

Presentation of Offers

When an offer is generated on your home I will do the following:

1. Present the offer to you personally.
2. Have the cooperating Broker share Buyer Qualifications.
3. Go over every item in the contract with you so that you thoroughly understand what the buyers are offering and what they are asking for.
4. Discuss all offers with you in private, after listening to the other agent.

Give you as much input as I possibly can regarding:

1. Current market and finance activity.
2. Other sales to date.
3. Competition.
4. Broker comments.

Negotiating the Sale

When purchase contracts are negotiated, you will be kept informed every step of the way.

During the selling process, I will:

- Establish and explain guidelines prior to presentation.
- Present all offers to you... as quickly as possible.
- Review the contract with you.
- Keep you up-to-date on current market activity, which may affect the strength of the offer.
- Ensure that all parties in all transactions are treated fairly and with honest consideration.
- Make certain there is compliance with disclosure laws and ordinances.

Processing the Sale

A Realtor® has more responsibilities than listing and showing! You should be aware of what your Realtor® Eileen Falvey Craig will do for you after the contract is signed:

1. Open Title.
2. Deliver Earnest Money Contract and check to the Title Company.
3. Obtain receipt for earnest money check from the Title Company.
4. To help Prevent delays in closing; I will be in contact with the Buyers Agent to confirm that all the necessary documentation to process the buyers loan is at their lenders office. Check on the progress of the buyer's appraisal and that the buyers have secured Home Owners Insurance.
5. Keep you abreast of all the contract deadlines.
6. Insure that you receive copies of all documentation pertinent to the transaction.
7. Review the Title Commitment with the Title Agent for clouds and make sure problems are disclosed early so closing is not delayed
8. Note all contingencies and attempt to remove them within the time limit provided or ask for an extension of time, if needed.
9. Meet with you after the Buyers have given us their home inspection report and discuss the findings with you:
 - A. Roof
 - B. Building
 - C. Pool
 - D. Pest Control
 - E. Slab if needed
10. Coordinate execution of any required estimates for repairs.
11. Verify survey has been ordered and completed.
12. Provide Title Company with any charges for HUD1.
13. Recommend that we have closing papers drawn before closing so that if any problems arise, we can solve them.
14. Coordinate the **closing, move-in dates, and Remind you to cancel the Utilities out of your name** so, that they are as convenient to both parties as possible.

Now we **CLOSE** your Transaction!

What is a Real Estate “Closing?”

A “closing” is the meeting between the Seller, Buyer their respective agents, along with a representative from the lending institution (optional) and Title Company or the Attorney’s closing office; is where in the actual transfer of title to the property occurs. The purchase agreement or contract that the you have signed describes the property, states the purchase price and terms, sets forth the method of payment, and usually names the date and place where the closing or actual transfer of the property title and keys will occur. This meeting is also referred to as the settlement.

The title company transferring ownership of the property that you are selling to the Buyer will prepare a new deed. The Buyers lender will require them to sign a document, usually a promissory note, as evidence that the buyers are personally responsible for repaying the loan. The Buyers will also sign a mortgage or deed of trust on the property as security to the lender for the loan. The mortgage or deed of trust gives the lender the right to sell the property if Buyer fails to make the payments. Before you exchange these papers, the property may be surveyed, appraised, or inspected, and the ownership of title will be checked in county and court records.

What is an Escrow Account?

An escrow account is a neutral depository for funds that will be used to pay expenses incurred by the property, such as taxes, assessments, property insurance, or mortgage insurance premiums which fall due in the future. The buyer will pay one-twelfth of the annual amount of these bills each month with your regular mortgage payment. When the bills fall due, they are paid by the lender from the special account. At closing, it may be necessary for the buyer to pay enough into the account to cover these amounts for several months so that funds will be available to pay the bills as they fall due. The Buyer may also be required to refund items prepaid by the Seller. For example, if the Seller has paid the special assessments or taxes for that year, the buyer may be required to refund the value of the months remaining the year when the buyer takes possession of the property. An escrow fee is usually charged to set up the account.

What Should I do to prepare for the closing?

1. You should give the Closing Office your final payoff of your mortgage, with the lenders contact information and phone number.
2. Advise your home owners insurance that you will be moving. Transfer all the utilities out of your name. Alert your local post office that you are moving and give them a forwarding address. Cancel any newspapers or publications that are delivered to your house.
3. Have the House, Garage and Attic cleaned and swept from top to bottom. Check all closets, cabinets, and drawers to ensure they have been emptied out.
4. Remember to bring your drivers license with you as form of ID. Bring all House keys, Garage door openers, Entrance gate openers and Mailbox keys with you to closing.

Avoid Common Closing Delays!

1. Don't forget all bills for inspections, repairs, or other items to be paid at closing must be provided to the title company prior to closing.
2. If you will not be present at closing to sign documents and you intend to use a **Power Of Attorney**, you must provide the original Power Of Attorney to your closing officer prior to closing for approval and recording of the document. (The lender will also need to approve the Power Of Attorney). On the day of closing, the title company will need a contact number in order to reach you to verify that you are alive and well and have not revoked the Power Of Attorney.
3. If you are unable to attend the closing and will sign the papers by express mail, please provide the title company with the forwarding address including zip code. Also provide a contact number in case the title company needs to reach you. You will need to sign the papers in front of a notary. The closing papers will need to be sent express mail to the title company the same day you receive them, after they have been signed and notarized.

Why Title Insurance?

The state of Texas regulates the sale of title insurance, such that the premiums are based on the sale price of the property and the premiums may not be discounted by the title companies.

Most sellers view the title insurance premium as an unnecessary cost of sale, which benefits the buyer only. In fact, providing title insurance to the buyer is equally important to the seller.

Transfer of real estate in the state of Texas must be evidenced by a “deed”. Types of deeds include: quit claim deeds, special warranty deeds and general warranty deeds, are a few of the most common. The TREC Contract forms require the seller to provide the buyer a “general warranty deed”. This type of deed is a unilateral contract evidencing the seller’s warranty of title to the buyer. The warranty period goes all the way back to the Texas land grants in the 1840’s. In the event a “cloud on title” surfaces at the time of the buyer’s future sale, the buyer has the legal right to sue the seller for breach of warranty of title to the property. Title insurance helps define the seller’s risk with respect to his warranty of title. Accordingly, such insurance is beneficial to both buyer and seller. Sellers benefit considerably when providing title insurance to buyers.

There are two kinds of title insurance. The above Owner’s Title Policy which is necessary to protect the owner against loss and which is customary for the seller to pay for.

The second kind of title insurance being a Lender or Mortgagee’s Title Insurance Policy, protects only the Lending Institution. A lender requires this type of insurance and requires the borrower (the buyer) to pay for it. That does not mean that the borrower (the buyer) will receive its protection, the lender does.

Title Commitments from A to D

Here's a quick and basic overview of the four sections of the Commitment for Title Insurance. In general, a title commitment is a commitment by the title company to insure the sale of the property and issue a title policy if conditions in the commitment are met.

Please contact your escrow officer with any questions about a particular title commitment or transaction.

Schedule **A** "Actual Facts"

"A" is for "Actual Facts" In other words, this is the "Who, What, Where and How Much" of the transaction. You'll see the names of the seller and buyer, a description of the property, the sales price, and the name of the lender if any.

Schedule **B** "Buyer Notification"

"B" is for "Buyer Notification" of areas where other parties have some interest or control of the use of property. An example would be a utility easement, where the city would have a part of the land reserved for their use, or a building setback requirement that prevents the homeowner from building within a certain distance from the front of the property. These items are not covered.

Schedule **C** "Clear to Close"

"C" is for "Clear to Close" These items must be resolved in order to transfer title to the new owner. This would include such things as a mortgage to be paid off, marital status, home improvement liens, unpaid taxes, or a requirement that another person - such as an heir or a former spouse - participate in the sale of the property.

Schedule **D** "Disclosure"

"D" is for "Disclosure" This last section outlines all parties who will collect any part of the insurance premium, including underwriters, title agents and attorneys



Reviewing the HUD

A Brief Outline of the HUD-1 Settlement Statement

Let's take a look at the ever-popular HUD-1 Settlement Statement. You know, the one that RESPA officially endorses for all transactions: new loans, assumptions, all-cash, owner finance, etc. The 2-page, legal sized document is sure to confuse each and every buyer and seller (as well as a few other folks, too.)

The first page summarizes the entire financial transaction. The left half of the page is devoted to the buyer. The top portion covers the charges the buyer is facing. The sales price of the subject property is first, followed by closing costs and pro rata taxes (if the closing takes place during the 4th quarter). The bottom portion looks at buyer credits: earnest money, new loan amounts and any taxes.

The right side of the first page is devoted to the seller and is a reversal of the buyer's side. The top covers credits: the sales price and any pro rata tax credit. The bottom portion covers charges: closing costs, mortgage payoffs, pro rata taxes, repairs, etc.

Page two is simply a detailed breakdown of all buyer and seller closing costs, as summarized on page one. The buyer's information is in the left column, the seller's in the right.

The HUD-1 is usually the first document discussed during a real estate closing. Sit back and let your friendly closer take over!

PRORATIONS

Proration is defined as the act of dividing property taxes, interest, insurance premiums, rental income, etc., between buyer and seller proportionately to time of use or the date of closing. In a typical sale/purchase closing, the item most routinely prorated is the ad valorem taxes for that year. Since ad valorem taxes are paid at the end of the year in which they are due (they can be paid as early as October 1st or as late as January 31st of the next calendar year without penalty in most Texas counties), any closing taking place before October 1st will generally show a charge to the seller from January 1st to the closing date and a credit to the buyer for the same period. Unless negotiated otherwise, this allows the seller to pay taxes for the time that he or she actually had ownership, use and enjoyment of the property. Around October 1st, tax notices will be sent to the new owners for the year. They will be expected to pay taxes (usually through their mortgage company escrow account) for the full year. Taking into account the credit that they received at closing, the new owners actually pay taxes only for the time during which they had ownership, use and enjoyment of the property. Title companies use the best information available when prorating taxes prior to October 1st (when official figures are released by the tax authorities). This best-available information is usually the tax amount paid for the prior year.

In closings that occur after official tax figures are released (generally October 1st), title companies will normally charge each party their pro rata tax amount and pay the taxing authorities directly. This allows title companies to insure that taxes have been paid when issuing their mortgagee title policies.

This discussion assumes that the buyer will take possession of the property at closing. Obviously, if a buyer is allowed to take possession of the property prior to the actual closing, the contract should reflect this fact and stipulate whether or not the proration date is changed accordingly. Whenever the contract contains specific requirements regarding prorations, the title company will follow the instructions of the contract.

Homestead Law in Texas

The “residential homestead” refers to the lot or parcel of land upon which the residence of the family or single adult is located and anything which is part of that land is subject to the homestead exemption laws of the State of Texas. Those laws primarily provide for the security of a family’s home, shelter, and earning of a livelihood free from the claims of all creditors, save and except the holders of purchase money liens, home equity liens and liens for improvements, taxes and federal tax liens.

When purchasing a home that you will claim as your residence you are entitled to file a Residential Homestead Exemption. This form must be sent to the County Appraisal District after closing on your new home. The deadline for filing is April 30th of the current Tax Year. An exemption removes part of the value of your property from taxation and will lower your property taxes.

Community Property Laws

TEXAS IS A COMMUNITY PROPERTY STATE

Community property may be defined as all property acquired by either spouse during marriage, except that which is the separate property of either. Separate property may be defined as “all property owned or claimed by either spouse before marriage and also that acquired by gift, devise or descent.” Exactly what constitutes separate property is a question of fact, as property acquired during the marriage is generally presumed to be community property. Therefore, for the purpose of insuring title, should one spouse claim property to be separate in nature, that spouse must be able to prove it.