



Buyer's and  
Seller's Guide

**stewart title**<sup>®</sup>

*Real partners. Real possibilities.*<sup>™</sup>

## Table of Contents

<b>3</b>	<b>Getting Ready</b>	<b>11</b>	A Few Other Things to Keep in Mind When Setting the Price
3	Benefits of Working With Real Estate Agents	12	General Tips for Showing Your Home
<b>4</b>	<b>Buyer's Helpful Hints</b>	13	15 Minute Checklist
5	Organize Your Finances	13	Negotiation
5	Get Pre-qualified for Your Home Loan	13	Home Inspections
5	Getting Ready for Your Closing	13	Avoid Common Closing Delays
6	House Comparison Chart	14	<b>Contract to Closing Diagram</b>
<b>7</b>	<b>Seller's Helpful Hints</b>	15	<b>Moving Tips</b>
7	Before You Sell	15	Choose a Mover
7	Perform a Self Home Inspection	16	Moving Timetable
7	Pricing and Showing Your Home	18	<b>Glossary</b>
8	Repair and Cleaning Checklist	21	Important Contact Information

## Getting Ready

Before you prepare to sell or look for the home of your dreams, there are a few things you should do first. Advanced preparation will help make the home-buying and selling process smoother and much more efficient.

### Benefits of Working With Real Estate Agents

- They can help you understand your financial situation and offer advice on what you can afford or what your house is worth.
- Agents who are members of the National Association of REALTORS® can use the MLS and numerous other sources to locate properties and get homes in front of prospective buyers.
- They can organize appointments for buyers to view homes or bring potential buyers to view your property if you're trying to sell.
- Real estate agents are knowledgeable about the paperwork you will need to submit when making an offer.
- They can help in the arrangement of financing.
- Many are skilled negotiators that can help you in negotiating the best possible deal for your purchase or sale.
- To find an agent, ask friends for recommendations; pay attention to "For Sale" signs in your neighborhood or community and research the agents you see there; or, utilize the National Association of REALTORS® search engine at [realtor.com/realestateagents](https://www.realtor.com/realestateagents).



A photograph of a family of three—a man, a woman, and a young child—looking out a window. The man is on the left, wearing a blue polo shirt and jeans, with his hand to his forehead. The woman is in the center, holding the child, wearing a white sleeveless top with a floral pattern. The child is wearing a pink and white striped dress. In the reflection of the window on the right, a man in a blue shirt and purple tie is visible, holding a dog. The background outside the window shows a brick wall and greenery.

Buyer's  
Helpful Hints

## Organize Your Finances

- Order a credit report using [annualcreditreport.com](http://annualcreditreport.com) (the only site where you can obtain the free credit report guaranteed by federal law).
- Make a household budget and figure out where your money is coming from and where it is going (income vs. bills/debt).
- Begin to gather items such as the last three years of income tax returns, bank statements for the last three months, current copies of pay stubs, records of any past derogatory credit history that has since been resolved, and records of any supplemental income you may have.
- If you are self-employed, you will need all business records and income tax returns for the last three years.
- If you have been divorced or filed for bankruptcy, make copies of the complete settlements.
- Be prepared to pay off minor debts (including credit card debt), should your lender suggest you do so. Don't get new credit cards or make large purchases such as furniture or appliances. Such purchases can have a negative impact on your credit.

## Get Pre-qualified for Your Home Loan

Chances are, you'll need a loan to purchase a house. Again, seek the advice of trusted friends or co-workers when looking for a lender; talk to multiple loan officers and be mindful of how they talk to you; and check online sites for reviews. Then, get pre-qualified with your chosen lender before you start looking. During the pre-approval process, the lender will verify credit worthiness and determine the loan amount you are qualified to receive. This will let you know the price range you can afford and serve to make your offer more attractive than buyers who will need more time to get their loan approved.

NOTE: Many lenders offer special programs for specific service industries and professionals such as teachers, police and firefighters, doctors, etc. Be sure to ask if you qualify for this type of loan during your pre-qualification process.

## Getting Ready for Your Closing

Once your offer has been accepted, here are some of the things you need to keep in mind so your closing goes smoothly.

### *Wired funds*

If you wish to wire your down payment and closing costs from your account directly to Stewart Title's escrow account, please inform us prior to closing so that we may assist you in making the arrangements. Never send your wiring account information via email. Supply wiring instructions in person or on the telephone.

### *Identification*

Don't forget to bring your driver's license or other official government-issued picture ID to closing. We will need to verify your identity and make a copy for our records.

### *Reviewing documents*

If you wish to examine your loan documents prior to closing, please ask your mortgage company to provide the documents to us in sufficient time prior to closing so we can supply you with copies for your review in a timely manner.

### *Homeowners insurance*

Provide us with your choice of homeowners insurance and your insurance agent's name and telephone number.

### *Funds to be delivered*

Check with us to see which method of payment is accepted for earnest money and closing. Certified or bank checks need to be delivered in enough time to clear the issuing bank.

### *Providing all the right documents*

Prior to closing, please provide us with all bills for inspections, repairs or other items to be paid from closing proceeds. Also, don't forget to bring any documents required by the contract to the closing.

### *Power of attorney*

If you will not be present at closing to sign documents and you intend to use a power of attorney, you must provide the original power of attorney to your closing officer at Stewart Title prior to closing for approval and recordation of the document. Please provide in sufficient time for the lender to approve the power of attorney. On the day of closing, we will need a contact number to reach you in order to verify you are alive and well and have not revoked the power of attorney.

### House Comparison Chart

Address		
Price		
Location		
Curb Appeal		
Neighborhood		
Yard/Landscaping		
Lot Size		
Floor Plan		
Bedrooms		
Room Sizes		
Bathrooms		
Study/Office		
Kitchen		
Appliances		
Storage		
Garage		
Deck/Patio		
Pool/Hot Tub		
Heat/AC		
Taxes		
School		
Condition		
Energy Efficiency		

### Before You Sell

Preparation is key to making the selling process smoother and more efficient. Before you put your home on the market, there are a few steps you should take to make sure it is ready to be seen by prospective buyers.

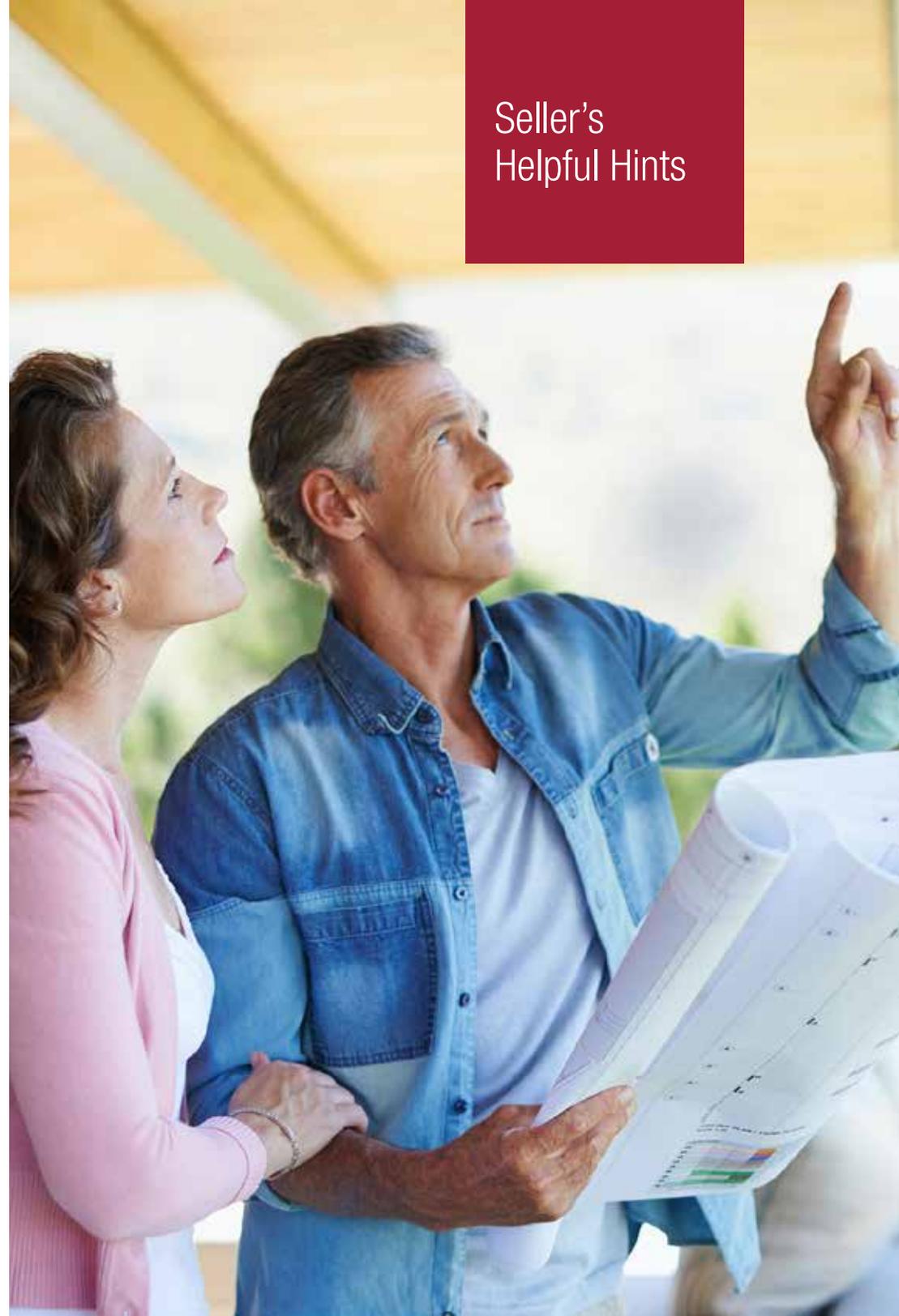
### Perform a Self Home Inspection

- Walk through the home and ask yourself, "Would I buy this home?"
- Try to remove any emotion and sentimentality you may have for your home and look at it objectively.
- Make a list of things you'd like to repair or change.
- Don't make major changes that will cost more to do than a buyer will pay.
- Prioritize the list in relation to when the house is going on the market. (Projects that require numerous resources such as contractors, remodelers, etc., should be first.)
- Prepare a timetable to have all repairs or changes made and stick to it.

### Pricing and Showing Your Home

Now that your house is ready to be put on the market, it's vital that it's priced so it sells quickly at, or close to, your asking price. Houses should be priced at market value. A common definition of market value is "What a ready, willing buyer will pay, at a price a willing seller will accept."

To determine the market value of your home, your real estate agent will do a competitive market analysis (CMA) of your home. The CMA compares your home to other houses in the area in terms of square footage, amenities, condition and relative age. You may want to provide a list of your home's advantages and special features to your REALTOR®.



## Repair and Cleaning Checklist

A clean, neat home that looks nice and maximizes space will sell faster and at a higher price. Keep in mind, a small investment in time and/or money could make your home much more attractive to buyers.

Exterior	Okay as Is	Needs Work
Does the house need fresh paint?		
Are holes and cracks visible?		
Are sidewalks, porches and decks swept and in good shape?		
Is there an inviting appeal?		
Do the windows and door screens need to be replaced?		
Does the house trim need repair/paint?		
Are gutters and downspouts secure and clean?		
Landscape	Okay as Is	Needs Work
Are shrubs and trees trimmed?		
Is the lawn fertilized?		
Are flowers planted?		
Is the lawn mowed and edged?		
Has the lawn been weeded?		
Roof	Okay as Is	Needs Work
Are there any leaks or unlevel areas?		
Are there shingles or tiles missing?		
Does the roof have any unlevel areas?		

Garage	Okay as Is	Needs Work
Are the floors swept and stain free?		
Are all items stacked against walls to allow for maximum floor space?		
Is the garage door opener operating correctly?		
Is the garage organized, neat and well lit?		
Attic	Okay as Is	Needs Work
Is the attic organized and clean?		
Are the stairs in good condition?		
Is the attic well lit?		
Are there any signs of insects or rodents		
Kitchen	Okay as Is	Needs Work
Are the appliances clean and working?		
Are all the cabinets neat and in good condition?		
Are all countertops clean and uncluttered?		
Does the tile need re-grouting?		
Does the sink need to be re-caulked, chips repaired or stains removed?		
Do the faucets leak?		
Is the oven clean?		
Bathroom	Okay as Is	Needs Work
Do the faucets leak?		
Does the tub need re-caulking?		
Do the shower tiles need new grout?		
Are the shower doors clean?		
Is the floor in good condition?		
Is the gas igniter working properly? Be sure to leave the key when you leave.		

Overall	Okay as Is	Needs Work
Are there excess items that can be pre-packed in order to make the home appear larger?		
Do the walls and woodwork need new paint?		
Are there any holes or cracks in the walls?		
Does the wallpaper need to be replaced?		
Are the windows clean (inside and out)?		
Are the floors clean and polished?		
Are there any stains or damage from water leaks?		
Is the carpet clean, stretched flat and stain free?		
Are the window treatments clean and properly working?		
Do squeaky hinges need lubrication?		
Are the ceiling fans and vents clean?		
Do the windows open and close easily?		
Has the house been deep cleaned?		
Do any of the doors stick?		
Do all the locks work properly and have keys?		
Do the doors seal properly?		
Are all lights working?		



### **A Few Other Things to Keep in Mind When Setting the Price**

The main thing to remember when setting a price is to collect as much information as you can from different sources. That's what the professionals do.

#### ***Do your research***

Use online calculators and real estate sites like zillow.com or trulia.com to gather information on recently sold homes that are comparable to yours and check home value trends, foreclosure stats, and price-cut information so you can set your price based on local market conditions.

#### ***Check out the competition***

Find houses similar to yours in the same area; see how they're priced and how long they've been on the market. If they've been on the market for a while, they may be priced too highly.

#### ***Consider getting your home inspected***

This can keep you from getting hit with any surprise repair costs after the buyer's inspection and give you something to help market your home if everything is in good working order.

#### ***Use a real estate agent***

The pros do this for a living. If you're working with an agent, they'll work with you to develop the right price. Be sure to discuss any timing requirements you may have for selling as these may affect the price you set.

#### ***Be flexible***

Your asking price shouldn't be considered permanent. Over a period of time, if your house doesn't sell, you may need to adjust your price.



### General Tips for Showing Your Home

First impressions are important. Your home needs to be ready to show at all times. In addition to the steps you've already taken to get your home ready to go on the market, here are some extra tips to help ensure your home makes the best possible impression at showing.

- Keep every room clean and tidy. Buyers won't purchase a home if they only get to see some of the rooms.
- All beds should be made every morning.
- When finished with dishes, place them in the dishwasher or stack them neatly in the sink.
- Eliminate bad smells by bathing your pets, cleaning out cat litter boxes frequently, cleaning carpets and drapes, emptying trash often, and refraining from cooking strong smelling foods.
- Introduce good smells such as flowers, potpourri and air fresheners. Baking a frozen pie or cookies is another clever tactic.
- Let plenty of light in. Brightness improves a home's atmosphere.
- Make sure the temperature is comfortable.
- You may want to set the dining room table to display a homey environment.
- Hiring a cleaning service once a week will make it easier to keep the house in show condition.
- During a showing, leave the house so the buyers can feel free to ask the real estate agent candid questions.
- Turn off radios and televisions; they can be distracting.
- Keep pets out of the way.

## 15 Minute Checklist

Your real estate agent has called and will be arriving in 15 minutes to show your home. Here is a quick checklist to make sure you're ready.

- Pick up debris (newspapers, clothes, etc.)
- Turn on lights, open curtains and make beds
- Tidy the kitchen
  - Counter tops
  - Dishes
  - Take out trash
- Tidy the bathrooms
  - Flush toilets
  - Hang towels neatly
  - Empty trash
  - Shine fixtures
  - Wipe counters
- Close garage door and make sure outside walks are clear of debris

## Negotiation

Your real estate agent is experienced at negotiation and will work closely with you and the potential buyer to help you sell your home as close to your asking price as possible.

## Home Inspections

Once a buyer has decided to make an offer on your home, the lender will usually require a professional inspection of the property. The inspector will check to make sure the home's general systems are working properly and report any items that need to be repaired. If major problems are found, your real estate agent will help negotiate through them.

## Avoid Common Closing Delays

Once your house has sold, here are a few friendly reminders to help your closing go smoothly.

### *Existing lienholder(s)*

As soon as possible, please provide your Stewart Title closing officer with the name of your existing lienholder(s), along with their address and phone number. We will also need the loan numbers.

### *Social Security numbers*

We will need the Social Security number of all owners of the property for tax reporting. Also, the lender may require Social Security numbers for payoff information.

### *Existing survey (if applicable or available)*

If the buyers and sellers have agreed to use an existing survey at closing, Stewart Title must review the survey prior to closing and receive verification from the sellers that no improvements have been made since the date of the survey.

### *Identification*

Don't forget to bring your valid driver's license or other official government-issued picture ID to the closing.

### *Wiring information*

Upon funding of the transaction, we will be glad to wire your proceeds into your account. Please provide us with your wiring information if you choose to have your funds wired. Do not provide your wiring information via email. The safest way to provide these instructions is in person, via mail or over the telephone.

### *Homeowners' association (HOA)*

If you have a mandatory HOA, please provide us with the proper contact information so we can contact them to obtain a letter for closing.

### *Providing all the right documents*

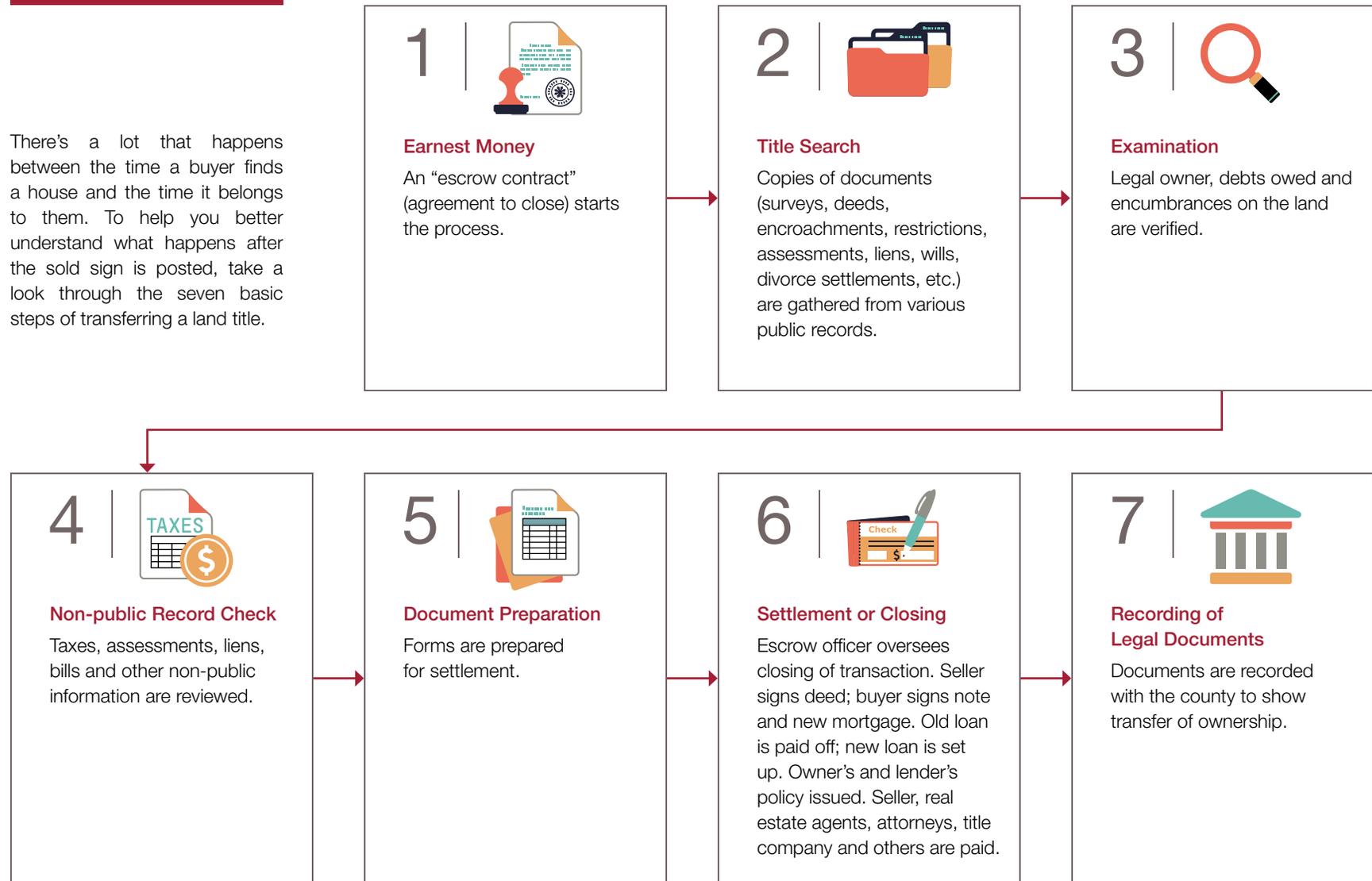
Prior to closing, please provide us with all bills for inspections, repairs or other items to be paid from closing proceeds. Don't forget to bring the termite certificate (if applicable) and other documents required by the contract.

### *Power of attorney*

If you will not be present at closing to sign documents and you intend to use a power of attorney, you must provide the original power of attorney to your closing officer at Stewart Title prior to closing for approval and recordation of the document. Please provide in sufficient time for the lender to approve the power of attorney. On the day of closing, we will need a contact number to reach you in order to verify you are alive and well and have not revoked the power of attorney.

# Contract to Closing

There's a lot that happens between the time a buyer finds a house and the time it belongs to them. To help you better understand what happens after the sold sign is posted, take a look through the seven basic steps of transferring a land title.



Moving can be very stressful. You can reduce your stress level by starting your preparations well ahead of time. Here's a helpful timetable you can use.

### Choose a Mover

If you decide to use a mover, here are a few tips for choosing the right one.

- Try to strike a balance between the lowest cost and finding movers with the right equipment and experience.
- Check with friends, online review sites and organizations like the Better Business Bureau®.
- Ask for references.
- Get estimates in writing.
- Be aware that you can get discounts depending on your profession and other organizations you may belong to.
- Confirm mover credentials. Movers should be licensed and bonded, and employees should have workers' compensation insurance.

## Moving Timetable

### 8 weeks before the move

- If using a mover, refer to “Moving Tips” section on page 25. Once you select the mover, get everything in writing.
- Draw a floor plan of your new house and try to decide ahead of time if you’ll be using all of your current furniture. You can save some moving costs by getting rid of any unwanted furniture prior to your move.
- Make an inventory of your possessions. Decide what can be sold and what can be given away to charity. Again, this can help save you money on the move.

### 6 weeks before the move

- If you are moving yourself, figure out how many boxes you need. Then determine the size of truck you will need by calculating the cubic feet of the boxes plus large furniture pieces. Then get estimates on truck rentals and be sure to reserve a truck.
- If moving to a new community or city, get copies of records from doctors, dentists, lawyers, utility companies, etc.
- Make arrangements to transfer your children’s school records.

### 4 weeks before the move

- If you are having the movers pack for you, arrange for this to happen a day or two before loading the truck.
- If necessary, arrange for storage.
- Clean or repair any furniture, curtains or carpets if needed.
- Hold a garage sale.
- Make any necessary travel and hotel reservations.
- If you currently use a local bank/credit union, arrange to transfer your accounts to a new one. Be sure to cancel any direct deposit and/or payment arrangements on bank accounts you are closing.

### 3 weeks before the move

- Gather packing materials.
  - Boxes
  - Bubble wrap
  - Crumpled newspaper
  - Felt-tip markers
  - Furniture pads
  - Large self-stick labels
  - Nylon packing string
  - Packing peanuts
  - Packing tape
  - Rope
  - Scissors
  - Utility knife
- Begin packing items you won’t need between now and your move.
- Arrange to cancel utilities and services so they are turned off after you move (you want to be sure that you have electricity and water on the day you move) at your old home and have them established at your new home.

### 2 weeks before the move

- Make any special arrangements to move pets. Ask your veterinarian about how to make the move as easy as possible for your pet.
- Have your car checked and serviced for the trip.
- Send a change of address form to the U.S. Post Office.
- Change your address with any magazine subscriptions you have.
- Send a change of address notice to your friends and family.
- Review all online accounts and update your address in your profile.

### 1 week before the move

- Transfer any prescriptions to a pharmacy near your new home and return any library books.
- If you have small children, you may want to arrange for a babysitter while you're packing or moving.

### 2-3 days before the move

- Defrost your refrigerator and freezer.
- Have your movers pack your shipment.
- Arrange to have payment ready for the driver on moving day.
- Set aside valuables and legal papers to go with you.
- Pack clothing and extra toiletries to go with you.
- Pack your first-day handy items box.

### Moving day

- Do-it-yourself movers should pick up the truck early.
- Make a list of every item and box loaded into the truck.
- Let the mover know how to reach you.
- Before you sign the mover's agreement, read the conditions. Keep it in a safe place until your goods are delivered, charges are paid, and all claims are settled.
- Check to make sure you have turned off the water and that no leave-behind appliances are running in your old house.
- Inspect attic and garage, and lock all doors and windows.

### Delivery day

- Gather first-day handy items together in one box.
  - Bath towels
  - Coffee cups
  - Coffee maker
  - Masking tape
  - Paper plates
  - Pencils and paper
  - Scissors
  - Shelf liner
  - Snacks
  - Soap
  - Toilet paper
  - Toiletries kit
  - Trash bags
  - Utility knife
- Check off all boxes and items as they come off the truck.
- Make sure utilities are connected and new locks are installed.
- Be on hand to answer questions, pay the driver, give directions, take care of any last minute problems and examine your goods.

# Glossary

This brochure is intended solely to provide helpful information to buyers and sellers. The laws of each state may vary. Please consult with an attorney of your choice for specific information or legal advice.

## **Adjustable Rate Mortgage (ARM)**

A loan with an interest rate that changes periodically based on a current index, like one-year treasury bills. Typically, ARMs can't change by more than two percentage points per year or six points above the starting rate. Check the specific rates carefully for any type of mortgage loan.

## **Amortization**

A payment plan, which enables the borrower to pay off the debt gradually through equal monthly payments of principal and interest.

## **Appraisal**

An expert judgment or estimate of the quality or value of real estate as of a given date. This appraisal is done for financial lending purposes and may not reflect the actual market value.

## **Appraised Value**

An estimate of the value of the property offered as security for a home loan.

## **Bridge Finance**

A short-term loan, usually at a higher rate of interest than the longer term mortgage used by borrowers who have bought a house while waiting for theirs to be sold. May also refer to a second subordinate loan.

## **Caveat Emptor**

Latin for "let the buyer beware". This puts the burden on the buyer to be satisfied with the item before purchasing the property. Many states have passed laws that require sellers to disclose any defects or problems with the property being sold.

## **Chattels**

Items of personal property that are movable (i.e., clothing, furniture), as distinguished from real property (i.e., land, a house).

## **Closing Protection Letter or CPL**

A letter from a title insurance company generally given to a lender for one or more closings that indemnifies the lender for loss, caused by the policy issuing agent's or approved attorney's failure to comply with the lender's written closing instructions or for certain kinds of misconduct committed by the issuing agent or approved attorney if the failure or misconduct affects the title or the mortgage.

## **Commission**

Fee payable to real estate agents for selling the property by the person authorizing the sale; usually a percentage of the sales price – though this can be negotiated and paid by the buyer or split between the parties. Often the commission is shared by the listing and buyers' real estate agent.

## **The Consumer Financial Protection Bureau® (CFPB)**

An independent government agency responsible for consumer protection in the financial sector.

## **Consummation**

The point in time when a borrower becomes contractually obligated to the creditor on the loan under state law.

## **Contingent Offer**

Offer to buy or sell is subject to some condition, such as the buyers selling their current home, or the home passing an inspection. If the condition is not met, then the parties may agree to waive the condition, or the contract may terminate.

## **Contract of Sale**

Written agreement setting out the terms and conditions of a property sale.

## **Covenant**

A promise or agreement in a written contract or deed of real property defining specific conditions or actions concerning the property.

## **Conventional Mortgage**

A mortgage loan not insured by the United States Department of Housing and Urban Development or guaranteed by the Veterans' Administration. It is subject to conditions established by the lending institution and state statutes. The mortgage rates may vary with different institutions and between states. (States have various interest limits.)

## **Credit Report**

A report detailing a loan applicant's credit history used by a lender to determine creditworthiness.

## **Deposit also called Earnest Money**

An agreed to percentage of the purchase price of a property placed in escrow as evidence of intention to buy. May be non-refundable based upon the terms and conditions of the contract. Usually the deposit goes toward the purchase price when the sale goes through.

## **Document Preparation**

A charge by an attorney for preparing legal documents for a transaction.

## **Encroachment**

When a structure, overhangs someone else's property, a fence or other structure is built over the dividing line between two properties.

## **Encumbrance**

An easement, lien or other restriction on a property, which impedes its use or transfer.

## **Equity**

The difference between the market value of the property and any loans that are outstanding on the property. If the market value is less than any outstanding loans, there will be a negative equity.

## **Escrow Funds**

Funds paid by one party to another (the escrow agent) to hold until the occurrence of a specified event, after which the funds are released to the designated individual, such as the completion of repairs or the payment of insurance and taxes. After closing, many lenders will require that the buyer make monthly payments (in addition to the principal and interest) to cover these expenses.

## **Exclusions**

Any item that is specifically not included in the sale (e.g., an above ground pool, garden shed). These should be shown in the contract.

## **Fixed Rate Mortgage**

A loan that carries an unchangeable interest rate over its entire term – typically a period of 15 to 30 years.

## **Homeowners Insurance**

Protects the property and contents in case of damage or loss; most lenders require that the insurance be for at least the loan amount or for 80% of the value of the improvements, whichever is greater.

## **Inclusions**

Lights, curtains, blinds, ceiling fans, air-conditioning units, fly screens, dishwasher, range hood, stove, fixed cupboards, clothes hoist or any other removable item (chattel) that the seller has agreed will be included in the sale.

## **Inspections**

An examination to determine the condition of property, such as termite inspections. Inspections are also conducted to see if required repairs were made before funds are disbursed.

## **Interest**

A charge paid for borrowing money.

## **Interest Only Loan**

Loan on which interest only is paid periodically, and the principal is paid at the end of the term. Some loans may be interest – only for a certain period of time, and then both principal and interest will be paid in monthly installments.

## **Inventory**

List of items included with a property for sale; usually furniture, furnishings and other removable items.

## **Investment**

The purchase of an asset, such as real estate, with the goal of producing income, including capital gain on the resale of the asset.

### **Joint Tenants With Right of Survivorship**

Joint tenancy is the equal holding of property by two or more persons. If one owner dies, the deceased's share passes on to the survivors.

### **Liabilities**

Your outstanding debts or what you owe.

### **Lien**

A claim one person holds on the property of another as security for money owed. Such claims may include obligations not met, judgments, unpaid taxes, materials or labor.

### **Loan Application Fee**

Paid to the lender at the time of application. The amount varies by lender.

### **Loan Discount or Points**

Sometimes also called "discount points", are a form of pre-paid interest. One point equals generally one percent of the loan amount. By charging a borrower points, a lender effectively increases the yield on the loan above the amount of the stated interest rate. Borrowers can offer to pay a lender points as a method to reduce the interest rate on the loan, thus obtaining a lower monthly payment in exchange for this up-front payment. For each point purchased, the loan rate is typically reduced by 1/8% (0.125%), but check with your lender for the specific reduction.

### **Loan Estimate Form and Closing Disclosure Form**

The forms, one a Loan Estimate and the other a Closing Disclosure, are intended, in the words of the Consumer Financial Protection Bureau (CFPB), to help consumers make informed decisions when shopping for a mortgage and avoid costly surprises at the closing table. These forms are required in most transactions.

### **Maintenance Fee**

Periodic charge by the homeowners' association as set out in the subdivision restrictions.

### **Maturity Date**

The last day of the term of the home loan agreement. The home loan must then be paid in full, or the home loan agreement must be renewed or refinanced.

### **Mortgage or Deed of Trust**

A legal agreement – containing the lender's terms and conditions – in which the owner pledges his/her/its title to real property to the lender as security for a loan described in a promissory note (a mortgagee lends the money to a mortgagor, the borrower.) Mortgages are normally recorded in the county records.

### **Mortgagee's or Lender's Title Policy**

A title insurance policy which insures the validity, enforceability and priority of a lender's lien. This policy does not provide protection for the owner.

### **Multiple Listing Service (MLS)**

System of offering the property through many real estate agents.

### **Offer to Purchase**

A formal legal agreement, which offers a specified price for a specified property. The offer may be firm (no conditions attached) or conditional (certain conditions apply).

### **Option to Buy**

Legal agreement giving the buyer the right to purchase property at a certain time and price. Option fee, usually a percentage of the price or fixed amount, is payable and may be forfeited if the buyer does not go through with the transaction. Option may be refunded if conditions are not met.

### **Origination Fee**

A fee the borrower pays the lender to originate a new loan.

### **Owner's Title Policy**

Insures that the buyer has the title to the property, subject to policy terms.

### **PITI**

Abbreviation for principal, interest, taxes and insurance – all of which can be lumped together in your monthly mortgage payment.

**Power of Attorney (POA)**

A written authorization by a person to another person to act for him on his behalf.

**Principal**

The actual amount of money that has been borrowed to buy a property.

**Private Mortgage Insurance (PMI)**

Insurance against a loss by a lender (mortgagee) in the event of default by a borrower (mortgagor). PMI is often required for larger loans.

**Real Estate Professional Fee**

Usually called commission, the amount paid to real estate professionals as compensation for their services.

**Recording Fees**

Charged by the county clerk to record documents in the public records.

**Restrictions**

These limit the way in which a property can be used or modified and are written into (or referred to in) the deed for the property. They are usually enforced by the developer or builder, the neighborhood or the homeowners' association. A certified copy of deed restrictions is usually required by the lender. Restrictions normally have a termination date but may be renewed.

**Settlement**

Completion of sale when the balance of contract price is paid to the seller and the buyer is legally entitled to take possession of the property.

**Survey**

Confirms lot size and identifies any encroachments or restriction violations.

**Tax Proration**

The seller and buyer split up property taxes based on the length each party owns the home during the year.

**Title Insurance**

Title insurance protects real estate owners and lenders against any property loss or damage they might experience because of liens, encumbrances or defects in the title to the property. Each title insurance policy is subject to specific terms, conditions and exclusions.

**Title Search**

The process of examining the land title normally by the title company to determine the terms and conditions under which the title company will issue a title policy.

**Important Contact Information**

**Real Estate Agent**

Name \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_

Work \_\_\_\_\_ Cell \_\_\_\_\_

Email \_\_\_\_\_

Notes \_\_\_\_\_

**Title and Escrow Company**

Name \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_

Work \_\_\_\_\_ Cell \_\_\_\_\_

Email \_\_\_\_\_

Notes \_\_\_\_\_

**Stewart Title**

1980 Post Oak Blvd.  
Houston, Texas 77056  
(800) STEWART  
stewart.com

**stewart title<sup>®</sup>**

*Real partners. Real possibilities.<sup>™</sup>*