

NATIONAL TITLE CO.

THE BUYER AND SELLER HANDBOOK



THE EDGE

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Get Professional Help

Working with a **Real Estate Professional** is a smart way to buy a home. Your agent knows the market, can access the Multiple Listing Service (MLS) of homes for sale and will guide you through the buying process. Start your home shopping by shopping for a real estate professional.

A major factor in finding your special home that suits your personal lifestyle meets your needs and wants, yet stays within your budget.

- Able to access and analyze the multiple listing service system, locating properties for sale in your specified area of interest.
- Knowledgeable about your marketplace.
- Respectful of your desires, lets you make your own decisions, and does not force you into
- buying something that isn't right for you.
- Aware of the complicated local and state requirements affecting property that may affect your rights of ownership.
- Successful in multi-party, face-to-face negotiating. Your Realtor will write your offer and present it to the seller for you.
- Willing to cooperate with all brokers to get the best price for you in your market.



Pre-Approval vs. Pre-Qualification

Reduce surprises and increase your negotiating position by getting pre-approved with a lender *before* selecting a home to purchase. Your real estate professional has access to several lenders offering a variety of loan programs.

With pre-approval, you can determine which loan program best fits your need and which programs you qualify for.

You will know exactly how much you are approved for. It's no fun to find your "ideal home" and then find out you can't afford it.

Your monthly payment can be set. This will allow you to budget your money before making this large investment.

It shows you what the likely or approximate down payment and closing costs will be.

If you are a first-time buyer, you may qualify for a special first-time buyer program which may allow you to afford more home for your money.

If you feel you can afford a higher payment but are not able to meet qualifications, co-mortgagor financing may be available to you.

Improves your negotiating position with the seller.

Saves time once you've selected a home. The loan process is already under way.

PRE-APPROVAL WORKSHEETS

BUYERS

Date	_____	Requesting Agent	_____
Borrower #1	_____	Social Security Number	____ _
Borrower #2	_____	Social Security Number	____ _

Gross Monthly Income

Borrower #1	_____
Borrower #2	_____
Other Income	_____
Total	_____

Monthly Expenses

Car Payment(s)	_____
Credit Card(s)	_____
Alimony	_____
Child Support	_____
Other	_____
Total	_____

Loan Information

Purchase Price	_____
Down Payment	_____
Loan Amount	_____

Credit

Bankruptcy	_____
Judgments	_____

Miscellaneous Information

Loan Program	_____	PITI	_____
Interest Rate	_____	PMI	_____
LTV	_____	Insurance	_____
P & I	_____	HOA Dues	_____

HOME COMPARISONS

BUYERS

Property Address	Sqft	Bed	Bath	
Age of Home	Garage(s)			Great
Neighborhood	Fireplace			Good
Schools	Pool			Ok
Shopping	Yard			No

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CLOSING COSTS

BUYERS

Terms and Definitions

When you apply for a loan, you will receive a Good Faith Estimate of closing costs, settlement charges, and a booklet that will explain the costs.



Appraisal Fee	This is a one-time fee that pays for an appraisal. The appraisal is made by an independent fee appraiser.
Credit Report Fee	A one time fee that covers the cost of the credit report.
Document Preparation Fee	There may be a separate fee that covers the preparation of the final legal papers.
Loan Discount	A one-time fee used to adjust the yield on the loan to what market conditions demand. It is often called "points."
Loan Origination Fee	The lender's administrative costs in processing the loan are covered by this fee.
Miscellaneous Title Charges	The title company may charge fees for a title search, title examination, document preparation, recording fees, a settlement or closing fee, and notary fees.
PMI Premium	You might be required to pay an up front fee for mortgage insurance, depending on the amount of your down payment. Lenders may also require monies be placed into a reserve account held by them.
Prepaid Interest	Depending on the time of month your loan closes, this per diem charge may vary from a full month's interest to that of a few days. If your loan closes at the end of the month, you will have to pay interest only for a day or so.
Taxes and Hazard Insurance	You may be required to reimburse the seller for property taxes, depending on the month in which you close. You will also need to pay a year's hazard insurance premium up front. Also, you might be required to put a certain amount for taxes and insurance into a special reserve account held by the lender.

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NATIONAL TITLE CO.

Taking title to a property has important legal benefits and consequences. There are four common ways to take title in Nevada. Consult your real estate professional about which method is right for you.

Community Property

- Requires a valid marriage between two people
- Each spouse holds an undivided one-half interest in the estate
- One spouse cannot partition the property by selling his or her interest
- Requires signatures of both spouses to convey or encumber
- Each spouse can devise (will) one-half of the community property
- Upon death the estate of the decedent must be "cleared" through probate, affidavit or adjudication
- Both halves of the community property are entitled to a "stepped up" tax basis as of the date of death.



Community Property with Right Of Survivorship

- Requires a valid marriage between two persons.
- Each spouse holds an undivided one-half interest in the estate.
- One spouse cannot partition the property by selling his or her interest
- Requires signatures of both spouses to convey or encumber.
- Estate passes to surviving spouse outside of probate.
- No court action required to "clear" title upon the first death.
- Both halves of the community property are entitled to a "stepped up" tax basis as of the date of death

Joint Tenancy With Right Of Survivorship

- Parties need not be married; may be more than two joint tenants.
- Each joint tenants holds an equal and undivided interest in the estate, unity of interest.
- One joint tenant can partition the property by selling his or her interest.
- Requires signatures of all joint tenants to convey or encumber the whole.
- Estate passes to surviving joint tenants outside of probate.
- No court action required to "clear" title up on death of joint tenant(s).
- Deceased tenant's share is entitled to a "stepped up" tax basis as of the date of death.

Tenants in Common

- An undivided ownership in real estate by two or more persons.
- The interests need not be equal, and in the event of the death of one of the owners, no right of survivorship in the owners exists, but instead the interest passes to the heirs of the deceased.
- It exists when two or more persons acquire title, not as community property or as joint tenants. Each owner has a separate and distinct interest, which must be shown on the deed of acquisition. Each owner may deal with their interest without the consent of the other co-tenants.



WHAT IS AN ESCROW?

An escrow is an independent stakeholder account and the vehicle by which the interests of all parties to the transaction are protected. The escrow is created after you execute the contract for the sale of your home and becomes the depository for all monies, instructions and documents pertaining to the sale.

Some aspects of the sale are not part of the escrow. For example, the buyer and seller must decide which fixtures or personal property items are included in the sales agreement. Similarly, loan negotiations occur between the buyer and the lender. Your real estate agent can guide you in these non-escrow matters.

HOW DOES THE ESCROW PROCESS WORK?

The escrow officer takes instructions based on the terms of your Purchase Agreement and the lender's requirements. The escrow officer can hold inspection reports and bills for work performed as required by the purchase agreement. Other elements of the escrow include hazard and title insurance, and the grant deed from the seller to you. Escrow cannot be completed until these items have been satisfied and all parties have signed escrow documents.

HOW DO I OPEN AN ESCROW?

Either your real estate agent or the buyer's agent may open escrow. As soon as you execute the Purchase Agreement, your agent will place your initial deposit into an escrow account at the title company

HOW DO I KNOW WHERE MY MONEY GOES?

Written evidence of the deposit is generally included in your copy of the sales contract. The funds will then be deposited in a separate escrow or trust account and processed through your local bank. You will receive a receipt for the funds from the title company.



WHAT INFORMATION DO I NEED TO PROVIDE?

You may be asked to complete a Statement of Identity as part of the paperwork. Because many people have the same name, the Statement of Identity is used to identify the specific person in the transaction through information such as date of birth and social security number. Identification information is considered confidential.

HOW LONG IS THE ESCROW?

The amount of time necessary to complete the escrow is determined by the terms of the Purchase Agreement. It is normally 45 to 60 days, but can range from a few days to several months.

WHAT DOES A TITLE COMPANY DO?

A title company acts as a neutral third party to handle the legal documents and funds on behalf of a seller and a buyer, or a lender and a borrower.

Speak with your agent or National Title Co. to learn more about these important services.



Title Report	A report showing the condition of title before a sale or loan transaction. After completion of the transaction, a title insurance policy is issued.
Title Policy	Insurance against loss resulting from defects of title to a specifically described parcel of real property. Defects may run to the fee (chain of title) or to encumbrances on the property.
Pay Off Existing Loan(s)	The title company pays off existing loan(s) if instructed.
Taxes and Insurance	The title company prorates the taxes and insurance when instructed by the buyer and the seller.
Computes Interest on Loans	
Acquire Hazard Insurance	
Signing	Assists the buyer and seller when signing documents.
Recording	The title company records the appropriate documents with the county office, giving public notice.
Disbursement	The title company disburses the documents and money to each party involved

TITLE INSURANCE

BUYERS

In Nevada, most real estate transactions include a title insurance policy. Sometimes, a deed to the property is not enough to prove ownership. Hidden hazards may attach to real estate. A property owner's greatest protection is a policy of title insurance.



THE PRELIMINARY REPORT

A preliminary report contains vital information which can affect the close of escrow: Ownership of the subject property; where the current owners hold title; matters of record that specifically affect the subject property or the owners of the property; a legal description of the property and an informational plat map.

WHAT IS TITLE INSURANCE?

Title Insurance is a contract of indemnity that guarantees that the title is as reported. If not reported and the owner is damaged, the title policy covers the insured for their loss up to the amount of the policy.

Title insurance assures owners that they are acquiring marketable title. Title insurance is designed to eliminate risk or loss caused by defects in title from the past. Title insurance provides coverage only for title problems that were already in existence at the time the policy was issued.

THE TITLE SEARCH

Title companies work to eliminate risks by performing a search of the public records or through the title company's own plant. The search consists of public records, laws and court decisions pertaining to the property to determine the current recorded ownership, any recorded liens or encumbrances or any other matters of record that could affect the title to the property. When a title search is complete, the title company issues a preliminary report detailing the current status of title.



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CONTRACT TO CLOSING

BUYERS

Once the buyer and seller agree on terms and the purchase agreement is signed, the clock begins ticking as both buyer and seller have a limited amount of time to meet their contractual responsibilities.

A Brief Summary of the Steps from Contract to Closing

1. Begin loan pre-approval process
2. Contract signed and dated
3. Escrow account opened and earnest money deposited
4. Seller orders termite inspection if required
5. Property inspection ordered by the Buyer
6. Buyer arranges insurance for home and provides information to lender and Title Company
7. Copy of inspection to Buyer and Seller. Buyer provides Seller with repair priority list.
8. Lender orders appraisal.
9. Completed appraisal.
10. Seller/Buyer negotiate then order repair work.
11. Buyer is approved by Lender.
12. Other inspections if needed or requested by Buyer.
13. Repairs complete and approved by Lender and Buyer.
14. Final contingencies removed. (Review of CCR's, Certificate of Resale, etc)
15. Final closing date set.
16. Confirm closing figures with Escrow Officer. Buyer must bring certified check/funds to close.
17. Closing - Actual date documents are recorded.



First impressions are lasting. The front door greets the prospect. Make sure it is fresh, clean and scrubbed. Keep the lawn neatly trimmed.

Let the sun shine in. Open draperies and curtains and let the prospect see how cheerful your home can be. Dark rooms do not appeal.

Can you see the light? Illumination is like a welcome sign. A potential buyer will feel a glowing warmth when you turn on all your lights for an evening inspection.

Repairs make a big difference. Loose knobs, sticking doors and windows, warped cabinet drawers and other minor flaws detract from the home's value. Have them fixed.

From top to bottom. Display the full value of your attic and other utility space by removing all unnecessary items.

Safety first. Keep stairways clear. Avoid cluttered appearances and possible injuries.

Make closets look bigger. Remove the clutter, even behind closed doors. Neat, well-ordered closets show space is ample.

Arrange bedrooms neatly. Remove excess furniture. Use attractive bedspreads and freshly laundered curtains.

Bathrooms help sell homes. Check and repair caulking in bathtubs and showers. Make the bathrooms room sparkle!

Fix that faucet! Dripping water discolors sinks and suggests faulty plumbing.

Three's a crowd. Avoid having too many people present during inspections. A potential buyer may feel like an intruder and will hurry through the house.

Silence is golden. Be courteous but don't force

Music is mellow. But not when showing a house. Turn off the blaring radio or television. Let the agent and buyer talk, free of disturbances.

Pets underfoot? Keep them out of the way – preferably out of the house.

Be it ever so humble. Never apologize for the appearance of your home. After all, it has been lived in. Let your real estate professional answer objections. This is part of their expertise.

In the background. The real estate professional is familiar with the buyer's requirements and can better emphasize the features of your home when you don't tag along. You will be called if needed.

Why put the cart before the horse? Trying to dispose of furniture and furnishings to the potential buyer before they have purchased the house often loses a sale.

A word to the wise. Let your real estate professional discuss price, terms, possession and other factors with the buyer. Your agent is eminently qualified to bring negotiations to a favorable conclusion.

Use your agent. Only show your home to prospective customers by appointment through your agent. Your cooperation will be appreciated and will help close the sale more quickly.



Moving can save you some money on your tax bill. Certain moving expenses can be deductible. The IRS has specific qualifications. Consult your tax expert.

TAX DEDUCTIBLE MOVING EXPENSES

The cost of trips to the area of a new job to look for a home. Your home shopping expedition does not have to be successful for the cost to be deductible.

The cost of having your furniture and other household items shipped, including the cost of packing, insurance, and storage for up to 30 days.

The cost of getting your family to the new hometown, including food and lodging expenses on the trip.

The cost of lodging and 80% of food expenses for up to 30 days in the new home town, if these temporary living expenses are necessary because you have not yet found your ideal home or it is not ready when you arrive.

Certain costs associated with the sale of your old home and purchase of the new one. These expenses, including real estate commissions, legal fees, state transfer taxes and appraisal and title fees, could be used either to reduce the gain on the sale of the previous home or to boost the basis of the new one. But it's usually beneficial to count them as moving expenses up to the allowable dollar limits, because that gives you an immediate tax benefit.

“The cost of having your furniture and other household items shipped, including the cost of packing, insurance, and storage for up to **30** days.”



MOVING CHECKLIST

SELLERS

Changing Address

- ☐ Forward address at post office
- ☐ Bank accounts
- ☐ Credit card accounts
- ☐ Publications

Utilities to Cancel

- ☐ Telephone, *check for refund*
- ☐ Gas & Electric, *check for refund*
- ☐ Water, *check for refund*
- ☐ Garbage
- ☐ Cable, *check for refund*
- ☐ School transcripts for kids

Changing Address

- ☐ Ask postman to hold mail for your arrival

Utilities

- ☐ Telephone
New number _____
- ☐ Gas
- ☐ Electric
- ☐ Water
- ☐ Garbage
- ☐ Cable

Moving Preparation

- ☐ Defrost refrigerator
- ☐ Auto transportation
- ☐ Pet transportation
- ☐ Travel cash or checks
- ☐ Hand carry jewelry and valuables
- ☐ Leave keys
- ☐ Leave garage door opener

Medical Services to Obtain

- ☐ Medical records
- ☐ Dental records
- ☐ Veterinarian records

Government Licenses & Services

- ☐ Apply for state driver's license
- ☐ Register car
- ☐ New address on driver's license
- ☐ Register to vote
- ☐ Register children in school

Medical Services

- ☐ New doctor
- ☐ New dentist
- ☐ New veterinarian

DISCLOSURES AND CONTINGENCIES

During the selling process, you will be asked to fill out a property disclosure form that is now required by law. In this document, you will inform the buyer of any significant facts you have about the condition of the property.

There will be various contingency dates in your real estate sales contract. You should be very aware of these and be sure that the actions required are performed in a timely manner. Such contingencies include the buyer's loan approval, approval of the Preliminary Title Report, approval of termite and other inspections. Stay closely in touch with your real estate agent regarding these important dates.

When the loan is approved and the loan documents are sent to the escrow officer or the escrow assistant handling your transaction, all remaining necessary documents will be prepared.

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 for the buyer. Offering a home warranty plan may offer these benefits:

- Increase the marketability of your home by reassuring potential Buyers
- Helps 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 Equity Title, and it becomes part of the seller's closing costs.

PAYING OFF YOUR EXISTING LOANS

Unless the buyer takes over your existing loan(s) on the property, the loan(s) will be paid off during the escrow process. You will need to furnish complete information to your escrow officer and real estate agent on each loan against your property. Please be prepared to provide the name of the lender, the loan number, address and phone number of the lender. Your escrow officer will need this information to order the loan payoff demands so the loan(s) may be paid off correctly during the escrow. Homeowner's Association information may also be required if you are selling a condominium, townhouse or property located in a planned unit development. All of this information will help to insure the timely closing of the escrow.



The Appraisal Process

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 conditions, 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 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 slates 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.



How Home Upgrades Affect Your Appraisal

The following are examples of common improvements and how they may increase the appraisal value of your home. These are only guidelines; please remember that adjustments may vary greatly from property to property and neighborhood to neighborhood.

These statements are provided by Huber Appraisal, Inc and are intended only as general guidelines.

Living Area: \$30 to \$75 per square foot, depending on construction quality (Please note: this reflects adjustments for square footage ONLY. It does NOT reflect total sales price per square foot.)

Two-Car Garage v. No Garage: \$6,000 to \$10,000, depending on price range of home.

Two Car Garage v. Three-Car Garage: \$5,000 to \$10,000, depending on price range of home.

In-ground pool/spa: \$12,000 to \$60,000 with \$15,000 to \$25,000 being used for most neighborhoods (the amount used depends on how common they are in the area, and the price range of the neighborhood. For example, a \$60,000+ adjustment would be most appropriate in a neighborhood with market value exceeding \$500,000.)

Lot Sizes: \$2 to \$5 per square foot, depending on the neighborhood.

Covered Patios: \$2,000 to \$5,000, depending on the patio size & quality (higher figures may be used for large custom homes.)

Fireplaces: \$1,500 to \$2,500

Basements: According to appraisal standards, the

square footage of a basement must not be included in the overall footage of the home. A basement is measured and valued separately, even if it has finished interior. The adjustment for square footage should be slightly lower (perhaps \$5 sq ft) than for that of the area above ground, and varies on the quality of the finish.

Number of Bathrooms: \$1,000 to \$2,500 per additional bathroom regardless of size.

Security Gates: Electronic gates can add \$5,000 to \$15,000, manned gates can add \$15,000 to \$50,000 in value.

Full Landscaping v. None: \$10,000 (standard lot) to \$25,000 (more than 1/4 acre), depends on size

Views: Must be calculated on a individual basis.

Remodeling, Builder or Owners' Upgrades: These can be dealt with only on an individual basis. Dollar per dollar per adjustments will not be accepted by most underwriters. Typically, kitchen and bathroom remodeling projects recover most of the original amount of money spent. If completed professionally, these improvements may recover up to 75% of the expenses incurred. Remodeling of other areas of the home usually recovers only 25% to 30% of the incurred costs. Upgraded options selected from the developer of a new home typically only recover approximately 25% to 50% of the costs incurred. Lot premiums also typically fall into this percentage range.

GLOSSARY OF TERMS

SELLERS

Adjustable Rate Mortgage	A mortgage with an interest rate that changes over time in line with (ARM) movements with the index.
Adjustment Period	Period of time between interest rate changes on an ARM. For example a loan with an adjustment period of one year (one year ARM) means the
Agency	A legal relationship in which someone (principal) hires someone else (agent) to represent them to a third party.
Amortization	Repayment of a loan in equal installments of principal and interest rather than interest only payments.
Annual Percentage Rate	The total finance charge (interest, loan fees, points expressed as percentage (APR) of the loan amount).
Application Fee	A fee to cover some of the charges of the loan process.
Appraisal Fee	A fee charged by the lender for an appraisal.
Assessed Value	The value placed on property by the Appraisal District as a basis for taxation.
Assumption of Mortgage	You may be required to reimburse the seller for property taxes, depending on the month in which you close. You will also need to pay a year's haz-
Balloon Payment	An instance in which the final installment payment on a note is greater than the preceding payments, and pays the note in full.
Beneficiary	The recipient of benefits, often from a deed of trust; usually the lender.
Buy Down	A fixed rate loan where the interest rate and payment are reduced for a specific period of time by paying the interest up front to subsidize the
Cap	The limit on how much interest rate or monthly payment can change, either at each adjustment or over the life of the mortgage.
Chain of Title	A history of conveyances and encumbrances affecting the property title.

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GLOSSARY OF TERMS

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CCR'S	Covenants, Conditions and Restriction. A Document that controls the use, requirements and restrictions of a property.
Closing Statement	The financial disclosure statement that accounts for all of the funds received and expected at the closing of the escrow, including deposits for taxes, hazard insurance and mortgage insurance.
Conventional Mortgage	A mortgage securing a loan made by investors without government underwriting – that is, not FHA insured or VA guaranteed.
Convey or Conveyance	Process of transferring ownership of property from one person to another.
Courier Fee	Charges for delivery.
Credit Report Fee	Assessed by the lender for a required credit report from a credit bureau.
Deed	A document which, when properly executed and delivered, conveys title of real property.
Deed of Trust	An instrument used in many states to place a mortgage.
Disclosure	To make known or public. When dealing with real property, all disclosures should be made in writing.
Discount Points	A negotiable fee paid to the lender to secure financing for the buyer. Discount points are up-front interest charges to reduce the interest rate on the loan over the life, or a portion, of the loan's term. One discount point equals one percent of the loan amount.
Due on Sale Clause	An acceleration clause that requires full payment of a mortgage or deed of trust when the secured property changes ownership.
Earnest Money	Money deposited by a buyer as evidence of good faith.
Encumbrance	Anything that affects or limits the ownership of real property, such as mortgages, liens, easements or restrictions of any kind.
Escrow Fee	Charged by the title company to service the transaction and to escrow money and documents. Usually paid by the buyer.

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GLOSSARY OF TERMS

SELLERS

Escrow	The deposit of documents and funds with instructions to a neutral third party to carry out the provisions of an agreement or contract.
Exclusive Right to Sell Listing	A written agreement between owner and agent giving agent the right to sell a property and collect a fee for a set term.
Fair Market Value	The price at which a willing seller would sell and a willing buyer would buy, neither being under abnormal pressure.
Fannie Mae	A private corporation dealing in the purchase of first mortgages, at discounts.
Freddie Mac	A mortgage that has a rate that is adjusted at certain intervals during the loan period. The adjustment can either be higher or lower depending on the current market rate at the time adjustment is due.
Ginnie Mae	A federal association, working with FHA, which offers special assistance in obtaining mortgages, and purchases mortgages in a secondary position.
Finance Charge	The total cost a borrower must pay, directly or indirectly, to obtain credit.
Impound Accounts	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 and deeds of trust.
Loan Origination Fee	Normally 1% of the loan amount, charged by the lender to the buyer.

GLOSSARY OF TERMS

SELLERS

Mortgage	A legal document that provides security for repayment of a promissory note.
Mortgagee's Title Policy	Required by lenders to ensure that the lender has a valid lien. It does not protect the buyer. Also required for second mortgages.
Owner's Title Policy	Insures the buyer against loss due to any defect of the title not excepted to or excluded from the policy.
Points	Paid by the buyer or seller. One point is equal to one percent of the loan amount.
Principal	The employer of an agent in an agency relationship.
Recording Fee	Charged by the County Clerk to record documents in the public records. Charges are based on number of pages recorded.
Septic Inspection	The septic system must have certificate by the city or county Health Department.
Survey	Survey of property required by lender; shows lot size, easements, any encroachments, locations of improvements, etc.
Tax Service Fee	Required by the lender for collection and disbursement of tax escrow by a servicing company.
Termite Inspection	Required by lender to show property free and clear of active termites.
Time is of the Essence	Demands punctual performance in a binding contract.
Title Policy	Insurance policy on the ownership of real property, against defects in title.
Title	In dealing with Real Property, title means ownership.
Underwriting Fee	Charged by a lender to underwrite the loan.
VA Funding Fee	Veteran's Administration charge for originating a VA loan.
Warehouse Fee	Charged by the lender to hold the loan locally before selling it in the secondary mortgage market to an investor.
Zoning	Act of city authorities specifying type of use for which property may be used.