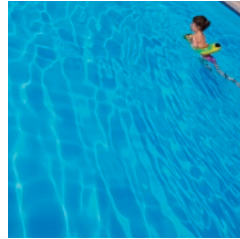


think first.



THINK FIRST AMERICAN.



*First American
Title Insurance Company*

2490 Paseo Verde Pkwy, Suite 100 Henderson, NV 89074
Phone 702.731.4131 ▼ Fax 702.855.0885 ▼ www.firstam.com

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TABLE of contents

- | | |
|---|---|
| 02. QUICK REFERENCE PAGE | 15. COMPARE OUR EAGLE POLICY |
| 03. FAST FACTS FOR BUYERS | 16. WHO PAYS CLOSING COSTS? |
| 04. LIFE OF AN ESCROW | 17. ADDITIONAL TITLE THREATS |
| 05. BENEFITS FROM A PROFESSIONAL REALTOR®
COUNT ON FIRST AMERICAN | 18. CLOSING YOUR ESCROW
AFTER THE CLOSING
COUNTY TAX DATES |
| 06. OBTAINING A NEW LOAN
WHAT YOU NEED FOR THE LOAN APPLICATION | 19. PLANNING YOUR MOVE |
| 07. WHAT TO AVOID DURING THE LOAN PROCESS
TYPES OF LOANS | 20. TERMS YOU SHOULD KNOW |
| 08. MORTGAGE PAYMENT CHARTS | |
| 09. WAYS TO TAKE TITLE | |
| 10. SELECTING A HOME | |
| 11. RENT VS. BUY | |
| 12. THE ESCROW PROCESS | |
| 13. EXPLANATION OF TITLE COMMITMENT | |
| 14. UNDERSTANDING TITLE INSURANCE | |

buying a home

YOUR ESCROW NUMBER _____
 YOUR NEW ADDRESS _____
 CITY/STATE/ZIP _____

quick reference

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

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

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

		STOP DATE	START DATE
INSURANCE	Agent _____ Policy # _____		
	Phone (____) _____		
GAS	New Agent _____ Policy # _____	___/___/___	___/___/___
	Phone (____) _____		
CABLE	Southwest Gas 702-365-1555 • Southwest Gas - Gardnerville: 775-882-2126 • Bi-State Propane 775-782-2371		
	NV Energy 775-834-4444 • Southwest Gas - Elko: 800-832-2555 New gas company _____	___/___/___	___/___/___
ELECTRIC	Cox 702-383-4000 • Charter Communications 888-438-2427 • Direct TV 888-795-9489 • Dish Network 800-381-4498		
	Baja Broadband-Elko 775-738-2662 New cable company _____	___/___/___	___/___/___
COMMUNICATIONS	NV Energy: Northern NV 775-834-4444 Southern NV 702-402-5555 Elko 775-738-3188		
	Boulder City 702-293-9244 • Valley Electric (Pahrump) 775-382-1214	___/___/___	___/___/___
WATER	New electric company _____		
	Embarq Telephone 702-244-7400 • AT&T 775-858-5000 • SBC 775-333-4811 • Frontier Elko 800-921-8101		
OTHER	Long distance carrier, if different _____		
	New phone company _____		
WATER	Your new phone (____) _____ New fax (____) _____	___/___/___	___/___/___
	Cell phone _____		
WATER	Pager _____		
	Internet service _____		
WATER	Las Vegas Valley Water District 702-870-4194 • Gardnerville Town Water 775-782-2339		
	North Las Vegas 702-633-1484 • Douglas Disposal 775-782-5713		
WATER	Boulder City 702-293-9244 • Henderson 702-267-5900	___/___/___	___/___/___
	Elko Water and Sewer 775-777-7135 • Spring Creek Association 775-753-6295		
WATER	Truckee Meadows Water Authority 775-834-8080		
	New water company _____		
OTHER	Newspapers: Las Vegas Review Journal 702-383-0211 • Reno Gazette-Journal 775-788-6200		
	Other _____		
OTHER	Magazines _____		
	Pest control _____	___/___/___	___/___/___
OTHER	Lawn service _____		
	Post Office _____		

fast facts

> FOR BUYERS

> REALTOR®

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

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

> REAL ESTATE AGENT.

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

> LISTING AGENT.

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

> BUYER'S AGENT.

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

> MULTIPLE LISTING SERVICE (MLS).

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

> COMMITMENT IS A TWO-WAY STREET.

Your Realtor® will make a commitment to spend valuable hours finding the right home for you: researching listings, previewing properties, visiting homes with you, and negotiating your contract. Honor that commitment by staying with the Realtor® you've selected until you purchase your home. Be sure your Realtor® accompanies you on your first visit to all new homes and open houses, too.

THE ADVANTAGES

OF WORKING WITH ONLY ONE REALTOR® INCLUDE:

1

The Realtor® becomes familiar with your family's needs.

2

You develop better rapport and communication when working towards your goal with only one Realtor®.

3

The Realtor® is more committed to you because you return that commitment.

4

You avoid any uncomfortable situation arising from agent conflict.



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

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

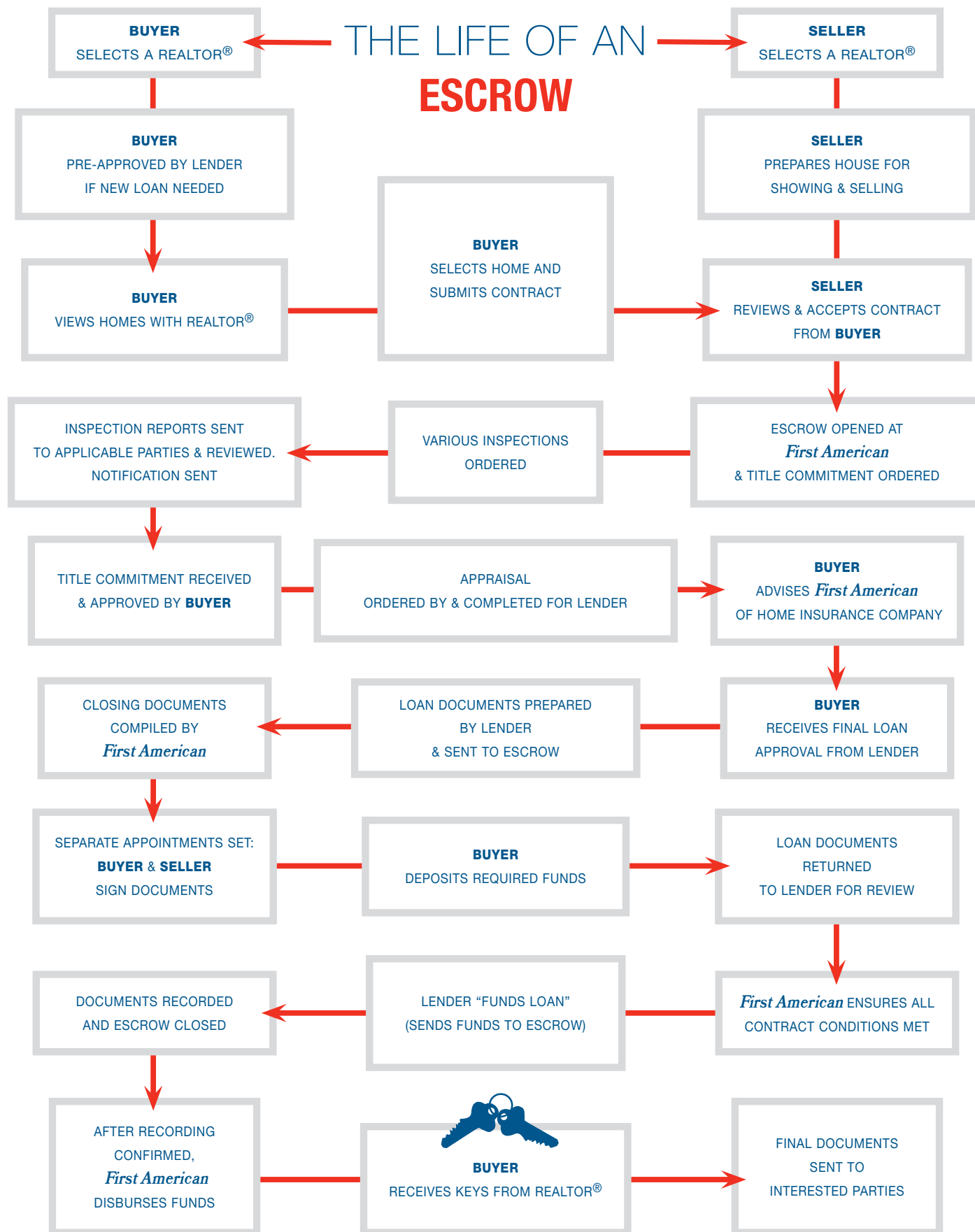
• • •

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

• • •

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

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



benefits

FROM A PROFESSIONAL REALTOR®

Congratulations on your decision to buy a home!

It's a challenging project, and there are many ways a professional can help. Here are some of the many ways you may benefit from working with a Realtor®:

IT WON'T COST YOU A PENNY!
The Realtor® who helps you buy a home is traditionally paid by the Seller.

MANY MORE HOME CHOICES.
Your Realtor® has thousands of homes to choose from through the Multiple Listing Service (MLS), so you're more likely to find the home that's just right for you and find it quicker. In fact, a majority of the homes for sale are listed by Realtors® and aren't available to you unless you are working with a Realtor®.

A NUMBER OF TRANSACTIONS "FALL OUT."
Unfortunately, it's true. Some transactions fall apart before closing. An experienced Realtor® may be able to resolve problems and see your transaction through to a successful closing.

KNOWLEDGE OF NEW HOME SUBDIVISIONS.
New home subdivisions will welcome you and your Realtor®. If you're interested in buying a new home, take your agent with you on your first visit to each subdivision. Your professional Realtor® is an important source of information who can supply background on the builder, nearby subdivisions, and the local community.

IT'S A MAJOR INVESTMENT.
You use a professional for your legal, financial and health needs. Why gamble on what may be your biggest investment without a professional at your side?

HELP WITH FSBO'S.
If you consider a "For Sale By Owner," take your Realtor® along to help negotiate the contract. The owner may not only agree to your terms, but also agree to pay the agent's commission.

LESS LIABILITY.
You will have more protection from legal and financial liability, especially as real estate transactions become more complicated.

THE PAPERWORK.
Your experienced Realtor® will negotiate and prepare the purchase contract for you and assist you throughout the escrow process.

[COUNT ON]

First American Title

[COUNT ON US] for service

First American Title was chosen as the Best Title Company at the 2007 Best of Nevada Real Estate Awards. Your Realtor® recommends First American with confidence, knowing each of our branches is staffed by professionals dedicated to closing your escrow.

[COUNT ON US] for stability

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

[COUNT ON US] for convenience

We offer more convenient locations - 5 offices in the Las Vegas area and more than 10 throughout Nevada. First American has an extensive network of offices and agents throughout the United States, the Bahama Islands, Canada, Mexico, Puerto Rico, the U.S. Virgin Islands, Bermuda, Guam, and the United Kingdom. Our Nevada Division headquarters is located at 2490 Paseo Verde Pkwy., Ste. 100, Henderson, NV 89074. Major cross-streets are I-215 and St. Rose Pkwy.

[COUNT ON US] for all of your needs

First American offers more than title insurance and escrow services:

- Property research
- Account servicing
- Foreclosures
- 1031 tax-deferred exchanges

OBTAINING A NEW LOAN

WHEN AND WHERE TO APPLY FOR A LOAN?

There are many sources for home loans including banks, credit unions, mortgage companies, and mortgage brokers. Your Realtor® may give you several names of lenders who have proven reliable in their previous transactions. Apply for your loan as soon as possible. In fact, it's probably a good idea to **know what you can afford before you begin looking** for your new home. It can give you more bargaining power when negotiating with a Seller, especially in today's market. A lender can prequalify you for a certain price range and help you avoid disappointment later.

YOUR LENDER WILL MAIL OUT VERIFICATION REQUESTS and order an appraisal on the property you are buying. **If your lender asks for additional items, please comply promptly with those requests to avoid delaying loan approval.**

WHAT IS HAZARD (OR FIRE) INSURANCE?

Hazard insurance covers the dwelling itself and is required by the lender to protect their "risk" in your home. Your lender or Realtor® will explain the necessary hazard insurance coverage to you. If you are buying a condominium, a master policy already exists which includes your unit—but it does not cover your personal belongings.

CONTACT YOUR INSURANCE AGENT EARLY IN THE PROCESS, because this coverage must be provided so the lender can release loan funds to First American. Hazard insurance is one of the items frequently postponed until the last minute, and **this can result in delaying the closing for a day or more.** Order your insurance as soon as your loan is approved; then furnish your escrow officer with the agent's name and phone number.

When you talk with your insurance agent, be sure to ask about additional coverage in a homeowner's policy to insure your personal belongings and to protect against liability for such events as injuries to visitors.

WHAT HAPPENS AFTER LOAN APPROVAL?

After loan approval and just prior to your planned closing date, the lender will send loan documents to First American Title, and your escrow officer will prepare an estimated settlement statement. This statement indicates what funds go where, and at this time your escrow officer can tell you how much money you need to bring to the closing appointment. **Be aware that this amount may be higher or lower than previously estimated** due to changes in such items as prepaid interest, prorated fees, courier fees, and impound accounts.

What You May Need For The Loan Application

Be prepared to provide some or all of these items to your loan officer.

Addresses of residences for last two years

Social Security Number

Driver's License or other valid ID

Names and addresses of employers
for last two years

Two recent pay stubs showing
year-to-date earnings

Federal tax returns for last two years

W-2's for last two years

Last two months statements for all
checking and savings accounts

Loans: Names, addresses, account numbers,
and payment amounts on all loans

Real estate loans: Names, addresses,
account numbers, and payment amounts
on all loans for other real estate you own

Credit cards: Names, addresses, account
numbers, and payment amounts on all
credit cards

Addresses and values of other real estate owned

Value of personal property. Your best estimate
of the value of all your personal property (autos,
boats, furniture, jewelry, television, stereo,
computer, other electronics, etc.)

For a VA loan, Certificate of Eligibility or DD214s

Divorce decree if applicable

Funds to pay upfront for the credit report
and appraisal

WHAT TO **AVOID** DURING THE LOAN PROCESS

DON'T PAY OFF EXISTING ACCOUNTS UNLESS THE LENDER REQUESTS IT.

If your Loan Officer advises you to pay off certain bills in order to qualify for the loan, follow that advice. Otherwise, leave your accounts as they are until your escrow closes. ❌

DO NOT CHANGE JOBS. A job change may result in your loan being denied, particularly if you are taking a lower paying position or moving into a different field. Don't think you're safe because you've received approval earlier in the process, as the lender may call your employer to re-verify your employment just prior to funding the loan. ❌

AVOID SWITCHING BANKS OR MOVING YOUR MONEY TO ANOTHER INSTITUTION.

After the lender has verified your funds at one or more institutions, the money should remain there until needed for the purchase. ❌

DON'T MAKE ANY LARGE PURCHASES.

A major purchase that requires a withdrawal from your verified funds or increases your debt can result in your not qualifying for the loan. A lender may check your credit or re-verify funds at the last minute, so avoid purchases that could impact your loan approval. ❌

types of loans

ADJUSTABLE RATE LOAN. Adjustable or variable rate refers to the fluctuating interest rate you'll pay over the life of the loan.

The rate is adjusted periodically to coincide with changes in the index on which the rate is based. The minimum and maximum amounts of adjustment, as well as the frequency of adjustment are specified in the loan terms. An adjustable rate mortgage may allow you to qualify for a higher loan amount but maximums, caps and time frames should be considered before deciding on this type of loan.

ASSUMABLE LOAN. A true assumable loan is rare today! This loan used to enable a buyer to pay the seller for the equity in the home and take over the payments without meeting any requirements. Assumables these days generally require standard income, credit and funds verification by the lender before the loan can be transferred to the buyer.

BALLOON PAYMENT LOAN. A balloon loan is amortized over a long period but the balance is due and payable much sooner, such as amortized over 30 years but due in five years. The loan also may be extendable or it may roll into a different type. This could be an option if you expect to refinance before the loan is due or you plan to sell before that date. Discuss this option carefully with your Loan Officer before accepting this type of loan.

BUY-DOWN LOAN. If you have cash to spare, you can pay a portion of the interest upfront to reduce your monthly payments.

COMMUNITY HOMEBUYER'S PROGRAM. This program is designed to assist first-time buyers by offering a fixed rate and a low downpayment, such as 3 to 5% down. The program doesn't require cash reserves, and qualifying ratios are more lenient; however, the buyer's income must fall within a certain range and a training course may be necessary if required by the program. Ask your Loan Officer if this program is available in your community and whether or not you might qualify.

CONVENTIONAL LOAN. This simply describes a loan that is not obtained under any government-insured program, secured by investors. It could be any type: fixed rate, adjustable, balloon, etc.

FHA LOAN. This program is beneficial for buyers who don't have large downpayments. The loan is insured by the Federal Housing Administration under Housing and Urban Development (HUD) and offers easier qualifying with less cash needed upfront but the condition of the property is strictly regulated. The Seller will pay a portion of the closing costs that would typically be paid by the buyer in a conventional loan program.

FIXED RATE LOAN. This loan has one interest rate that is constant throughout the loan.

GRADUATED PAYMENTS. This is a mortgage that has lower payments in the beginning that increase a pre-determined amount (not based on current rate fluctuations as with an adjustable) usually on an annual schedule for a specific number of years.

NO-QUALIFYING. A no-qualifying loan may be an option for those who can afford a larger downpayment, generally 25% to 30% or more. Since the risk for the lender is virtually eliminated, the borrower doesn't have to meet normal lender requirements such as proof of income.

VA LOAN. People who have served in the U.S. armed forces can apply for a VA loan which covers up to 100% of the purchase price and requires little or no downpayment. The seller pays much of the closing costs but those fees are added to the sales price of the home.

MORTGAGE PAYMENT

PRINCIPAL & INTEREST

30-YEAR LOAN

INTEREST RATE

LOAN AMOUNT	5%	5.5%	6%	6.5%	7%	7.5%	8%	8.5%	9%
\$80,000	429	454	480	506	532	559	587	615	644
\$90,000	483	511	540	569	599	629	660	692	724
\$100,000	537	568	600	632	665	699	734	769	805
\$120,000	644	681	729	758	798	839	881	923	966
\$140,000	752	795	839	885	931	978	1027	1076	1126
\$160,000	859	908	959	1011	1064	1118	1174	1230	1287
\$180,000	966	1022	1079	1138	1198	1258	1321	1384	1448
\$200,000	1074	1136	1199	1264	1331	1398	1468	1538	1609
\$220,000	1181	1249	1319	1391	1464	1538	1614	1692	1770
\$240,000	1288	1363	1439	1517	1597	1678	1761	1845	1931
\$260,000	1396	1476	1559	1643	1730	1818	1908	1999	2092
\$280,000	1503	1590	1679	1770	1863	1958	2055	2153	2253
\$300,000	1610	1703	1799	1896	1996	2098	2201	2307	2414
\$400,000	2147	2271	2398	2528	2661	2797	2935	3076	3218
\$500,000	2684	2839	2998	3160	3327	3496	3669	3845	4023
\$600,000	3221	3407	3597	3792	3992	4195	4403	4613	4828
\$700,000	3758	3975	4197	4424	4657	4895	5136	5382	5632

HOW MUCH HOME YOU CAN AFFORD?

THIS FORMULA IS ONLY A GUIDE AND NOT TO BE CONSTRUED AS ACTUAL LENDING CALCULATIONS. Contact your loan officer to determine more accurately what price range you should consider. Lenders abide by certain ratios when calculating the loan amount their customers can qualify for and the ratios vary by lender and loan program. Many use 28% of your gross monthly income as the maximum allowed for your mortgage payment (principal/interest/taxes/insurance or PITI); for your total monthly debt, the ratio is 36%. Total monthly expenses means PITI plus long-term debt (such as auto loans) and revolving/credit-card debt. Do not include other expenses such as groceries, utilities, clothing, tuition, etc., to calculate this ratio.

MONTHLY PAYMENTS ON ACCOUNTS, AUTO, CREDIT CARD, LOANS
 + _____
 + _____
 + _____
 + _____
 + _____
 = TOTAL MONTHLY DEBT (A)

GROSS MONTHLY INCOME BEFORE TAXES (B): _____
 x .36
 = ALLOWABLE TOTAL MONTHLY DEBT (C)

MONTHLY ALLOWABLE TOTAL DEBT (C) _____
 MINUS MONTHLY DEBT (A) _____
 = MONTHLY ALLOWABLE PITI (D) _____
 LESS 20% FOR TAXES & INSURANCE) x .80
 = ALLOWABLE PRINCIPAL/INTEREST ONLY (E) _____

GROSS MONTHLY INCOME (B) _____
 x .28
 = MONTHLY ALLOWABLE PITI (F) _____
 (LESS 20% FOR TAXES & INSURANCE) x .80
 = ALLOWABLE PRINCIPAL/INTEREST ONLY (G) _____
 PAYMENT: ENTER LESSER OF (E) OR (G) (H) _____

USING CHART ABOVE, FIND CURRENT INTEREST RATE. LOCATE PAYMENT AMOUNT IN THAT COLUMN CLOSE TO YOUR PRINCIPAL AND INTEREST (H). FIND LOAN AMOUNT TO THE LEFT AND ENTER HERE.
 LOAN AMOUNT FOR 20% DOWN ÷ .80 = HOME PRICE _____
 LOAN AMOUNT FOR 10% DOWN ÷ .90 = HOME PRICE _____

WAYS TO TAKE TITLE IN NEVADA

	COMMUNITY PROPERTY	JOINT TENANCY WITH RIGHT OF SURVIVORSHIP	COMMUNITY PROPERTY WITH RIGHT OF SURVIVORSHIP	TENANCY IN COMMON
PARTIES	Requires a valid marriage between two persons.	Any number of persons (can be husband and wife)	Requires a valid marriage between two persons.	Parties need not be married; may be more than two tenants in common.
DIVISION	Each spouse holds an undivided one-half interest in the estate.	Each joint tenant holds an equal and undivided interest in the estate, unity of interest.	Each spouse holds an undivided one-half interest in the estate.	Each tenant in common holds an undivided fractional interest in the estate. Can be disproportionate, e.g., 20% and 80%; 60% and 40%; 20%, 20%, 20% and 40%; etc.
TITLE	Title is in the "community". Each interest is separate but management is unified	There is only one title to the whole property.	Title is in the "community". Each interest is separate but management is unified.	Each co-owner has a separate legal title to his undivided interest.
POSSESSION	Equal right of possession	Equal right of possession	Equal right of possession.	Equal right of possession.
CONVEYANCE	Both co-owners must join on the conveyance of real property. Separate interests cannot be conveyed.	Conveyance by one co-owner without the others breaks the joint tenancy, provided its recorded prior to death	Both co-owners must join on the conveyance of real property. Separate interests cannot be conveyed.	Each co-owner's interest may be conveyed separately by its owner.
PURCHASER'S STATUS	Purchaser can only acquire whole title of community, but cannot acquire a part of it.	Purchaser will become a tenant in common with the other co-owners in the property.	Purchaser can only acquire whole title of community, but cannot acquire a part of it.	Purchaser will become a tenant in common with the other co-owners in the property
DEATH	On co-owners death, 1/2 belongs to survivor in severally, 1/2 goes by will to descendant's devisees or by succession to survivor.	On co-owner's death his interest ends and cannot be disposed of by will. Survivorship owns the property by rights of survivorship.	On co-owner's death, his interest ends and cannot be disposed of by will. Estate passes to survivor outside of probate.	On co-owner's death, his interest passes by will to his devisees of heir. No right of survivorship. Subject to court approval.
CREDITOR'S RIGHTS	Co-owner's interest cannot be seized & sold separately. The whole property may be sold at execution sale to satisfy creditors.	Co-owner's interest may be sold at execution sale.	Co-owner's interest cannot be seized & sold separately. The whole property may be sold at execution sale to satisfy creditors.	Co-owner's interest may be sold at execution sale to satisfy creditor. Creditor becomes tenant in common.

Note: This document is intended for information purposes only. You are urged to contact your attorney and certified public accountant regarding the best way for you to hold title inasmuch as your personal circumstances will influence this decision.

SELECTING A HOME



The following home comparison chart is designed to help you remember the homes you visit and what you liked best and least about each one. Rate features or make notes that will help you determine what pleased or displeased you.

Remembering each home would appear easy, but it can quickly become confusing. Which home was near the school? Which one had the great pool? Did it have a family room? And how many bathrooms? In the "Something Memorable" category, note something you think is unusual and memorable about each home, such as a stained glass window, fruit trees, a child's playhouse. This will make it easier for you to recall the property later and refer to a specific address. And, last but not least, maybe the most important question, does this house feel like home?

Good luck with your search, and enjoy your house hunting adventure!

HOME COMPARISON CHART

	HOME 1	HOME 2	HOME 3	HOME 4	HOME 5
ADDRESS					
ASKING PRICE					
NO. BEDROOMS/BATHS	/	/	/	/	/
SQUARE FOOTAGE					
FIRST IMPRESSION					
LOCATION					
NEIGHBORHOOD					
APPEALING STYLE					
LIVING ROOM					
DINING ROOM					
GREAT ROOM					
KITCHEN					
FAMILY ROOM					
BATHROOM					
MASTER BEDROOM					
MASTER BATH					
BEDROOMS					
FLOOR PLAN					
PATIO					
POOL					
LANDSCAPING					
GARAGE OR CARPORT					
SOMETHING MEMORABLE					
DOES THIS FEEL LIKE HOME?					

rent vs. buy

WHY PAY RENT WHEN YOU COULD BUILD EQUITY IN A HOME.

Ever thought how much you pay in rent over an extended period of time? Probably a lot more than you realize. The amount you spend for rent each month could be applied to a mortgage, not only building equity in your own property, but—in most cases—substantially reducing the Federal and State income taxes you pay each year. And what happens to your rent money? It's gone! There's no interest, no equity, no return.

Interest rates are still low, and you may be surprised at what you can afford. To determine your home-buying ability, call your real estate agent or lender. The consultation is free—no strings attached—so make the call today!

RENT : YOUR "INVESTMENT" AND RETURN

MONTHLY PAYMENT	AFTER 1 YEAR	AFTER 3 YEARS	AFTER 5 YEARS	AFTER 10 YEARS	AFTER 15 YEARS	YOUR RETURN
\$ 400	4,800	14,400	24,000	48,000	72,000	\$ 0
\$ 500	6,000	18,000	30,000	60,000	90,000	\$ 0
\$ 600	7,200	21,600	36,000	72,000	108,000	\$ 0
\$ 700	8,400	25,200	42,000	84,000	126,000	\$ 0
\$ 800	9,600	28,800	48,000	96,000	144,000	\$ 0
\$ 900	10,800	32,400	54,000	108,000	162,000	\$ 0
\$ 1,000	12,000	36,000	60,000	120,000	180,000	\$ 0
\$ 1,100	13,200	39,600	66,000	132,000	198,000	\$ 0
\$ 1,200	14,400	43,200	72,000	144,000	216,000	\$ 0
\$ 1,300	15,600	46,800	78,000	156,000	234,000	\$ 0
\$ 1,400	16,800	50,400	84,000	168,000	252,000	\$ 0
\$ 1,500	18,000	54,000	90,000	180,000	270,000	\$ 0
\$ 1,750	21,000	63,000	105,000	210,000	315,000	\$ 0
\$ 2,000	24,000	72,000	120,000	240,000	360,000	\$ 0
\$ 2,500	30,000	90,000	150,000	300,000	450,000	\$ 0

NOTES

THE ESCROW PROCESS AT F.A.T.CO

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

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

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

HOW IS AN ESCROW OPENED? Once you have completed the contract (or Purchase Agreement) and the Seller has accepted the offer, your Realtor® will open the escrow. The earnest money deposit and the contract are placed in escrow. As a neutral party to the transaction, First American can respond only to those written instructions agreed to mutually by all "interested" parties (Seller and Buyer); First American cannot otherwise alter the contract or create instructions, and that protects all interested parties.

HOW TO HOLD TITLE. You should inform your escrow officer and lender as soon as possible of how you wish to hold title to your home and **exactly** how your name(s) will appear on all documents. This allows your lender and title company to prepare all documents correctly. *(Changes later, such as adding or deleting an initial in your name, can delay your closing.)* A comparison of the ways to hold title in the state of Nevada appears on Page 13. You may wish to consult an attorney, accountant or other professional before deciding how to hold title.

WHAT HAPPENS AT FIRST AMERICAN? During the escrow period, our title department begins researching and examining all historical records pertaining to the subject property. Barring any unusual circumstances, a commitment for title insurance is issued, indicating a clear title or listing any items which must be cleared prior to closing. The commitment is sent to you for review. (See Explanation of Title Commitment on the next page.)

Your escrow officer follows instructions on your contract, coordinates deadlines, and gathers all necessary paperwork. For example, written requests for payoff information (called "demands") are sent to the Seller's mortgage company and any other lien holders.

AS PART OF OUR SERVICE, FIRST AMERICAN WILL:

OPEN escrow and deposit your "good faith" funds in a separate escrow account.

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

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

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

ASK you to complete a beneficiary's statement if you are assuming the Seller's loan.

MEET all deadlines as specified in the contract.

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

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

SET separate appointments: Seller will sign documents; you will sign documents and deposit funds.

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

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

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

PREPARE and send final documents to parties involved.

WHAT HAPPENS NEXT FOR THE BUYER?

IDENTITY STATEMENT. You will be asked to fill out an Identity Statement that enables our title department to distinguish you from others with identical names during our search of County records. It also provides basic information that will be useful for your escrow officer.

HOME LOAN. Unless you are paying cash, assuming a loan, or the Seller is financing, you will need to apply for a home loan if you have not already done so. Your Realtor® should be able to recommend several reliable sources for your loan. Apply as soon as possible to comply with the purchase contract and to avoid delaying the closing.

RESPONSE TO SELLER'S NOTICES. If directed by the contract, you will receive the following items which require a response from you. Your Realtor® can help you with your responses.

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

TITLE COMMITMENT. You will receive a copy of the title commitment when we complete the title search. See across for an explanation of the title package you will receive from First American. If you have questions about the title commitment, contact your Realtor® or your escrow officer.

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

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

EXPLANATION OF TITLE COMMITMENT

This explanation may help you understand the contents of the Title Commitment you receive from First American Title.

SCHEDULE A

This is the information submitted to our Title Department by the escrow officer. It contains the basic information given to us by the Buyer or Realtor®, such as the legal description of the property, sale price, loan amount, lender, name and marital status of Buyer and Seller.

SCHEDULE B

The Schedule B "exceptions" are items which are tied to the subject property. These include Covenants, Conditions and Restrictions (CC&Rs), easements, homeowners association by-laws, leases and other items which will remain of record and transfer with the property. They are referred to as "exceptions" because the Buyer will receive a clear title "except" the Buyer's rights will be subject to conditions in the CC&Rs, recorded easements, etc. The Buyer is asked to sign a receipt for the Schedule B documents which states the Buyer has read and accepts the contents.

REQUIREMENTS

These are items that First American needs to delete and/or record in order to provide a clear title to the property.

Items that need to be addressed include:

- Current property-tax status,
- Any assessments that are owed such as those for a homeowners association,
- Any encumbrances (or liens) on the property.

Sometimes items show up against a property because another person has a name similar to an involved party. This is one reason we ask for an Identify Statement, to determine if items are inaccurate and can be deleted.

NOTE

This is merely information given us by the County Recorder's office that specifies the proper size, margins and print type to be used on documents to be recorded.

If you have any questions, please do not hesitate to call your escrow officer for information and help.

understanding TITLE INSURANCE

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

what IS TITLE INSURANCE?

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

why TITLE INSURANCE IS NEEDED.

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

when IS THE PREMIUM DUE?

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

do ALL TITLE COMPANIES OFFER THE SAME PROTECTION?

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

Some examples:

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

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

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

** Deductibles, maximums, and conditions may apply.

FIRST AMERICAN TITLE REDUCED RATE CERTIFICATE

This certificate entitles you to reduced rates for an Owner's Policy should you sell your property within three (3) years.

OWNER _____
POLICY NO. _____
REAL ESTATE AGENT _____
RECORDED SALE DATE _____

The offer is applicable only if the policy is issued by First American Title or its agents. To ensure your discount, present this certificate to your real estate agent when you list your home for sale. The Three-Year Reduced Rate offer expires on _____.

ASK FOR OUR *Eagle Policy* ON YOUR NEXT PURCHASE

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

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

CLOSING COSTS: WHO PAYS WHAT

THIS CHART INDICATES WHO CUSTOMARILY PAYS WHAT COSTS

	CASH	CTM	FHA	VA	CONV
1. Downpayment	BUYER	BUYER	BUYER	BUYER	BUYER
2. Termite (Wood Infestation) Inspection (negotiable except on VA)				SELLER	
3. Property Inspection (if requested by Buyer)	BUYER	BUYER	BUYER	BUYER	BUYER
4. Property Repairs, if any (negotiable)	SELLER	SELLER	SELLER	SELLER	SELLER
5. New Loan Origination Fee (negotiable)			BUYER	BUYER	BUYER
6. Discount Points (negotiable)			BUYER	SELLER	BUYER
7. Document Preparation Fee (Charge Seller on FHA/VA)			SELLER	SELLER	BUYER
8. Credit Report		BUYER	BUYER	BUYER	BUYER
9. Appraisal or Extension Fee (negotiable)			BUYER	BUYER	BUYER
10. Interest Proration on Seller's Existing Loan		SELLER			
11. Existing Loan Payoff	SELLER		SELLER	SELLER	SELLER
12. Existing Loan Payoff Demand	SELLER		SELLER	SELLER	SELLER
13. Loan Prepayment Penalty (if any)	SELLER		SELLER	SELLER	SELLER
14. Next Month's PITI Payment		BUYER	BUYER	BUYER	BUYER
15. Prepaid Interest (approx. 30 days)			BUYER	BUYER	BUYER
16. Mortgage Transfer Fee		SPLIT			
17. Reserve Account Balance (Credit Seller / Charge Buyer)		PRORATE	PRORATE	PRORATE	PRORATE
18. FHA MIP, VA Funding Fee, PMI Premium		PRORATE	BUYER	BUYER	BUYER
19. Assessments payoff or proration (sewer, paving, etc.)	SELLER	SELLER			
20. Taxes	PRORATE	PRORATE	PRORATE	PRORATE	PRORATE
21. Tax Impounds			BUYER	BUYER	BUYER
22. Tax Service Contract			SELLER	SELLER	BUYER
23. Fire/Hazard Insurance	BUYER	BUYER	BUYER	BUYER	BUYER
24. Flood Insurance			BUYER	BUYER	BUYER
25. Homeowners Association (HOA) Transfer Fee	SPLIT	SPLIT	SPLIT	SELLER	SPLIT
26. HOA/Disclosure Fee	SELLER	SELLER	SELLER	SELLER	SELLER
27. Current HOA Payment	PRORATE	PRORATE	PRORATE	PRORATE	PRORATE
28. Next Month's HOA Payment	BUYER	BUYER	BUYER	BUYER	BUYER
29. Home Warranty Premium (negotiable)					
30. Realtors® Commissions	SELLER	SELLER	SELLER	SELLER	SELLER
31. EAGLE Homeowners Title Policy	BUYER	BUYER	BUYER	BUYER	BUYER
32. Lenders Title Policy and Endorsements			BUYER	BUYER	BUYER
33. Account Servicing Set-up Fee (negotiable)		BUYER			
34. Escrow Fee (NOTE: Charge Seller on VA Loan)	SPLIT	SPLIT	SPLIT	SELLER	SPLIT
35. Recording Fees (Flat Rate)	SPLIT	SPLIT	SPLIT	SPLIT	SPLIT
36. Reconveyance/Satisfaction Fee	SELLER		SELLER	SELLER	SELLER
37. Courier/Express Mail Fees	SPLIT	SPLIT	SPLIT	SELLER	SPLIT
38. Wire Fees	SPLIT	SPLIT	SPLIT	SELLER	SPLIT
39. Email Loan Documents			BUYER	SELLER	BUYER

Note: Prorated items will appear on Closing Statement as charges for one and credits for the other. Split (each pay their own).

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 acknowledgements by notaries
- Discovery or 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



a home warranty

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

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

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

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

what to do before the closing appointment.

Your escrow officer or escrow technician will contact you to schedule your closing appointment and inform you of the funds you need to bring with you. Obtain a cashier's check for that amount made payable to First American Title Insurance Company. If a wire transfer is necessary, arrange for it in advance with your escrow officer.

First American Title is required by law to have funds deposited before escrow funds can be disbursed. Expect delays if you submit a personal check! If you have questions or anticipate a problem, contact your escrow officer immediately.

don't forget your identification.

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

what happens next?

During your closing appointment at First American, you will sign loan documents and instructions to transfer the title of the home you are purchasing and you will present your identification so the documents can be notarized. You will review the settlement statement and give the escrow officer your cashier's check. (The Seller will sign at a separate appointment.)

The signed loan documents will be returned to the lender for review. First American will ensure that all contract conditions have been met and ask the lender to "fund the loan." If the loan documents are satisfactory, the lender will send the check directly to First American Title, usually within 24 hours. When the loan funds are received, First American will verify that all necessary funds have been received. We will then record the deed at the County Recorder's Office and disburse escrow funds to the Seller and other appropriate payees. At this time, your escrow is closed!

you get the keys.

After the escrow is closed, we will notify your Realtor® who will give you the good news and arrange for you to receive the keys to your new home.

closing your escrow

AFTER THE CLOSING

We recommend you keep all records pertaining to your home together in a safe place, including all purchase documents, insurance, maintenance and improvements.

LOAN PAYMENTS AND IMPOUNDS. You should receive your loan coupon book before your first payment is due. If you don't receive your book, or if you have questions about your tax and insurance impounds, contact your lender.

HOME WARRANTY REPAIRS. If you have a home warranty policy, call your home warranty company directly for repairs. Have your policy number available when you call.

RECORDED DEED. The original deed to your home will be mailed directly to you by the County Recorder, generally within two to three weeks.

TITLE INSURANCE POLICY. First American Title will mail your policy to you in about two to three weeks.

PROPERTY TAXES. You may not receive a tax statement for the current year on the home you buy; however, it is your obligation to make sure the taxes are paid when due. Check with your mortgage company to find out if taxes are included with your payment. For more information on your property taxes, contact:

- Clark County Treasurer's Office: 702.455.4323
- Clark County Finance Department: 702.455.3543
- Washoe: 775-684-2000

* IMPORTANT PROPERTY TAX DATES

Tax due dates for each quarter are listed below:

1st Quarter Due on: Third Monday of August

2nd Quarter Due on: First Monday of October

3rd Quarter Due on: First Monday of January

4th Quarter Due on: First Monday of March

**Last day to pay without penalty is
10 days after the due date**

NOTE: YOU ARE RESPONSIBLE FOR PAYING THE PROPERTY TAXES ON YOUR HOME EVEN IF YOU DON'T RECEIVE A TAX BILL!

PLANNING YOUR



MOVE

ABOUT 2 MONTHS BEFORE YOU MOVE

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

1 MONTH OUT

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

2 WEEKS BEFORE

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

1 WEEK LEFT

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

A COUPLE OF DAYS

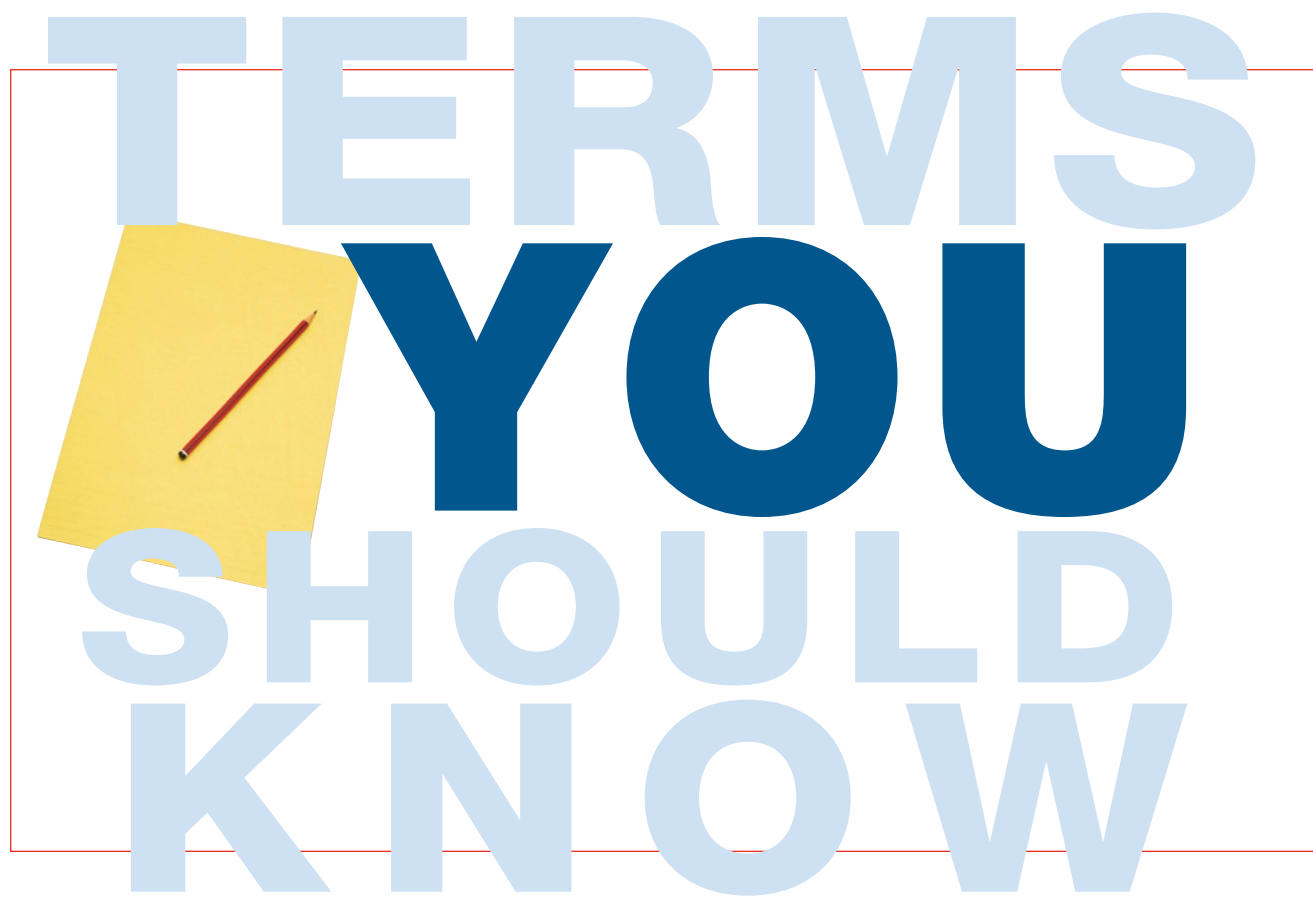
- ✓ Give away plants you're not taking.
- ✓ Defrost the refrigerator and freezer.
- ✓ Write out clear instructions—sketch a map, too, if you can—of your new home, and include your itinerary and emergency numbers. Keep a copy yourself, and give copies to the moving company and your family or friends.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

THE BIG DAY

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

GOOD LUCK, AND ENJOY YOUR NEW HOME!

TERMS YOU SHOULD KNOW



- > **ADJUSTABLE RATE MORTGAGE.** 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.
- > **AMORTIZED LOAN.** A loan that is paid off—both interest and principal—by regular payments that are equal or nearly equal.
- > **AMENDMENT.** A change—either to alter, add to, or correct—part of an agreement without changing the principal idea or essence.
- > **APPRAISAL.** An estimate of value of property resulting from analysis of facts about the property; an opinion of value.
- > **APR (ANNUAL PERCENTAGE RATE).** The yearly interest percentage of the loan based on the actual interest paid on the loan. The APR is disclosed as a requirement of federal truth in lending statutes.
- > **ASSESSED VALUE.** Value placed upon property for property tax purposes by the tax collector.
- > **ASSESSMENT.** A levy against property in addition to general taxes. Usually for improvements such as for streets or sewers, etc.
- > **ASSUMPTION.** Taking over another person's financial obligation; taking title to a property with the Buyer assuming liability for paying an existing note secured by a deed of trust against the property.
- > **BALLOON PAYMENT:** A note calling for periodic payments which are insufficient to fully amortize the face value of the note prior to maturity, so that a principle sum known as a "balloon" is due at maturity.
- > **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 lower payment.
- > **CLEAR TITLE.** Real property in which there are no liens
- > **CLOSE OF ESCROW.** The date the documents are recorded and title passes from Seller to Buyer. On this date, the Buyer becomes the legal owner, and title insurance becomes effective.
- > **CLOUD ON TITLE.** A claim, encumbrance, or condition that impairs the title to real property until disproved or eliminated through such means as a quitclaim deed or a quiet title legal action.
- > **COMPARABLE SALES (COMPS).** Sales that have similar characteristics as the subject property, used for analysis in the appraisal.
- > **CONVENTIONAL MORTGAGE.** A mortgage that is not obtained from a government subsidized program such as FHA or VA.
- > **CONVEYANCE.** An instrument in writing, such as a deed or trust deed, used to transfer (convey) title to property from one person to another.
- > **COVENANTS, CONDITIONS AND RESTRICTIONS (CC&R'S).** Restrictive limitations which may be placed on a property.
- > **DEED OF TRUST.** An instrument used in many states in place of a mortgage.
- > **DISCOUNT POINTS.** A negotiable fee paid to the lender to secure financing for the buyer. Discount points are up from interest charges to reduce the interest rate on the loan over a life, or a portion, of the loan's term. One discount point equals one percent of the loan amount.

- > **DISPOSABLE INCOME.** Income, usually monthly income, left over after fixed obligations and living expenses for that period of time are paid.
- > **DEED RESTRICTIONS.** Limitations in the deed to a property that dictate certain uses that may or may not be made of the property.
- > **EARNEST MONEY DEPOSIT.** Down payment made by a purchaser of real estate as evidence of good faith; a deposit or partial payment.
- > **EASEMENT.** A right, privilege or interest limited to a specific purpose that one party has in the land of another.
- > **EQUITY.** The market value of real property, less the amount of existing liens
- > **F.H.A.** Federal Housing Administration is a federal agency that insures first mortgages, enabling lenders to loan a very high percentage of the home price.
- > **FANNIE MAE (FNMA).** A private corporation dealing in the purchase of first mortgages, at discounts.
- > **FREDDIE MAC (FHLMC).** 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 (GNMA).** A federal association, working with FHA, which offers special assistance in obtaining mortgages, and purchases mortgages in a secondary position.
- > **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 piece of land. It should so thoroughly identify a parcel of land that it cannot be confused with any other.
- > **LIEN.** A form of encumbrance that usually makes a specific property the security for the payment of a debt or discharge of an obligation. For example, judgments, taxes, mortgages, deeds of trust.
- > **LIS PENDENS.** A legal notice recorded to show pending litigation relating to real property, and giving notice that anyone acquiring an interest in said property subsequent to the date of the notice may be bound by the outcome of the litigation.
- > **MECHANICS LIEN.** A lien created by statute for the purpose of securing priority of payment for the price or value of work performed and materials furnished in construction or repair of improvements to land, and which attaches to the land as well as the improvements.
- > **MORTGAGE.** The instrument by which real property is pledged as security for repayment of a loan.
- > **MORTGAGEE.** The party lending the money and receiving the mortgage. Some states treat the mortgagee as the "legal" owner, entitled to rents from the property. Other states treat the mortgagee as a secured creditor, the mortgagor being the owner. The latter is the more modern and accepted view.
- > **MORTGAGE INSURANCE.** Insurance written by an independent mortgage insurance company protecting the mortgage lender against loss incurred by a mortgage default, thus enabling the lender to lend a higher percentage of the sale price. The Federal government writes this form of insurance through the FHA and VA.
- > **MORTGAGOR.** The party who borrows the money and give the mortgage.
- > **NOTE.** A unilateral agreement containing an express and absolute promise of the signer to pay to a named person, or order, or bearer, a definite sum of money at a specified date or on demand. Usually provides for interest and, concerning real property, is secured by a mortgage or deed of trust.
- > **NOTICE OF DEFAULT.** A notice filed to show that the borrower under a mortgage or deed of trust is in default (behind on the payments).
- > **ORIGINATION FEE.** A fee made by a lender for making a real estate loan. Usually a percentage for the amount loaned, usually one percent.
- > **PITI.** A payment that combines Principal, Interest, Taxes and Insurance.
- > **PRORATION:** To divide (prorate) property taxes, insurance premiums, rental income, etc. between the Buyer and Seller proportionately to time of use, or the date of closing.
- > **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."
- > **PREPAYMENT PENALTY.** A penalty under a note, deed of trust, or mortgage imposed when the loan is paid before it is due.
- > **PURCHASE AGREEMENT.** The purchase contract between the Buyer and Seller. It is usually completed by the real estate agent and signed by the Buyer and Seller.
- > **QUITCLAIM DEED.** A deed operating as a release, intending to pass any title, interest, or claim which the grantor may have in the property, but not containing any warranty of a valid interest or title by the grantor.
- > **RECORDING.** Filing documents affecting real property with the County Recorder as a matter of public record.
- > **SPECIAL ASSESSMENT.** Lien assessed against real property by a public authority to pay costs of public improvements (sidewalks, sewers, street lights, etc) which directly benefits the assessed property.
- > **TRUST:** A fiduciary relationship under which one holds (real or personal) for the benefit of another. The party creating the trust is called the settler, the party holding the property is the trustee, and the party for whose benefit the property is held is called the beneficiary.
- > **TRUSTEE.** One who is appointed, or required by law, to execute the trust. Another definition is someone who holds title to real property under the terms of the deed of trust.
- > **TRUSTOR.** The borrower under a deed of trust.
- > **VA.** (Veterans Administration): An agency with the Federal government which, among other things, insures and guarantees loans for veterans.
- > **WARRANTY DEED.** A real estate oriented document used to convey fee title to real property from the grantor (usually the Seller) to the grantee (usually the Buyer).
- > **WRAP-AROUND MORTGAGE.** A second or junior mortgage with a face value of both the amount it secures and the balance due under the first mortgage. The mortgage under the wrap-around collects a payment based on its face value then pays the first mortgagee. It is most effective when the first has a lower interest rate than the second, since the mortgagee under the wraparound gains the difference between the interest rates, or the mortgagor under the wraparound may obtain a lower rate than if refinancing.



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