

MAXIMUM

Title & Escrow Services, Inc.

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Consumer Reference Guide

A step by step guide through the real estate closing process



Compliments of Maximum Title & Escrow Services, Inc.

Maximum Title & Escrow Services, Inc. 440-801-5000

Selling your home can sometimes be a difficult and demanding process. For this reason, Maximum Title & Escrow Services, Inc offers this consumer handbook as a tool to help you finalize the sale of your home. Whether you choose to sell your home by yourself, or with the assistance of a Real Estate professional, this booklet can help you to become more familiar with the basics of what happens during the closing process.

As a Title company, we will schedule your closing, contact all parties involved for the time and date specified, obtain current payoffs on your mortgage loan (s) and record all documents subsequent to closing. In addition, Maximum Title will be in contact with the buyer's lending institution making sure all their requirements are met. In other words, if you sell your home, we'll take it from there.

As you read this booklet, please remember it is not a substitute for the services of a Real Estate Professional, Legal Advisor or for the purposes of marketing and negotiating a sale. Keep in mind, professional title work is essential to complete any real estate transaction, regardless of whether it's a real estate sale, refinance of property. You as a Seller are required to provide clear title. It's your right to choose which title company you will use. We always appreciate your business when we are selected.

This booklet was prepared to educate you as a consumer on the process of the real estate closing, if you have any other questions regarding title work, please don't hesitate to contact us at 440-801-5000. We look forward to serving you with your title and escrow needs.

MAXIMUM

Title & Escrow Services, Inc.

What Does a Title Company like Maximum Title & Escrow Services Do for Me?

1. Prepare Title Exam
2. Report findings to Customer, Lender, Attorney and Real Estate Company (if applicable)
3. Schedule and Coordinate the closing
4. Close Real Estate Transaction
5. Record all documents with proper agencies
6. Disburse Monies
7. Mail final policy to new owner
8. Mail Mortgage Policy to Lender

The Title Company Has Two Main Responsibilities

1. We will make certain that the buyer receives a guaranteed or insured title to the property being purchased.
2. We will make certain the Seller receives the proceeds from the sale after any liens, taxes, costs and charges have been paid.

For us to perform these two functions, certain items are needed or will be completed by Maximum Title & Escrow Services, Inc.

1. Maximum Title & Escrow Services, Inc. must obtain a purchase agreement from the Seller signed by both Buyer and Seller.
2. We need you to place your title order with us.
3. We must verify financing. We need Lender's information unless it's a cash transaction.
4. We need to collect from seller, information to obtain pay-offs, for all liens and mortgages.
5. We need the Buyer's Homeowners Insurance Policy information for the new home.
6. All Points of sale agreed to in the purchase agreement are met prior to closing date.
7. The signed deed must be obtained from the seller.
8. We arrange for the deed to be filed and the new mortgage to be placed on the property (if applicable). This is done by taking the mortgage and the deed to the recorder's office in the county where the subject property is located.

I Have Signed a Contract, What do I do Now?

Call our office at 440-801-5000 to arrange your closing. We will do our best to work around your schedule.

The Three Primary Title Products Available

1. The Title Exam

The title exam is an investigation of the public records concerning the subject property. In addition to determining ownership of the title, the examination also reveals any mortgage or liens currently on the property. Finally it will determine if there are any conditions which would interfere with the buyer taking title of the property.

2. The Owner's Policy of Title Insurance

The Owner's Fee Policy goes beyond the mere reporting of what the official County records disclose as to the property's ownership right, its liens, easements and restrictions. Unlike the title guaranty which is limited to the scope of its protection, a title insurance policy issued to a purchaser protects that individual from hidden or unrecorded matters that would not turn up in a search of the County records. Title Insurance would protect the property owner from suits arising from fraudulent transactions, forgeries or missing heirs in the prior chain of title leading up to the purchase. Even claims attributed to mistakes in the County records would be covered under an Owner's policy title insurance. This product is highly recommended whenever real estate is being purchased.

3. Lenders or Mortgage Policy of Title Insurance.

Most Lenders requires a Lender's or Mortgage (loan) Policy whenever you purchase property, or refinance an existing loan, by borrowing funds. The mortgage Policy insures the new lender that when it makes its loans to you it will end up having a first and best lien position on your property. Unlike an Owner's policy of title insurance, the amount of insurance coverage declines as the mortgage balance is paid down. Once your loan is paid off, the mortgage policy expires.

When you purchase an owner's and lender's policy of title insurance together, the lender's insurance will only cost an additional \$100.00 over the price charged for your Owner's policy, assuming your loan does not exceed the purchase price of the property.



The Process

From Purchase Agreement to Title Transfer

The purchase Agreement indicates a closing date to complete the transaction. Usually, this time is from 20-30 days. Due to various conditions and circumstances associated with the individual purchases, this time varies. The following is a guideline through the process.

Phase 1

- Step 1:** Purchase agreement signed. Maximum Title & Escrow Services, Inc recommends that you seek legal advice before signing any legal document such as a purchase agreement
- Step 2:** Loan Application
- Step 3:** Title Exam started at the Maximum Title & Escrow Services, Inc on the purchase agreement
- Step 4:** Buyer or its Lenders order appraisal of property in question
- Step 5:** Seller gives Buyer Order Confirmation Form for submission to lender; notifying Maximum Title & Escrow Services, Inc that title work needs to be started

Phase 2

- Step 1:** Buyer provides loan application information to Lender
- Step 2:** Quiet period for Seller
- Step 3:** Maximum Title & Escrow Services, Inc provides title commitment to Lenders

Phase 3

- Step 1:** Buyer works on loan compliance
 - Step 2:** If the Seller has a mortgage (s) they will receive an authorization letter from Maximum Title & Escrow Services, Inc to get the mortgage (s) information so that a payoff statement can be obtained. The time period and requirements for payoffs vary with every lender. (The average is three to seven business days).
- Step 3:** Maximum Title & Escrow Services, Inc contacts the Seller for Deed information.
 - Step 4:** Maximum Title & Escrow Services, Inc contacts the Buyer and Seller to schedule appointments regarding the signing of the documents.

Phase 4

- Step 1:** Buyer brings Funds to Closing
- Step 2:** Buyer and Seller sign all documents
 - Step 3:** Maximum Title & Escrow Services, Inc all documents in the County where the subject property is located
- Step 4:** Maximum Title & Escrow Services, Inc issues Title to the Buyer
- Step 5:** Seller receives proceeds, from Maximum Title & Escrow Services, Inc

HOME SELLER CHECKLIST

7-14 business days before the closing (or when the title order is placed)

- Provide the office you will be closing at, with account numbers and phone numbers for any mortgage loans that will be paid off at your closing. Social Security numbers will be needed. Most Lenders require a release authorization form you will need to sign that enables us to receive this information. (Depending on the Lender involved, payoff information REQUIRES 3-14 business days to receive.)
- A new deed needs to be prepared with the buyer's name on it. We will have our in house attorney prepare the new deed unless you have an attorney you prefer. Please notify us so we can order it from them.
- If you are signing documents, you will be asked to provide some form of valid picture identification such as a driver's license.

The Day of Closing you will sign* a variety of Documents

- Deed: This document will transfer the title of the property to the new owner.
- Affidavits: On these documents, you will state that all liens are paid and that no one has any outstanding interests in the property.
- HUD I or Closing Statement: The HUD is the breakdown of all the fees, costs and credits to both Buyer and Seller.
- You will need to provide your social security number for tax reporting forms 1099.

* Maximum Title & Escrow Services, Inc. always recommends legal counsel when signing any legal document.



HOME BUYER CHECKLIST

7-14 business days before the closing (or when the title order is placed)

- Re-check with the lender to make sure they have all the necessary requirements for the processing of your loan and that all your conditions have been met.

The day BEFORE the closing 8:30 a.m. & 4:30 p.m.

- Call the office you will be closing at to obtain your final closing figure. You will need to bring to your closing, a cashiers check, money order or official bank check in the full amount required for closing and you will need to make arrangements to have that prepared. The check will be made out to Maximum Title & Escrow Services, Inc

The day of your closing you will need to present:

- Original documentation evidencing home owner's insurance for your new home, along with a paid receipt.
- If you sign documents, you will be asked for some form of valid picture identification such as your driver's license.

You will sign* a variety of loan documents

- NOTE: This is your promise to pay back the money you are borrowing.
- MORTGAGE: This is the security instrument to protect the lender should you default on the loan.
- HUD I or Closing Statement: The HUD is the breakdown of all fees, costs and credits to both buyer and seller.
- Misc. Documents: These documents acknowledge the validity of all the information given to the lender through the loan process along with disclosing the amount of your mortgage and other information you may need.

*Maximum Title & Escrow Services, Inc always recommends legal counsel for both buyers and sellers.

Specialized Services You May Need

With the transaction nearly completed, it is important to realize that there are specialized services that may be required before closing. Many of these are elective, or not required; however, depending on the type or location of the transaction, some may be necessary to complete the transaction.

Typically, the elective or optional services are items agreed upon between the Buyer and Seller as a condition of the sale. These should be documented on the Purchase Agreement. Usually these services include Home Warranty, Pest Inspection, Home Inspection and Well Septic Inspection. Sometimes the aforementioned special services will be mandatory. This usually occurs when the transaction involves government financing such as VA or FHA.

Examples of required services are appraisals, and point of sale inspections. These services will be performed as a condition of the sale by the lender or local government agency. At your request, we can provide you with a list of local vendors.



APPRAISALS

The cost of the appraisal is typically covered by the buyer and is usually ordered by their lending institution, unless otherwise stated. There are many reasons for both Buyers and Sellers to seek a reliable estimate of the market value of a home. The seller wants to know that he or she can set a reasonable price, while the buyer seeks an appraisal so he or she will not be over paying for the home. Financial Institutions insist on an appraisal to determine the amount of money they can lend to an applicant. These appraisals are also used for the purposes of taxation and insurance.



SURVEYS

Surveys are typically required on platted land (subdivisions). Call Maximum Title & Escrow Services, Inc to see if your property is required to be surveyed by the County Engineer's Office. Land Survey's are used to determine the boundaries and land areas by setting corner markers on monuments, and to obtain boundary information required for both record deed descriptions and for plotting parcels of real property. There are different types of surveys that have been developed to meet various demands (Mortgage Location Surveys, ALTA and Title Surveys, and Stake/Boundary Surveys); it is important to note that they are completely different. Surveys often take time to complete. Therefore, it is important to order your survey early to avoid having your transaction delayed.



Mortgage Location Surveys

These surveys are for the benefit of the Lenders and Title Agencies only. They allow the Lender or Title Agency to learn if the improvements in which they are placing a mortgage are located on the correct property. It further allows the Title Agency to provide additional coverage to the lenders in such areas as encroachments, easements, rights of the parties in possession, and potential mechanic's liens. This survey does not require property pins to be staked or set; therefore, the Buyer of real estate does not learn the exact location of boundary lines and cannot use the survey to construct improvements on the property.



ALTA and Title Surveys

The majority of surveys are ALTA (American Land Title Agency) Land Title Surveys. They are mainly for the benefit of Title Agencies, Lenders, and Home Buyers. They show all principle improvements to the property, including, improvements to the home itself as well as the garage. Please note that the boundaries are rarely staked as in a Stake /Boundary Survey.



Stake/ Boundary Survey

This survey is for the benefit of the homeowners and buyers of real estate. The purpose of this survey is to allow the intended user of the property to establish the exact location of all property corners and boundary lines. This type of survey is highly recommended if the homeowner wants to construct additional improvements on the property such as a garage, pools, fences, sheds, fountains, etc. A boundary survey is typically performed for homebuyers only and does not show improvements to the property and their relationship to the property lines. Please Note that recent legislation requires that a boundary survey be completed for two different reasons: a) whenever the land being transferred is only part of the original conveyance (in other words, if the legal description is changing from the seller's deed when they originally purchased the property). b) if the prior conveyance has a "survey required" stamp on the deed.



Home Inspection

As either Buyer or Seller, the property transaction is probably the largest transaction you have ever considered. Often, during the process, it is mutually agreed upon to have a detailed home inspection performed so that both parties are assured that the state of the property is agreeable. A written report is used and usually contains the following:

- structural condition
- electrical, plumbing, hot water heater
- general interior condition
- insulation & ventilation
- basement, kitchen and bathrooms
- windows & doors (external)
- ceilings, walls and doors
- general exterior; roof, gutters, chimney,
- lead & radon testing (optional)
- lead based paint



Pest Inspection

The requirement for Pest Inspection occurs for a variety of reasons. Lenders doing VA or FHA transactions require that “Wood Destroying Pest Inspection” report be done as part of the loan requirements. Also, many lenders making “conventional loans” may require an inspection based on geographic areas and style of construction. The Lender will let the Buyer know what their requirements are. Lastly, the inspection may be a condition of the purchase agreement Buyer and Seller.



Well & Septic Inspection

This inspection can either be required by the Lender or a condition of the sales agreement.

Frequently Asked Questions-FAQ

Q: What is title Insurance?

A: Title Insurance is the application of the principles of insurance, to risks that exist in all real estate transactions. When purchasing a home, you buy more than the structure itself. You are also buying the land, which has had owners before you. This is known as the “chain of title”. This chain can have defects that can affect ownership, and title insurance protects the buyer against those defects.

Q: What are some of those risks?

A: There are two categories of risk: hidden hazards and human errors. Hidden hazards are defects including forgery, incompetence of the grantor or mortgagor, and unknown heirs, fraud, and impersonation. Human errors are those that will always be with us, i.e., typographical errors etc.

Q: How is Title Insurance different from other types of Insurance?

A: The main difference is that most insurance is geared to protect you from potential future problems. Title insurance protects you from things that have already happened, but have the possibility of affecting your purchase. Title insurance is designed to protect you from future losses, court battles and legal fees as a result of events that have happened in the past.

Q: If I have an attorney examine the title, can he or she assure me that my title is good?

A: As mentioned earlier, not all potential problems can be ascertained by the investigation of public records. There are many hidden hazards that an attorney will be unable to foresee. We always recommend the counsel of an attorney, and title insurance to secure you have ownership of the property.

Q: How does Title Insurance help protect my home investment?

A: The most significant advantage of Title Insurance is that it places the assets of a corporation behind the title to your home. If attacked, the title will be defended without costs to you. If the title defect falls within the coverage under the title policy and it is unable to be removed you will be reimbursed, up to the face amount of your policy, for any financial loss incurred.

Q: How do you figure annual premium?

A: With Title Insurance there is no annual premium. A one time fee, based on the amount of the sale, is paid upon implementation of the policy and is good for as long as you own your home.