WHAT TO EXPECT

DURING THE SETTLEMENT PROCESS
FOR REAL ESTATE AGENTS

For more information please contact your First American representative.

www.firstamkcmetro.com

First American Title™

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ESCROW OFFICER			
Name			
Email		Phone	

LENDER			
Name			
Email		Phone	

IMPORTANT DATES AND REMINDERS: _____

COUNT ON FIRST AMERICAN TITLE

COUNT ON US FOR SERVICE First American Title provides our customers the respect they deserve and the services they need. With a nationwide presence that focuses on local expertise, the people at First American Title are ready to meet your specific needs today. And we do it with a level of service and friendliness that is hard to beat in this industry.
First American Title is focused on you, our customer.

COUNT ON US FOR STABILITY First American Title, the largest subsidiary of First American Financial Corporation, traces its history to 1889. As one of the largest title insurers in the nation, we offer title services that help to ensure the orderly and efficient completion of real estate transactions, provided by skilled specialists that offer quality customer service and support.

COUNT ON US FOR CONVENIENCE We offer convenient locations with an extensive network of offices and agents throughout the United States. First American Title has pioneered operations in countries including Canada, the Bahamas, Puerto Rico, Bermuda,Guam, and the United Kingdom and was the first title insurance provider in Mexico, Korea, and Hong Kong. Along with escrow service and the peace of mind of title insurance protection, First American Title offers these additional products and services:

- Homeowner's Insurance / First American Property & Casualty Insurance Company
- Home Warranty Protection / First American Home Buyers Protection Corporation
- 1031 Tax-deferred Exchange Services / First American Exchange Company

LIFE OF AN ESCROW

The Buyer

- Chooses a real estate agent.
- Gets pre-approval letter from lender and provides to real estate agent.
- Makes offer to purchase. Upon acceptance, opens escrow and deposits earnest money.
- Finalizes loan application with lender. Receives a Loan Estimate from lender.
- Completes and returns opening package from First American Title.
- Schedules inspections and evaluates findings. Reviews title commitment/preliminary report.
- Provides all requested paperwork to lender (bank statements, tax returns, etc.) All invoices and final approvals should be to the lender no later than 10 days prior to loan consummation.
- Lender (or escrow officer) prepares CD and delivers to buyer at least 3 days prior to loan consummation.
- Escrow officer or real estate agent contacts the buyer to schedule signing appointment.
- Buyer consummates loan, executes settlement documents, & deposits funds via wire transfer.
- Documents are recorded and the keys are delivered!

The Seller

- Chooses a real estate agent.
- Accepts buyer's offer to purchase.
- Completes and returns opening package from First American Title, including information such as forwarding address, payoff lender contact information and loan numbers.
- Orders any work for inspections and/or repairs to be done as required by the purchase agreement.
- Escrow officer or real estate agent contacts the seller to schedule signing appointment.
- Documents are recorded and all proceeds from sale are received.

The Escrow Officer

- Upon receipt of order and earnest money deposit, orders title examination.
- Requests necessary information from buyer and seller via opening packages.
- Reviews title commitment/ preliminary report.
- Upon receipt of opening packages, orders demands for payoffs. Contacts buyer or seller when additional information is required for the title commitment/preliminary report.
- All demands, invoices, and fees must be collected and sent to lender at least 10 days prior to loan consummation.
- Coordinates with lender on the preparation of the CD.
- Reviews all documents, demands, and instructions and prepares settlement statements and any other required documents.
- Schedules signing appointment and informs buyer of funds due at settlement.
- Once loan is consummated, sends funding package to lender for review.
- Prepares recording instructions and submits docs for recording.
- Documents are recorded and funds are disbursed. Issues final settlement statement.

The Lender

- Accepts buyer's application and begins the qualification process. Provides buyer with Loan Estimate.
- Orders and reviews title commitment/preliminary report, property appraisal, credit report, employment and funds verification.
- Collects information such as title commitment/preliminary report, appraisal, credit report, employment and funds verification. Reviews and requests additional information for final loan approval.
- Underwriting reviews loan package for approval.
- Coordinates with escrow officer on the preparation of the Closing Disclosure, which is delivered to buyer at least 3 days prior to loan consummation.
- Delivers loan documents to escrow.
- Upon review of signed loan documents, authorizes loan funding.

Practices vary by state and are subject to local laws and customs.

TERMS YOU SHOULD KNOW

APPRAISAL An estimate of value of property resulting from analysis of facts about the property; an opinion of value.

ANNUAL PERCENTAGE RATE (APR) The borrower's costs of the loan term expressed as a rate. This is not their interest rate.

BENEFICIARY The recipient of benefits, often from a deed of trust; usually the lender.

CLOSING DISCLOSURE (CD) Closing Disclosure form designed to provide disclosures that will be helpful to borrowers in understanding all of the costs of the transaction. This form will be given to the consumer three (3) business days before closing.

CLOSE OF ESCROW Generally the date the buyer becomes the legal owner and title insurance becomes effective.

COMPARABLE SALES Sales that have similar characteristics as the subject real property, used for analysis in the appraisal. Commonly called "comps."

CONSUMMATION Occurs when the borrower becomes contractually obligated to the creditor on the loan, not, for example, when the borrower becomes contractually obligated to a seller on a real estate transaction. The point in time when a borrower becomes contractually obligated to the creditor on the loan depends on applicable State law. Consummation is not the same as close of escrow or settlement.

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

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

DISBURSEMENT DATE
The date the amounts are to be disbursed to a buyer and seller in a purchase transaction or the date funds are to be paid to the borrower or a third party in a transaction that is not a purchase transaction.

EARNEST MONEY DEPOSIT
Down payment made by a purchaser of real property 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.

ENDORSEMENT As to a title insurance policy, a rider or attachment forming a part of the insurance policy expanding or limiting coverage.

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.

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 parcel 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 parcel of real property the security for the payment of a debt or discharge of an obligation. For example, judgments, taxes, mortgages, deeds of trust.

LOAN ESTIMATE (LE) Form designed to provide disclosures that will be helpful to borrowers in understanding the key features, costs and risks of the mortgage loan for which they are applying. Initial disclosure to be given to the borrower three (3) business days after application.

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

PITI A payment that includes Principal, Interest, Taxes, and Insurance.

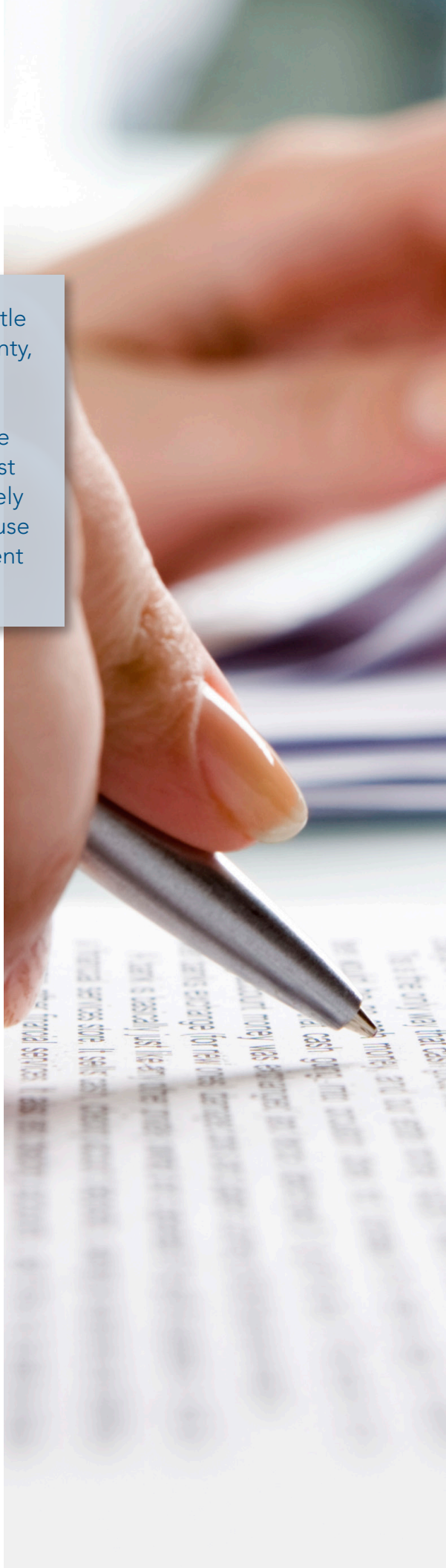
POWER OF ATTORNEY A written instrument whereby a principal gives authority to an agent. The agent acting under such a grant is sometimes called an "Attorney-in-Fact."

RECORDING Filing documents affecting real property with the appropriate government agency as a matter of public record.

SETTLEMENT STATEMENT Provides a complete breakdown of costs involved in a real estate transaction.

TRID TILA-RESPA Integrated Disclosures

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. There is no specific rule as to who pays for the owner's title insurance policy; it depends on the local custom and negotiations between buyer and seller. If there is a new loan, the buyer usually 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, up to the amount of the policy.

WHY TWO POLICIES? As a buyer of real estate property, you'll want to protect your investment – and the ownership rights that come with it. That's why it's wise to purchase an owner's policy of title insurance in conjunction with the loan policy your mortgage lender will require you to purchase. The loan policy insures the lender against covered title defects up to the amount of the insurance, while an owner's policy protects your interest in the property.

ADDITIONAL TITLE THREATS

There are many title issues that could cause you to lose your property or your mortgage investment. Even the most careful search of public records may not disclose the most dangerous threat: hidden risks. These issues may not be uncovered until years later. Without title insurance from a reputable and financially solvent company, your title could be worthless. With the proper insurance, your rights will be defended in court. Here are some of the issues that occur most frequently.

- Deeds by persons supposedly single, but secretly married
- Deeds delivered after death of grantor/grantee, without consent of grantor
- Deeds in lieu of foreclosure given under duress
- Marital rights of spouse purportedly, but not legally, divorced
- Impersonation of the true owner of the land
- Deeds by minors
- Deeds by persons of unsound mind
- Deeds to or from defunct corporations
- Defective acknowledgments by notaries
- Discovery of will of apparent intestate
- Duress in execution of instruments
- Erroneous reports furnished by tax officials
- Forged deeds, releases, etc.
- Misrepresentation of will
- Mistakes in recording legal documents
- Surviving children omitted from will
- Administration of estate of persons absent but not deceased
- Birth or adoption of children after date of will
- Claims of creditors against property sold by heirs or devisees
- Deed of community property recited to be separate property
- Deeds by foreign parties

DOCUMENTS & DEFINITIONS

PROMISSORY NOTE Your lender may request that you sign the Promissory Note which is a written promise to pay a debt under the specified terms. The Note usually provides for interest and is secured by a mortgage or trust deed.

MORTGAGE/DEED OF TRUST The mortgage is the legal document that secures the note and provides your lender a legal claim against the property if you default under the terms of the Promissory Note. The mortgage restates the basic information found in the note and states your responsibilities to pay the principal and interest payments, maintain homeowner/hazard insurance on the property, adequately maintain the property and the lender's rights in the event that you fail to meet these requirements.

CLOSING DISCLOSURE The Closing Disclosure, or CD, is a document that is required on most loans. This federally mandated form is intended to provide borrowers with a timely disclosure of loan costs. The borrower must receive the CD at least three business days* prior to loan consummation. While the CD plays an important role in disclosing your loan costs, it may not provide an accurate representation of the amount owed for finalizing your purchase. Your escrow officer will prepare a settlement statement which will reflect the amount required to close escrow.

*For purposes of the Closing Disclosures "business day" is defined as every day except Sundays and Federal legal holidays.

DEED Written document by which an interest in real property is transferred from one person to another. The person who transfers the interest is called the "grantor." The one who acquires the interest is called the "grantee." You will execute a deed at the time of settlement which will transfer your ownership in the property to the new buyer. This document will include the names of the buyer, the seller and a legal description of the property.

OWNER'S TITLE POLICY A policy of title insurance insuring an owner of real estate against loss occasioned by defects in, liens against, or unmarketability of the owner's title.

TIPS FOR A TIMELY CLOSING
FOR THE SELLER

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

MORTGAGES ON THE PROPERTY Please provide detailed information, including loan number and payment address, on all mortgages on the property. Home equity lines, even if they have a zero balance, will also require detailed mortgage information in order to satisfy the original loan requirements. You may have to provide signed authorization for the lender to send the payoff.

CONFIDENTIAL INFORMATION STATEMENT You may be asked to complete this form if you have a common surname. In addition to the form, you may have to supply supporting documentation of a change in marital status or if the property was inherited.

MAINTENANCE CONTRACTS If the buyer will be assuming service contracts on equipment or appliances, please provide a copy of the service contract. They may be easily transferred and the unused portion can be credited to you on the settlement statement at closing.

JUDGMENT SEARCH Any judgments, tax liens, etc., filed against you which attach to the property, must be paid from your seller proceeds at closing.

FOREIGN INVESTMENT IN REAL PROPERTY TAX ACT OF 1980 (FIRPTA) If you are not a United States citizen, we may be required to deduct and withhold a tax equal to 10% or 15% of amount realized (generally the amount paid for the property). Please review the FIRPTA requirements prior to closing.

INTERNAL REVENUE SERVICE (IRS) We are required to report the sale of the property to the IRS. Please provide your social security number(s) and forwarding address at closing.

POWER OF ATTORNEY The use of a power of attorney must be approved in advance of settlement. If you are planning to use a power of attorney, please inform your escrow officer as soon as possible to allow time to properly review the document.

MARITAL STATUS Spouses may be required to sign closing documents even when they do not hold title and their name does not appear on the deed.

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

REQUIRED AT SIGNING Identification such as U.S. driver's license, passport or military ID must be provided at the signing appointment.

SALE PROCEEDS Please provide written instructions for delivery of sales proceeds. For security purposes, we cannot accept verbal instructions and we may contact you prior to closing to confirm your instructions.

TIPS FOR A TIMELY CLOSING
FOR THE BUYER

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

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

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

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

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

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

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

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

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

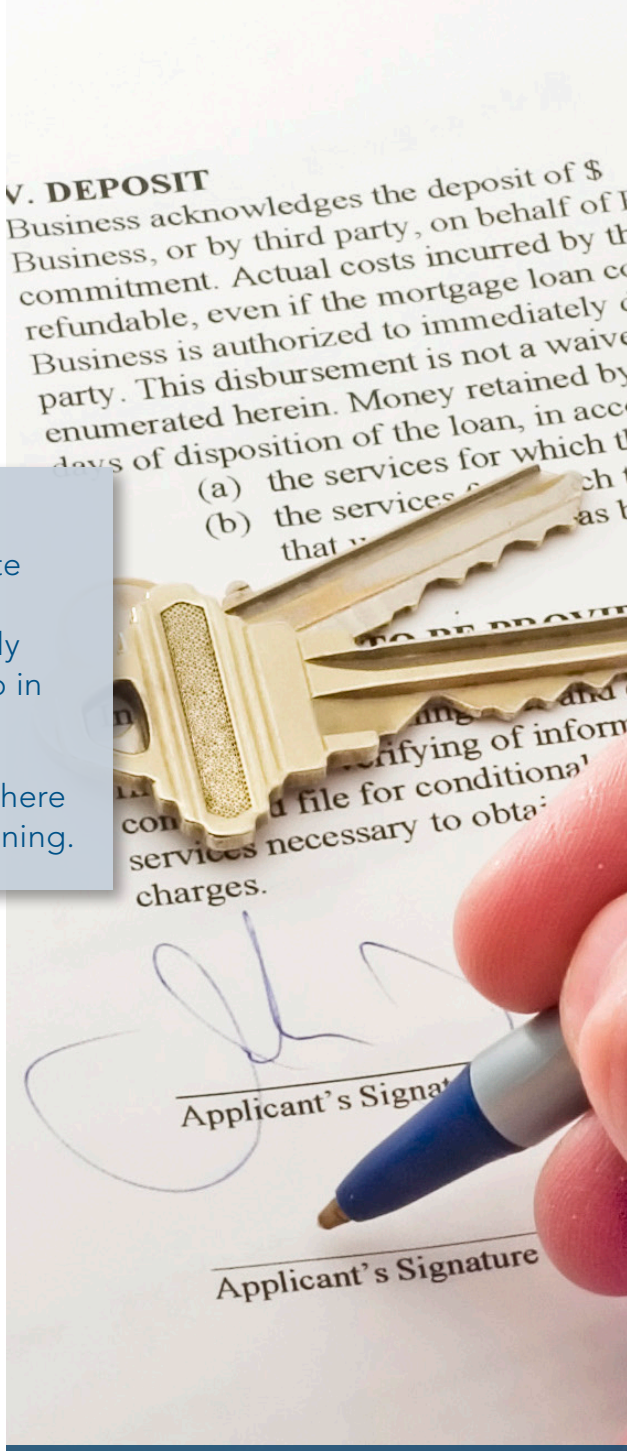
MAIL-AWAY If you are unable to attend the signing, please provide the address where the closing documents should be mailed and a contact phone number. Your signature on certain affidavits, loan documents and other closing documents may require the services of a notary.

*For purposes of the Closing Disclosure "business day" is defined as every day except Sundays and Federal legal holidays.

READY. SET. CLOSE.
HELPFUL INFORMATION TO PREPARE YOU FOR A STRESS-FREE SIGNING

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

Although the settlement process can vary from state to state, here are some common items that may be required from you at signing.



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

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

CASHIER'S CHECK, TREASURER'S CHECK, OR WIRE TRANSFER PAYABLE TO: First American Title In the event you are required to bring funds to close escrow, we cannot accept personal checks or cash. If you prefer to wire your funds, please contact us for bank routing instructions. If you will be bringing a proceeds check from another settlement, please contact us to verify the acceptance of those funds - we do not automatically accept checks from all title companies and attorneys.

ALL PERSONS WHO HOLD TITLE TO THE PROPERTY OR WHO WILL BE PURCHASING THE PROPERTY MUST ATTEND CLOSING TO SIGN DOCUMENTS State-specific laws may require the spouse of the parties in title, even though their name does not appear on the deed, to sign certain documents when obtaining a mortgage. If anyone is unable to attend signing, please contact your local First American Title office to arrange a Power of Attorney or signing by mail.

CLOSE OF ESCROW.

Once all documents are signed and funds are deposited, the lender will review the signed documents and give us authorization to close escrow. In some areas this may take several days and in other areas this may occur during the signing. Once escrow is closed, the buyer is the new owner of the property and the seller will receive the sale proceeds. Congratulations on a successful closing!

! FRAUD ALERT

Scammers have been known to pose as a title company and send alternative wiring instructions to consumers. When wiring funds, you can verify that the wiring instructions are from First American Title by contacting us at a trusted phone number. Wiring instructions for a title company rarely change, so any communication indicating a change should be considered suspect.

my orders . my time . my way

*my*FirstAm®

Never before has there been an easier, faster way to track your transactions, get property information,* and keep your clients happy.

Welcome to *my*FirstAm®

Access detailed order status through a single sign-on portal, eliminating the need to work across multiple sites.

View your order information 24/7, so you can work within your schedule.

Get rapid order status notifications, via email or text messages, giving you more time to focus on your customers.

Give order status access to team members, such as your assistant, helping to reduce the risk of information/status confusion.

Get direct access to First American's closing cost calculator,** so you can respond quickly to customer inquiries.

Get property information, aerial maps, and farm data from your desktop or mobile device, saving you time and enhancing your customer service.

Contact us for a complete demo, and to help you configure your *my*FirstAm® in a way that meets your needs.

* Fees may apply. Not available where prohibited by law. ** First American's title fee calculator is an Internet-based platform, which provides our customers with a user-friendly method of obtaining estimates for title insurance premiums, endorsement charges, recording fees, and transfer tax. There may be variables that need to be considered in determining the final rate to be charged, including geographic and transaction-specific items which are beyond the functionality provided by the First American's title fee calculator. All estimates obtained through the use of this calculator are dependent upon the accuracy of the information entered into the calculator. Please contact your local First American agent or office to confirm your quote.

YOUR NOTES:

YOUR NOTES:

YOUR NOTES:

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