

YOUR HOME BUYING JOURNEY

# buyer's guide



*sara simms*  
REALTOR® & DESIGNER

SOME PEOPLE  
LOOK FOR A  
BEAUTIFUL HOME

OTHERS MAKE A  
HOME BEAUTIFUL

*lets do both.*

# table of CONTENTS

---

04 get to know me

10 the first step

14 house hunting

21 inspections

24 processing

28 closing time

---

# aloha, i'm sara

A home is not only the place you build memories and share your life with friends and family; it is also the investment that builds a financial foundation for your future.

Whether representing an investor or first time home buyer, I offer expertise, accessibility, creative problem solving and aggressive advocacy. Regardless if it's your first home or your fourth, it's easy to feel overwhelmed pretty quickly. There's a lot more to the journey than just finding the home: You need to figure out financing, negotiate on price and possibly request repairs or make concessions, then have the home appraised and inspected, and make sure all the i's are dotted and t's are crossed by the time you sit down at the closing table to sign your name on a stack of paperwork.

Every day I get the pleasure of helping people make their real estate dreams and goals come true. As your Realtor®, I will help you feel confident throughout the home-buying experience and will clearly outline each integral step that takes place and manage the transaction. Let me guide you on your home buying journey; taking a house from a property you've viewed to the place you call home.

“

"As a Real Estate Agent & Designer, I provide value to my clients beyond a home transaction. It's a reward to be able to see the potential in a property and turn that vision into reality for someone."



# REALTOR BY DESIGN

*quality is in the details.*



Whether you are looking to buy or sell, as a certified designer, I am able to use my experience and expertise to guide you on smart investments and product selections. My services are complimentary when you use me as your agent.

## Design Eye

During showings, I'll point out potential investment opportunities so you see the true vision for the home. For new construction homes, I'm happy to assist with selecting finishes and customizations.

## Interior Decorating

From paint consultations to selecting the right artwork, furniture and lighting for one room or your entire home!

## Investment Expert

I have a keen eye for neighborhoods and homes, which will reap the biggest investments. As we all know whether you plan to stay for days or years, your home is an investment. Furthermore, after you've moved in and if you plan to do any renovations, I can guide you on how to get the most bang for your buck.



# BERKSHIRE HATHAWAY

## HomeServices

### PenFed Realty



## A Company Built on a Foundation of Trust

### OUR VALUES

Integrity.  
Innovation.  
Improvement.

### OUR MISSION

To provide a gateway to an enhanced quality of life and better financial opportunities for our real estate clients, sales professionals and employees.

### OUR VISION

To be the premier provider of real estate services in the markets we serve.

## WHO WE ARE

Trust is more than just a catchword at Berkshire Hathaway Home Services PenFed Realty. It's at the very core of the relationships we build with buyers and sellers every day. It's why thousands of home buyers and sellers have placed their trust in us.



### Top 1% of all Real Estate Brokerages

Berkshire Hathaway HomeServices PenFed Realty is a full service real estate company ready to assist our clients with buying or selling a home and getting a mortgage. We are a wholly owned subsidiary of PenFed Credit Union with \$20B in assets, and the marketing power of a world-renowned brand, Berkshire Hathaway HomeServices. This unique combination has contributed towards our company's phenomenal growth throughout the mid-Atlantic region, earning us the recognition as one of the Top 1% of all real estate brokerages in the country.

LOCALLY OWNED  
GLOBALLY KNOWN

## PENFED REALTY

---

PenFed Realty was established in 2006 and has since steadily increased its presence and expanded its market share across the nation.

- 50+ offices
- 1,800+ sales professionals in Maryland, Virginia, Washington D.C, West Virginia, Delaware, Pennsylvania, Florida, Kansas, Tennessee and Texas
- Services for residential and commercial properties

This remarkable achievement earned Berkshire Hathaway HomeServices PenFed Realty the Berkshire Elite designation, reserved only for the top companies nationwide.

## PENFED<sup>®</sup> CREDIT UNION

---

Berkshire Hathaway HomeServices PenFed Realty is a wholly-owned subsidiary of PenFed Credit Union. Established in 1935, PenFed Credit Union:

- Is one of the country's strongest and most stable financial institutions
- Has 1.6 million+ members
- Has \$24 billion+ in assets
- Is federally insured by the National Credit Union Association (NCUA) and is an Equal Housing Lender

Become a PenFed Credit Union Member and receive a \$395 credit on your closing disclosure\*

\*PenFed will deposit the required \$5 to open an account for you. Like opening any bank account, there will be a credit pull, but not until 30 days after your closing. The \$395 credit is for only one transaction. Terms are subject to change.



A home is one of  
the most important  
assets that most  
people will ever buy.

---

Homes are also where  
memories are made and  
you want to work with  
someone you can trust.

Warren Buffet  
Chairman and CEO  
Berkshire Hathaway Inc.



# YOUR HOME BUYING *journey*

01

## consultation

Let's meet up to discuss what you are looking for. Together we can plan and strategize your home buying journey.

02

## pre-qualified

If you need financing, get pre-approved by a lender or bank.

03

## home search

As your agent, I will narrow down options for your review. Provide your honest feedback with every showing.

04

## make an offer

Negotiate the offer and get it accepted!  
Contingent on inspection and financing.

05

## home inspection

Discuss results, decide if any repairs are needed and if you want to move forward.

06

## appraisal & title search

The bank or lender orders the appraisal, title search and final financing is set.

07

## closing

Sign papers and pop the bubbly!  
Congratulations,  
you're a home owner!





# THE FIRST STEP

## 1. Consultation

We'll sit down to chat about your needs, wishes and wants in your new home!

- How long have you been looking for a new home?
- What areas and neighborhoods are you looking at?
- What is your Plan B, if you can't find the home you have in mind?
- What are some of your must have items?
- What are deal breaker items?

## 2. Pre Approval

This is a quick necessary process that helps narrow down and determine how much you can afford!

Lenders typically recommend a home that costs no more than three to five times your annual household income, with a 20% down payment. However, there are MANY different financing structures that they can make work for you!

Did you know? Commission is paid by the Seller! The Seller typically pays the listing Broker a commission, which is shared with the selling Broker.



# HOME BUYER *questionnaire*

## Desired Location

Look and feel of preferred area. Is there a specific school district?

## Pricing & Financing

What is your price range? If you need financing, are you pre-qualified yet?

## Timeframe

Do you need to sell a current home? When does your current lease end? Ideal move in time?

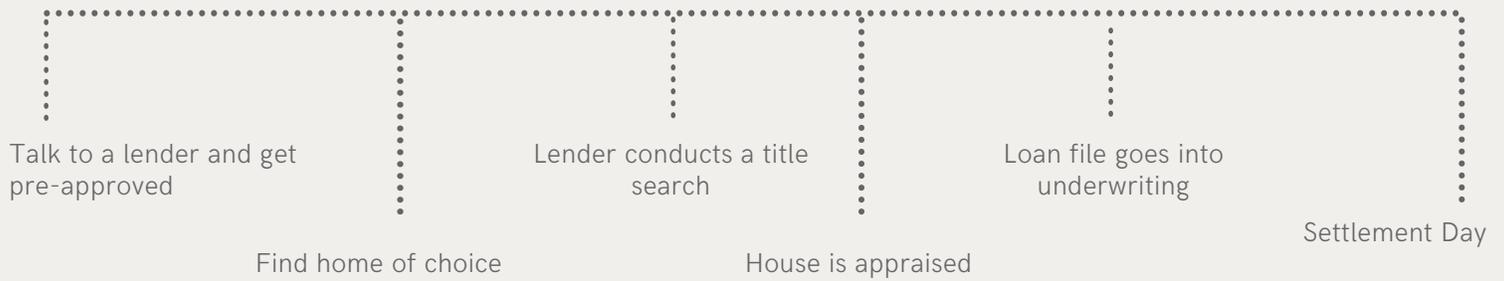
## Interior

Number of Bedrooms? Bathrooms? Total square feet? Other interior requirements?

## Exterior

Lot size? Garage? Pool? Pet needs? Other exterior requirements?

# MORTGAGE LOANS 101



There's a Loan Option for Almost Every Situation.

Which loan is right for you?

## Conventional

This is the most common home loan type in the market. It can be issued with either 15- or 30-year terms and you can have a fixed interest rate or an adjustable rate (ARM). If your down payment is less than 20%, you will incur monthly private mortgage insurance (PMI) payments.

## FHA

An FHA loan is backed by the Federal Housing Administration. They're made for buyers with high debt-to-income ratios and low credit scores. With an FHA loan, you will always have PMI and will pay two mortgage premiums. However, there is more flexibility in down payment assistance with FHA loans.

## VA

A VA loan is guaranteed by the Department of Veteran Affairs. Veterans, active duty service members, reservists, and spouses of veterans can qualify. There is no down payment required and typically low interest rates. There is a funding fee, unless the veteran taking out the loan is disabled due to their military service.

## USDA

A USDA loan is backed by the Department of Agriculture and is for buyers in designated rural areas. No down payment is required but your household income must be below the limit set by the USDA. There is a funding fee and an annual fee. All USDA loans are fixed-rate.



# FINANCING

## Tips

### Be prepared

A lender will need information from you in order to get you pre-approved and through the home buying process. Here are a few things to have ready for them:

- W-2 forms from the past two years
- Pay stubs from the past 30 days
- Federal tax returns from the past two years
- Proof of other sources of income
- Recent bank statements
- Details on long-term debts such as car or student loans
- ID and Social Security number

\*If you're self-employed, you may have to provide extra proof of your financial stability, including having a higher credit score or large cash reserves, and possibly providing business tax returns.

### Get your credit in check

Make sure you're financially prepared for homeownership. Do you have a lot of debt? Plenty saved for a down payment? What about closing costs? Ask yourself "how much house can I afford?" before you go further. Lenders look closely at your credit score when determining your eligibility for a mortgage loan. Check your credit score and do anything you can to improve it, such as lowering outstanding debt, disputing any errors and holding off on applying for any other loans or credit cards.

### Pre-qualify before shopping

It's more fun to look at homes than it is to talk about your finances with a lender. So that's what a lot of first-time home buyers do: They visit properties before finding out how much they are able to borrow. Then, they are disappointed when they discover they were looking in the wrong price range (either too high or too low) or when they find the right home, aren't able to make a serious offer. Talk to a mortgage professional about getting pre-qualified for a home loan before you start to seriously look for a place. The pre-approval process involves a review of your income and expenses, and it can make your bid more competitive because you'll be able to show sellers that you can back up your offer.



# HOUSE HUNTING

## 3. Finding "The One"

I will tailor listings based on your criteria. I funnel all properties and pick the best to view, and will filter out the homes that will not work.

Most buyers look at approximately 10 properties and are then ready to make an offer. At that time, if you have not found a home you are looking for - it's HIGHLY recommended that we sit down and review your criteria to make sure that we are still looking for the right house!

Once you find one you love... it's time to determine the market value of that property. I will compare that home to others that have sold and from there we will determine the value for the home!

## 4. Making An Offer

Now is the exciting time! When you are ready to write an offer, I will walk you through the contract. It is important to write a fair offer or you can run the risk of the seller not responding or even losing the property to another buyer making an offer.

# 5 things to know before you start house hunting

1

You might look at a lot of houses.

House hunting is not as easy as falling in love with the very first house you look at and buying it. You will most likely look at 8-10 houses before finding "the one." -Maybe even more! As you visit each house, give me plenty of honest feedback so we can refine your search.

2

You might fall in love with a house and it won't work out.

Whether it be submitting an offer and having it rejected, or falling out of contract due to inspections, it's not a good feeling to lose a house you started picturing yourself in. Be ready to roll with the punches- you'll find a new house to fall in love with!

3

Don't get stuck on the superficial details.

Paint color is an easy fix, hardware can be changed out and carpet can be ripped up. The superficial details can be distracting, but if something about a house is easily changed, don't let it affect your overall opinion.

4

Be ready to act quickly.

Things happen quickly in real estate! A house could come up unexpectedly, the seller may request an offer deadline, or there may be a limited window for showings. Don't miss out on the right home by not acting quickly enough.

5

Stay in constant contact with your agent.

Be responsive. What's your preferred method of communication? Are you flexible about communicating during the workday? Express any fears you may have. Never be afraid to reach out to me with your questions or concerns.

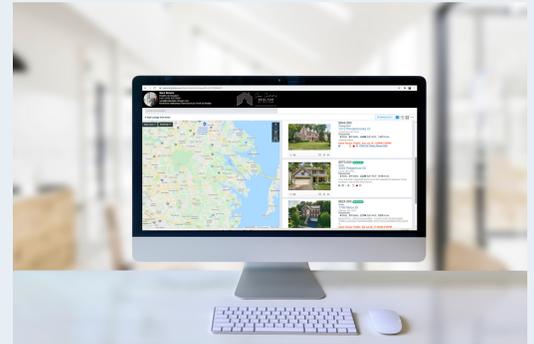
# TOOLS YOU'LL USE in your search

---

## Multiple Listing Service (MLS)

This is the most accurate and helpful tool you'll use during your search. A multiple listing service is an information-sharing platform real estate agents use to publish listings. It's maintained by the local REALTOR organization and has the most accurate and up to date information on a house. MLS will have houses that aren't listed on Zillow, Realtor.com or other third party sites.

Once we've determined exactly what you're looking for in a house, I'll set you up with a client portal and automated search. You'll be notified as soon as something comes up with your criteria! Other things you can do with the portal are: provide feedback on the listings sent to you and favorite properties you like the most. You can also perform your own custom search.



brighi<sup>®</sup>MLS



---

## Third-Party Sites

The MLS is the most accurate tool you can use, but it doesn't mean you can't use other sites to search. Some of the most well-known house hunting sites are:

- Zillow
- Realtor.com
- Trulia
- HomeFinder
- Redfin
- Other agency sites

Only the MLS will have the most accurate information on price changes, renovations to the home and other updates. However, these sites are a good starting point for you to evaluate homes in specific areas and to see what's out there.

---

## Your Agent

As your agent, I'll become one of your best resources. I work within a wide network of other agents, so I'm able to find out about houses coming up for sale that haven't shown up on Zillow or other third party sites yet. I will also connect with other agents in my brokerage to find out if my peers are working with sellers who may have a home that would fit your needs.

# buyer mistakes

## AND HOW TO AVOID THEM



### **FOBO - Fear of Better Options**

It's not uncommon for a first-time buyer to have natural anxieties and doubts. Buying a home will most likely be the biggest financial investment of your lifetime. While homeownership is a rewarding process, you may second guess a home you've toured and loved for *fear of a better option*.

Let's say you viewed a home that checks 80% of your list. Should you write on it? Or should you wait for the home that's going to check off 100%? It's important to have your priorities in line, and ask yourself if the home meets your most important requirements. If it doesn't, does the budget allow you to change that?

You might say to yourself "this home is perfect" and yet hesitate to put pen to paper. Some buyers ease their feeling of FOBO by taking a night to sleep on it. Others will visit the home for a second viewing, perhaps in another time of day, to see if they still love the home as much as they did when they first walked in.

Remember to communicate your fears and concerns with me. As your agent, I can help you identify the source of your reluctance and will counsel you so you can ultimately feel confident in your final decision.

### **Emptying your savings**

If you buy a previously owned home, it almost inevitably will need an unexpected repair not long after. Maybe you'll need to replace a water heater or pay a homeowner's insurance deductible after bad weather. How to avoid this mistake: Save enough money to make a down payment, pay for closing costs and moving expenses, and take care of repairs that may come up. Lenders will give you estimates of closing costs, and you can call around to get estimates for moving expenses.

Depending on market conditions, you might write an offer (or a few!) that is outbid or outmaneuvered by investors and other buyers. Your home budget might need to be adjusted, and it can be dejecting to find out that you need to save even more money or compromise on a home.

Take a deep breath. Stay on the course.

Persistence will eventually pay off, and you'll learn a lot along the way.

## Taking rejection personally

Like any road paved with rejection, the road to homeownership in a hot market is one that's likely to feel bumpy. When you make an offer on a home, the last thing you want to hear is that it was rejected. Don't take it personally. It happens all the time in hot markets with a limited inventory of homes. But even in a buyer's market, offers are frequently rejected, sometimes for reasons that make no sense, including:

- A bidding war, involving bids from multiple buyers.
- Special terms or conditions that a buyer must meet before the seller is willing to accept an offer.
- Financing preferences of the seller, such as preferring cash or an unwillingness to work with a certain type of loan.
- Sellers with an unrealistic expectations or an inflated view of their home's value.



## Feeling defeated

After losing out on several homes, you might feel tempted to make a desperation bid or give up. Don't do either. Bidding too much or making an offer on a home you don't really like could leave you resentful and house poor. If you start to feel frustrated, just remember that you can't control the market. Instead, focus on what you can control. It's not the end-all-be-all if you get rejected, it just means you may need a plan B. Knowing what's a reasonable offer in the market, limiting your contingencies and having your financing ready to go will have you primed and ready when the next house comes along.

## The belief there is only *one* house

Rejection is rejuvenation.

I wrote on 3 houses before purchasing my current home. If I had won the bid on any of those other properties, I would've been happy.

If it doesn't work out with one house, it will with another. Sometimes a buyer thinks "this is the only house I can see myself in" but the truth is, there are multiple homes that could work for you-- and it's okay to love more than one home! Ultimately, the home you end up purchasing will be the one that was meant to be.

# 4 TYPES OF HOME SALES

---

## standard resale

The most common type of sale, where the seller has equity in the property and you deal with the owners directly.

**TIME:** Fast - usually a 30-45 day escrow period.

**CONDITION:** Good - sellers usually take extra care of their homes prior to selling.

**PRICING:** There are exceptions, but usually the most expensive to purchase.

## reo/foreclosure

The sale of a home that has already been foreclosed and returned to the lender. Considered to be a type of "distress" sale, in that the loss of the home by the original owner was involuntary.

**TIME:** Fast - Banks will often ask for a quick close.

**CONDITION:** Fair to poor - usually sold "As-Is"

**PRICING:** Aggressive - typically priced to sell

## short sale

The homeowners still hold title to the property and are trying to sell short (for less than what is owed on the home). Lenders must approve the sale and agree to take the shortage.

**TIME:** Slow - most of the time is waiting on lender approval.

**CONDITION:** Mixed - some sellers continue to take care of the home.

**PRICING:** List price is less meaningful, since the final price must be approved.

## new construction

A home where the buyer is the first person to live there after it's built.

**TIME:** Depends- if construction has begun, it can be as little as 3 months.

**CONDITION:** Excellent - typically comes with an extended warranty as well.

**PRICING:** Market rate - determined by the cost of materials, land, etc.



# elements of an offer

A real estate purchase agreement is an essential step in the home buying process that outlines prices and terms for the transaction. Every element of the sale is covered, from earnest money requirements to disclosures. The goal is to protect both the buyer and seller, and to ensure that all expectations are clear.



- Write the Offer  
Purchase Price, Inspection Timeframes, Earnest Money Deposit, Closing Date
- Negotiate the Offer  
If the Seller(s) counters your initial offer, you have the option of accepting or countering back.
- Satisfy Conditions  
Execute the contract based on the agreed upon terms.

## contingencies

- inspections:** The seller must allow the buyer and the inspector of their choice reasonable access to the property. Most contracts include a deadline of ten days for the property inspection.
- financing:** Although buyers generally obtain a pre-approval letter before making an offer, pre-approval never guarantees the buyer's ability to obtain financing. Buyers can protect themselves against the possibility of financing falling through by including a financing contingency that states that, if the buyer cannot obtain necessary funding, he or she can back out of the deal.
- appraisal:** An appraisal must be carried out by the lender. If the appraisal does not equal or exceed the listed value of the home, it is up to the buyer to make up the difference or negotiate a lower purchase price. The lender may also require the seller to make repairs prior to closing, at the seller's expense. If this contingency is not satisfied, the buyer is permitted to cancel the agreement.
- title search:** Provides buyers with full confidence that they will obtain the property's title upon closing.
- community:** If a property is located within a community that has a homeowner's association, the buyer will receive a resale packet from the association for review.



# INSPECTIONS

## 5. Home Inspection

The immediate step after your offer is accepted is to schedule a home inspection. You will have a certain number of days to complete this inspection after the offer was accepted. This also includes any additional inspections such as well/water quality, septic, chimney, radon and wood destroying insects. As long as you are not purchasing the home "as-is", you have the right to request the Seller to make repairs found in the home inspection report. These repairs exclude anything cosmetic.

### **Why does a buyer need a home inspection?**

A home inspection gives the buyer more detailed information about the overall condition of the home prior to purchase. In a home inspection, a qualified inspector takes an in-depth, unbiased look at your potential new home to evaluate the physical condition (structure, construction, and mechanical systems) and identify items that need to be repaired or replaced.

Leave it to me!

As your agent, I'll take care of scheduling all of your inspections  
and will make sure we meet our deadlines.



# cover your home

## FROM TOP TO BOTTOM

Buyers, at the Buyer's expense, have the right to have a property inspected by a qualified professional.

### STRUCTURAL AND MECHANICAL

\$425-\$625

This is the standard "home inspection" which includes, but not limited to, foundations and/or basement, floor systems, ceilings, doors and windows, roof, insulation, exterior and interior wall systems, decks, porches, garages, plumbing, and electrical systems, heating and cooling systems and components, appliances, and mechanical equipment.

The estimated cost greatly depends on the square footage of the home. Other factors include the age, property type, and unique features (such as a crawlspace).

### RADON

\$150-\$250

Buyer's have a right to have the property tested for radon in accordance with Environmental Protection Agency (EPA) testing protocols to determine whether the radon level (or average radon level) equals or exceeds the action level as determined by the EPA. Radon is a radioactive gas that has been found in homes all over the United States, and is considered to be harmful to your health. For more information on radon testing, call the National Radon Information Line at 1-800-767-7236

In the event the radon levels exceed the EPA standards, a Buyer can request corrective action as long as the test is performed by a licensed inspector.

### WOOD DESTROYING INSECTS

\$75-\$100

A termite inspection is a visual inspection of the readily accessible areas of a home for evidence of wood-destroying insects. The inspector will inspect the entire interior of a home (including accessing any sub-space such as basements and crawlspaces) and exterior of the property. Certain loan types will require a termite inspection.

If you are using a VA loan, the Seller will be responsible for providing a clean termite inspection.



## CHIMNEY

\$175-\$200

Because of the dangers associated with fires and carbon monoxide intrusion, it is recommended that you have your chimney inspected and cleaned by a professional at least once a year. A chimney inspection will determine if the fireplace is safe to use.

Seasonal chimney inspections are also recommended to ensure that there is a safe barrier from pests and that no animals have built nests in the flue or otherwise disrupted the structure.

## WELL WATER QUALITY

\$165-\$225

Water quality testing is important because it identifies contaminants and prevents water-borne diseases. Essentially, water quality testing makes sure the home's drinking water is safe and meets local and international water standards.

VA and USDA loans require a clean water report for properties with a well water source.

## SEPTIC TANK

\$380-\$485

A septic inspection is used to determine the condition of the unit and recommend if anything needs attention before you buy the property. When you buy a house you want to be certain that you know what you are getting. You can feel more confident about your property choice when you have a septic system inspection performed by a professional. Most importantly, a septic system inspection will help you become familiar with this vital home system.

Most septic inspection companies are booked up to 14 days out.

\*The estimated prices listed are meant to be a guideline and should not be considered or deemed to be guaranteed or accurate. Pricing can fluctuate and is determined by the Inspectors and the companies they're associated with. The average prices listed are gathered from previous invoices and inspections hired by past clients.

When going through the home buying process, be sure to budget for the cost of any inspections that will need to be done.





# PROCESSING

## 6. Appraisal, Title Search & Lender Letter

The title is the right to own, possess, use and control a property. When purchasing a home you are buying a seller's title to the home. Before closing, a title search is done to ensure there are no liens, or problems that might prevent a clean title for you to close on the home.

An appraisal is a valuation of the property value. The appraisal is not only to justify the lender's investment, but to help keep the buyer from overpaying on a property. Your lender will typically hire an appraiser and charge you the fee at closing.

Final commitment lender's letter approves your home loan! You will receive a letter and loan term to your mortgage agreement. Your final letter will include your annual percentage rates, monthly fees, and repayment info for the loan.

Be sure to have a property location drawing done, also known as a survey. Why?  
Because believe it or not, sometimes a house is built on the wrong lot!  
A survey provides peace of mind by showing the exact location of the home.



# HOME APPRAISAL:

## *what you need to know*

An appraisal is an unbiased professional opinion of a home's value and is used to determine whether the home's contract price is appropriate given the home's condition, location, and features.

### Why do lenders require an appraisal?

To make sure the amount of your home loan matches the fair market value of the home. The lender is ensuring that what you're borrowing from them is what you actually need. The lender will order the appraisal and the cost (usually \$400-\$600) will be rolled into your closing costs.

If the appraisal comes in at or above the contract price, the transaction proceeds as planned. If the appraisal comes in below the contract price, however, it can delay or derail the transaction. If the appraisal comes back low, don't panic.

You may have a few different options:

- Your agent can dispute the valuation and look into getting a second opinion. Appraisers can make mistakes or have imperfect information.
- You can try to negotiate with the sellers to decrease the price at or near the appraised value.
- As a buyer, you can pay the difference between the appraisal and the selling price out-of-pocket.
- You may choose to walk away from the deal and keep your eye on the house in case the price drops. The owner may have trouble selling the home at a higher price than the appraised value and may drop the price or come back to renegotiate with you.

### The Bottom Line:

While appraisals help buyers avoid overpaying for homes, a seller may feel that a low appraisal is inaccurate and be reluctant to drop the price. Chances are, neither you nor the seller want the transaction to fall through. When obtaining a mortgage, the bank won't lend you or any other prospective buyer more than the home is worth.



# Duties and Roles of a Title Company in the Home Buying Process – Explained

The role of a title company is to verify that the title to the real estate is legitimately given to the home buyer. Essentially, they work to ensure that every aspect of the transaction is legal and that the transfer of ownership is free of error.

A property title is the designation of ownership; title is a legal term that refers to your right to own the property.

## Property Title Search

The first thing a title company will do is perform a title search, which entails looking for potential obstacles to the clean transfer of ownership and also looks for the following issues:

- **Outstanding Mortgages:** Unless the previous home is owned free and clear, the current homeowner will have a mortgage tied to the property. This will need to be paid off at closing so that the title can be transferred to you.
- **Other Existing Liens:** The Seller could have a lien on the property for other things like a home equity line of credit or a loan to pay off solar panels, for example. These will need to be paid off or otherwise removed before you can close.
- **Unpaid Homeowners Association Dues:** While this will vary depending on what's written in the HOA contract, associations often give themselves broad powers in these agreements to place a lien on and even foreclose your property as a consequence of unpaid HOA dues.
- **Judgments Or Unpaid Tax Liens:** A lien is a legal claim to a property, usually as a form of security on a loan or payment for services. If the seller owes taxes, money to contractors for unpaid home renovations, etc. they can collect proceeds in the event of sale.
- **Restrictions:** If there's anything restricting the free transfer of ownership in a property, that can cause a problem. Examples of restrictions would be a requirement to be a certain age to live in a community.
- **Easements:** Easements are agreements that, although you own the property, you're giving someone else the right to use your land for a specific purpose. An example of an easement might be the right to use space for parking.
- **Leases:** Is the property rented out to anyone for a specified term? A title search will turn this up.

## What happens if something is found in the title search?

If the title search reveals a lien against the property, the best option is to have the seller pay it off. You can still buy the house if there are liens on it- but the seller should clear them first since liens are attributed to the property, not the owner. Each situation is a little different so a lien or judgement won't necessarily always be a deal-breaker. However, most lenders won't let you close on a house if there are liens on it.

If the title search comes up clean, the title company will be able to transfer title to your name once you close on the home and provide you with a property abstract. This is a complete collection of legal documents relating to the property, including the deed, mortgages, tax records and previous sales. In essence, it's the history of the property.

## Issue Title Insurance

The next duty of the title company is to issue insurance protecting both the buyer and the lender. It's important to note that there are two different types of title insurance: A lender's title policy and an owner's title policy. If you're getting a mortgage, a lender's title policy is required and is paid for by the buyer in order to ensure the value of the mortgage should there be any future issues with the title. This insurance, however, does not protect your investment in the home, which is why title companies also offer owner title policies. The owner's title insurance, while optional, protects your own equity in the home if you ever face an unexpected issue with your title. Both types of insurance are there to protect your investment in the face of litigation or title fraud and the policies are good for as long as you (or your heirs) own the home.



## Oversee Escrow & Closing

The final, key responsibility of a title company is to oversee the closing of your home sale and manage the escrow. The escrow account safeguards the financial transactions that are required to complete the sale or purchase of your home, including earnest money, down payment, closing costs and fees. Prior to settlement, the lender will wire the loan amount proceeds to the title company. As the buyer, you will need to send your portion of the closing funds, usually in the form of a wire, as well. All parties typically meet at the title company to sign the documents. Once all funds have been disbursed to the appropriate parties, the transaction is deemed closed and settled.

Who decides the title company?

In the state of Maryland, the Buyer reserves the right to select a title company.



# CLOSING TIME

## 7. Settlement Day

The closing process finalizes the sale of your home.

### What to Bring

- A valid government issued photo ID
- Any outstanding documents for the title company or loan officer

### Closing Costs

Prior to closing, you will be given wire instructions to transfer closing costs and settlement fees. Fees typically total 3% - 7% of the total purchase price and can include:

- Escrow Fees
- Recording fees
- Application and Underwriting fees
- Front Foot Benefit Fees or Capital Assessment
- Appraisal Fees
- Local Transfer Taxes
- Homeowners Insurance
- Homeowners Association Fees

# after settlement CHECKLIST

- Change the locks
- Change your address with the Post Office
- Modify your voter registration to you new polling place
- Revise your auto insurance
- Update your car registration and license with the MVA
- Send "we've moved" cards to your family and friends

# RESOURCES



quick guide to  
local service providers  
in the area

## HOME INSPECTOR

Altair Inspection  
Stephen Toman  
410-978-8178  
[www.altairinspection.com](http://www.altairinspection.com)

## LENDER

First Home Mortgage  
Scott Van Stone  
410-571-2028  
[svanstone@firsthome.com](mailto:svanstone@firsthome.com)

## TITLE COMPANY

Eagle Title  
Annapolis, MD  
410-266-3600  
[www.eagletitlellc.com](http://www.eagletitlellc.com)

## MOVERS

Doyle Moving Services  
833-668-3367  
[www.doylemovingservices.com](http://www.doylemovingservices.com)

*sara sinns*  
REALTOR® & DESIGNER

*let's stay in touch*

565 Benfield Rd, Suite 100, Severna Park, MD 21146  
410-432-4500  
sara@realestate-design.com  
www.realestate-design.com

