		
	17. Cloud on title occurs after policy date		
	18. Adverse possession occurs after policy date		
	19. Prescriptive easement occurs after policy date		
	20. No legal vehicular and/or pedestrian access to your land		
	21. Forced correction due to violation of covenant, condition or restriction		
	22. Someone takes your title due to restriction violation that occurred before policy date		
	23. Violation of land regulation or subdivision law causes: (a) refusal of building permit, (b) refusal of purchase, lease or loan, and/or (c) forced correction or removal of violation		
	24. Forced removal/correction of structure due to violation of building permit		
	25. Forced correction due to violation of zoning law or regulation		
	26. Forced removal of structure—includes your boundary wall/fence—due to encroachment		
	27. Permit, purchase, lease or loan refused due to neighbor's encroaching structure		
	28. Forced removal of structure due to building setbacks or easement		
	29. Structure damaged through use or maintenance of easement		
	30. Improvements damaged from extraction of minerals, water or other substance after policy date		
	31. Neighbor builds encroaching structure (excludes wall/fence) after policy date		
	32. Residence with address shown not located on land at policy date		
	33. Map not consistent with legal description		
PLUS	34. Title can be transferred to Living Trust after policy date; extends to heirs, trust beneficiaries		✓
	35. Automatic increase in coverage to 150% (10% annually for 5 years)		✓

Note: For residential property, 1 to 4 units. Coverage shown are subject to Exclusions, Conditions and Schedule B Items set forth in the policy. Because of the nature or location of certain properties, an inspection of the property may be necessary to determine if additional exceptions from coverage need to be shown in Schedule B of the residential policy which will be noted in the preliminary report. The foregoing table is intended to highlight only some important aspects of coverage and is not to be construed as expanding or limiting the coverage as set forth in the mentioned title policies. Copies of these policies are available upon request. Any decision on coverage should be made only after review of the policies themselves. **Revised: 7/9/99**

THE ESCROW PROCESS AT FAT CO

WHAT IS AN ESCROW? An escrow is a process wherein the Buyer and Seller deposit written instructions, documents, and funds with a neutral third party until certain conditions are fulfilled. In a real estate transaction, the Buyer does not pay the Seller directly for the property. The Buyer gives the funds to an escrow company who, acting as an intermediary, verifies that title to the property is clear and all written instructions in the contract have been met. Then the company transfers the ownership of the property to the Buyer through recordation and pays the Seller. This process protects all parties involved.

The State of Arizona licenses and regulates all escrow companies. The Insurance Commissioner and the State Banking Department can inspect a company's records at any time, providing further oversight of the company's management and position as an impartial third party to the transaction.

In Arizona, escrow services are generally provided by a title insurance company instead of an attorney. The stability, reliability and performance of your title and escrow company are vital to protect the interests of all parties to the transaction.

HOW IS AN ESCROW OPENED? Once the Buyer has completed the contract (or Purchase Agreement), and the Seller has accepted the offer, the Buyer's Realtor® will open the escrow. The earnest money deposit and the contract are placed in escrow. As a neutral party to the transaction, First American can respond only to those written instructions agreed to mutually by all "interested" parties (Seller and Buyer).

AS PART OF OUR SERVICE, FIRST AMERICAN WILL:

OPEN escrow and deposit Buyer's "good faith" funds in a separate escrow account.

CONDUCT a title search to determine ownership and status of the subject property.

ISSUE a title commitment and begin the process to delete or record items to provide clear title to the property.

Per contract, **CONFIRM** that lender has determined Buyer is qualified for a new loan.

IF Buyer is assuming Seller's loan, request Buyer complete a beneficiary's statement

MEET all deadlines as specified in the contract.

REQUEST payoff information for the Seller's loans, other liens, homeowners association fees, etc.

PRORATE fees, such as property taxes, per the contract, and prepare the settlement statement.

SET separate appointments: Seller to sign documents; Buyer to sign documents and deposit funds.

REVIEW documents ensuring all conditions and legal requirements are fulfilled; request funds from lender.

When all funds are deposited, **RECORD** documents at the County Recorder to transfer the subject property to the Buyer.

After recordation is confirmed, **CLOSE** escrow and disburse funds, including Seller's proceeds, loan payoffs, Realtors® commissions, related fees for recording, etc.

PREPARE and send final documents to parties involved.



WHO SELECTS THE TITLE COMPANY

TITLE COMMITMENT. The escrow officer orders the title commitment from our title department. Upon receiving this request, an examination begins of all historical records pertaining to your property. Barring any unusual circumstances, First American issues a commitment for title insurance indicating a clear title or items which must be cleared prior to closing. The Buyer receives a copy of the title commitment when we complete the title search.

SELLER REQUIRED DISCLOSURE. If directed by the contract, the seller will provide the following items which require a response from the Buyer. Your Realtor® can help you with these.

- a. Seller's Property Disclosure Statement listing any existing problems known to the Seller.
- b. Information pertaining to the Home Owners Association (HOA) or Planned Unit Development (PUD), such as Covenants, Conditions and Restrictions (CC&Rs), if applicable.
- c. Flood Hazard Disclosure if the property is in a flood area.
- d. Independent inspections, such as termite and septic, and any repairs as required.

CONSIDER THIS. One escrow transaction could involve over twenty individuals including Realtors®, Buyers, Sellers, attorneys, escrow officer, escrow technician, title officer, loan officer, loan processor, loan underwriter, home inspector, termite inspector, insurance agent, home warranty representative, contractor, roofer, plumber, pool service, and so on. And often one transaction depends on another.

When you consider the number of people involved, you can imagine the opportunities for delays and mishaps. So, much like an airline pilot can't prevent turbulence during a flight, your experienced Realtor® and escrow team can't prevent unforeseen problems from arising. However, they can help smooth out the bumps and get you safely through to a successful closing.

Brokers and agents have often asked whether a seller can require the buyer to use a specific title company when the seller is paying for the buyer's title insurance. AAR has contacted HUD on several occasions regarding this issue. In July 2000, AAR again contacted HUD for clarification and provided HUD with a copy of AAR's Residential Resale Purchase Contract ("Contract").

The Contract quotes 12 USC § 2608 at lines 99-101 and states:

"RESPA: The Real Estate Settlement Procedures Act ("RESPA") requires that no Seller of property that will be purchased with the assistance of a federally-related mortgage loan shall require, directly or indirectly, as a condition of selling the property, that title insurance covering the property be purchased by the Buyer from any particular title company."

The Contract also requires the seller to pay for the buyer's title insurance policy. The Contract at line 116-119 states:

"Buyer shall be provided at Seller's expense an American Land Title Association ("ALTA") Homeowner's Title Insurance Policy, or if not available, an ALTA Residential Title Insurance Policy ("Plain Language"/"1-4 units") or, if not available, a Standard Owner's Title Insurance Policy, showing the title vested in Buyer..."

Pursuant to the Contract line 77, The buyer may, and usually does, pay for the costs of the lenders title insurance policy.


AAR requested that William G. Christie of the RESPA/Interstate Land Sales Division provide written confirmation that under the above contractual terms, the seller can require as a condition of selling the property, that the title insurance covering the property be purchased (by the seller) from a particular title company, without violating RESPA, 12 USC § 2608.

Rebecca J. Holtz, Acting Director, Office of Consumer and Regulatory Affairs, Director, RESPA/ILS Division responded as follows:

"...The Department will not enforce Section 9 of RESPA against a seller who selects the title insurance company if the seller is paying for the owner's title insurance policy, and does not require the buyer to use the title insurance company for the simultaneously issued lender's policy. HUD would take action under Section 9, however, in situations where a seller required a buyer to pay the seller an amount towards closing costs and the seller used a portion of the buyer's paid closing costs for the owner's title insurance without providing the buyer with a choice of that title company."

Permission for reproduction was obtained from the author and Arizona Association of Realtors®. These are the opinions of HUD as of August 2000.

TERMS YOU SHOULD KNOW



- > **AMORTIZED LOAN.** A loan that is paid off—both interest and principal—by regular payments that are equal or nearly equal.
- > **AMENDMENT.** A change—either to alter, add to, or correct—part of an agreement without changing the principal idea or essence.
- > **APPRAISAL.** An estimate of value of property resulting from analysis of facts about the property; an opinion of value.
- > **ASSUMPTION.** Taking over another person's financial obligation; taking title to a property with the Buyer assuming liability for paying an existing note secured by a deed of trust against the property.
- > **BENEFICIARY.** The recipient of benefits, often from a deed of trust; usually the lender.
- > **CLOSE OF ESCROW.** The date the documents are recorded and title passes from Seller to Buyer. On this date, the Buyer becomes the legal owner, and title insurance becomes effective.

- > **CLOUD ON TITLE.** A claim, encumbrance, or condition that impairs the title to real property until disproved or eliminated through such means as a quitclaim deed or a quiet title legal action.

- > **COMPARABLE SALES.** Sales that have similar characteristics as the subject property, used for analysis in the appraisal. Commonly called “comps.”

- > **CONVEYANCE.** An instrument in writing, such as a deed or trust deed, used to transfer (convey) title to property from one person to another.

- > **DEED OF TRUST.** An instrument used in many states in place of a mortgage.

- > **DEED RESTRICTIONS.** Limitations in the deed to a property that dictate certain uses that may or may not be made of the property.

- > **EARNEST MONEY DEPOSIT.** Down payment made by a purchaser of real estate as evidence of good faith; a deposit or partial payment.

- > **EASEMENT.** A right, privilege or interest limited to a specific purpose that one party has in the land of another.

- > **HAZARD INSURANCE.** Real estate insurance protecting against fire, some natural causes, vandalism, etc., depending upon the policy. Buyer often adds liability insurance and extended-coverage for personal property.

- > **HOMESTEAD EXEMPTION.** Automatic in Arizona, it allows any resident of Arizona, 18 years of age or older, to exempt from attachment, execution or forced sale \$100,000 of equity in a single dwelling unit. Exceptions include (1) process and sale of a consensual lien, i.e. where a deed of trust or equity loan is foreclosed; (2) a forced sale resulting from a mechanic’s lien, and (3) any equity beyond the \$100,000. (You should consult an attorney to determine if this exemption offers you protection in the event of an attachment, execution or forced sale.)

- > **IMPOUNDS.** A trust type of account established by lenders for the accumulation of borrower’s funds to meet periodic payments of taxes, mortgage insurance premiums and/or future insurance policy premiums, required to protect their security.

- > **LEGAL DESCRIPTION.** A description of land recognized by law, based on government surveys, spelling out the exact boundaries of the entire piece of land. It should so thoroughly identify a parcel of land that it cannot be confused with any other.

- > **LIEN.** A form of encumbrance that usually makes a specific property the security for the payment of a debt or discharge of an obligation. For example, judgments, taxes, mortgages, deeds of trust.

- > **MORTGAGE.** The instrument by which real property is pledged as security for repayment of a loan.

- > **PITI.** A payment that combines Principal, Interest, Taxes and Insurance.

- > **POWER OF ATTORNEY.** A written instrument whereby a principal gives authority to an agent. The agent acting under such a grant is sometimes called an “Attorney-in-Fact.”

- > **PURCHASE AGREEMENT.** The purchase contract between the Buyer and Seller. It is usually completed by the real estate agent and signed by the Buyer and Seller.

- > **QUITCLAIM DEED.** A deed operating as a release, intending to pass any title, interest, or claim which the grantor may have in the property, but not containing any warranty of a valid interest or title by the grantor.

- > **RECORDING.** Filing documents affecting real property with the County Recorder as a matter of public record.

- > **WARRANTY DEED.** A real estate oriented document used to convey fee title to real property from the grantor (usually the Seller) to the grantee (usually the Buyer).

WHO PAYS CLOSING COSTS ?

Your contract and any applicable government regulations determine who pays which closing costs. Your Realtor® can explain these costs to you.

THE SELLER GENERALLY WILL PAY

- Owner's title insurance premium
- Realtor®'s commission
- Escrow fee, one half (except Seller pays all on VA)
- Any loan fees required by Buyer's lender, i.e., FHA, VA
- All loans in Seller's name (unless Buyer assumes existing loan)
- Interest accrued on loan being paid off, statement fees, recoveyance fees, prepayment penalties
- Home warranty premium per contract
- Homeowners Association transfer fee, one half
- Homeowners Association Disclosure Fee
- Any unpaid Homeowners Association dues
- Any judgements, tax liens, etc., against Seller
- Half of Recording charges
- Property taxes: pro-rated to the date the title is transferred plus any delinquent taxes
- Any bonds or assessments per contract
- Courier fee if applicable
- Any repairs per contract

THE BUYER GENERALLY WILL PAY

- Lenders title policy premium, if new loan
- Escrow fee, one half (except Seller pays all on VA)
- Half of Recording charges
- Homeowners Association transfer fee, one half
- All new loan charges (except those lender requires Seller to pay)
- Interest on new loan from date of funding to 30 days prior to first payment date
- Assumption/change of records fees for takeover of existing loan
- Beneficiary statement fee for assumption of existing loan
- Home warranty premium per contract
- Hazard insurance premium for first year
- All prepaid items, such as interest, or funds for an escrow account
- Courier fees if applicable
- Professional home inspection

CLOSING your escrow

the closing appointment.

Your escrow officer or escrow technician will contact you to schedule your closing appointment. The Buyer will sign separately from the Seller.

don't forget your identification.

You will need valid identification with your photo on it. A driver's license is preferred. This is necessary so that your identity can be sworn to by a notary public. It's a routine step, but it's important for your protection.

what happens next?

If the Buyer is obtaining a new loan, the Buyer's signed loan documents will be returned to the lender for review. First American will ensure that all contract conditions have been met and will ask the lender to "fund the loan." If the Buyer's loan documents are satisfactory, the lender will send the check directly to First American Title, usually within 24 hours. When the loan funds are received, First American will verify that all necessary funds are in. Then we will record the deed at the County Recorder's Office and disburse escrow funds to the Seller and other appropriate payees. The Realtor® will present the keys to the property to the Buyer.



PLANNING YOUR



MOVE

ABOUT 2 MONTHS BEFORE YOU MOVE

- ✓ Research your new city through the Chamber of Commerce or, if a computer is available to you, through many of the online websites.
- ✓ Start cleaning closets and storage areas and decide what goes with you, what goes to a charitable organization or garage sale, and what goes in the trash.
- ✓ Talk with your accountant or an IRS advisor about any moving expenses that might be tax deductible and require records.
- ✓ Contact moving companies (and the Better Business Bureau) for services and estimates.
- ✓ Start a list of everyone you want to notify about your move. Keep it handy because names will pop into your mind unexpectedly. Along with friends and relatives, include schools, doctors, dentists, creditors, attorney, accountant, broker, and any recurring services such as maid, lawn, exterminator, water softener, diaper, internet provider, magazine subscriptions, etc.

1 MONTH OUT

- ✓ Notify the post office of the move, and pick up a supply of change of address cards.
- ✓ If possible, open bank accounts at the new location now so your checks can be printed, and you won't have to rely on temporary checks which are not accepted everywhere.
- ✓ Get serious about cleaning out the house; start accumulating boxes and begin packing. Hold a garage sale.
- ✓ Contact your insurance companies (health, auto, homeowners, renters) and discuss coverage at the new location.
- ✓ Contact utility companies and arrange to disconnect/ connect at your current home and at your new home.
- ✓ Driving? Flying? How will you, your family, your pets, your plants, extra cars, get to the new city? Arrange for that now.
- ✓ Take pets to your veterinarian for check up and regular immunizations before the trip.

2 WEEKS BEFORE

- ✓ Contact your bank about closing your existing accounts when you move.
- ✓ If you're driving your car, have it serviced.
- ✓ Find out what you need to do to transfer records for doctors, dentists, veterinarians, etc. Be sure to get permanent records from schools, not copies. Get prescriptions for new pharmacies.

1 WEEK LEFT

- ✓ Get rid of all flammable products, paint, gasoline, etc.
- ✓ Contact your local trash collector about proper disposal.
- ✓ Gather odds and ends: dry cleaning, safe deposit box items, prescriptions, anything you've loaned.
- ✓ Return library books, rented videos, anything borrowed.
- ✓ Drain gas and oil from equipment you're shipping, such as lawn mowers, gas weed trimmers, etc.

A COUPLE OF DAYS

- ✓ Give away plants you're not taking.
- ✓ Defrost the refrigerator and freezer.
- ✓ Write out clear instructions—sketch a map, too, if you can—of your new home, and include your itinerary and emergency numbers. Keep a copy yourself, and give copies to the moving company and your family or friends.
- ✓ Complete packing. Be sure to set aside the items you want to take with you so the mover doesn't accidentally load them onto the truck.
- ✓ Pack local phone books. You'll be glad you did.
- ✓ Check with the utility companies to verify connect and disconnect dates after escrow closes.
- ✓ Contact your Realtor® and verify when and where keys to your new home will be available.
- ✓ Pick up beverages and snacks for moving day.
- ✓ Disconnect major appliances.

THE BIG DAY

- ✓ If you can't be there when the movers arrive, arrange for someone to meet them.
- ✓ Check the movers' bill of lading and inventory carefully before signing. Keep papers with you in a safe place.
- ✓ Make one last trip through the house, double-checking closets, drawers and cabinets. Lock the windows.
- ✓ Leave the garage remote control for the new owners.
- ✓ Turn off all the lights, close and lock the door, and leave the keys as prearranged with your Realtor® or new owner.

GOOD LUCK, AND ENJOY YOUR NEW HOME!

TO: **FIRST AMERICAN TITLE INSURANCE COMPANY**

ESCROW NUMBER _____

ATTN: _____
ESCROW OFFICER'S NAME

_____ BRANCH

_____ FAX NO.

SELLER'S CONFIDENTIAL INFORMATION FOR ESCROW

This page requests information your Escrow Officer will need to complete the sale of your home. Please provide as much as you have available at this time. Please make a copy of the completed page, and mail or fax it to your First American Title Escrow Officer.

SELLER(S)

SELLER 1

NAME _____

ADDRESS _____

CITY / STATE / ZIP _____

HM PHONE _____ WK PHONE _____

FAX _____ EMAIL _____

SOCIAL SECURITY NO. _____

MARITAL STATUS MARRIED SINGLE DIVORCED

SELLER 2

NAME _____

ADDRESS _____

CITY / STATE / ZIP _____

HM PHONE _____ WK PHONE _____

FAX _____ EMAIL _____

SOCIAL SECURITY NO. _____

MARITAL STATUS MARRIED SINGLE DIVORCED

LOAN PAYOFF(S)

1ST LOAN

LENDER'S NAME _____

ADDRESS _____

CITY / STATE / ZIP _____

PHONE _____ FAX _____

LOAN NUMBER _____

ESTIMATED BALANCE _____

PREPAYMENT PENALTY YES NO DON'T KNOW

2ND LOAN / EQUITY

LENDER'S NAME _____

ADDRESS _____

CITY / STATE / ZIP _____

PHONE _____ FAX _____

LOAN NUMBER _____

ESTIMATED BALANCE _____

PREPAYMENT PENALTY YES NO DON'T KNOW

PROPERTY

ADDRESS (IF DIFFERENT FROM ABOVE) _____

LEGAL DESCRIPTION _____

TAX PARCEL # _____

LOT # _____ MCR # _____

HOMEOWNERS ASSOCIATION

NAME OF ASSOCIATION _____

MANAGEMENT COMPANY _____

CONTACT PERSON _____

ADDRESS _____

CITY / STATE / ZIP _____

PHONE _____ FAX _____

