

austinREAL ESTATEguide



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21 Reasons Why You Need Title Insurance



With home ownership comes the need to protect against the past, as well as the future. Each successive owner brings the possibility of title challenges to the property. Title insurance protects a policy holder against challenges to rightful ownership of real property that arise from circumstances of past ownerships. Here are some examples of why you need title insurance.

1. A fire destroys only the house and improvements. The ground is left. A defective title may take away not only the house, but also the land on which it stands. Title insurance protects you (as specified in the policy) against such loss.
2. A deed or mortgage in the chain of title may be a forgery.
3. A deed or a mortgage may have been signed by a person under age.
4. A deed or a mortgage may have been made by an incapacitated person or one otherwise incompetent.
5. A deed or a mortgage may have been made under a power of attorney after its termination and would, therefore, be void.
6. A deed or a mortgage may have been made by a person other than the owner, but with the same name as the owner.
7. The testator of a will might have a child born after the execution of the will, a fact that would entitle the child to claim his or her share of the property.
8. A deed or mortgage may have been procured by fraud or duress.
9. Title transferred by an heir may be subject to a federal estate tax lien.
10. An heir or other person presumed dead may appear and recover the property or an interest therein.
11. A judgment or levy upon which the title is dependent may be void or voidable on account of some defect in the proceeding.
12. Title insurance covers attorneys' fees and court costs.
13. Title insurance helps speed negotiations when you're ready to sell or obtain a loan.
14. A deed or mortgage may be voidable because it was signed while the grantor was in bankruptcy.
15. There may be a defect in the recording of a document upon which your title is dependent.
16. Claims constantly arise due to marital status and validity of divorces. Only title insurance protects against claims made by nonexistent or divorce "wives" or "husbands."
17. Many lawyers, in giving an opinion on a title, protect their clients as well as themselves, by procuring title insurance.
18. By insuring the title, you can eliminate delays and technicalities when passing your title on to someone else.
19. Title insurance reimburses you for the amount of your covered losses.
20. Each title insurance policy we write is paid up, in full, by the first premium for as long as you or your heirs own the property.
21. Over the last 24 years, claims have risen dramatically.



Austin Title

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Why Do You Need Title Insurance On A Refinance?

Why Do I Need a New Lender's Policy?

The original lender's title insurance policy protects the lender's interest on the original loan. With the new refinanced loan, the original loan will be paid off, and the lender will require protection of its interest for the new loan. From the lender's standpoint, a refinanced loan is no different than any other mortgage loan. In addition, if the loan is sold in the secondary market, investors like Fannie Mae will require the security of title insurance on the property.

The good news is the consumer receives a discount on lender's policies for refinance during the first seven years of the loan. If your refinanced loan is with the same lender as your original loan, your lender may provide additional discounts. Alamo title company will be happy to point out ways you can save on your refinance loan.

Didn't the Original Title Search Resolve Ownership Issues?

The lender needs the title examined again to make sure that no liens or judgments, such as liens filed by contractors, child support liens or other legal judgments, have been recorded against you. Confirming the absence of these and other title defects protects the lender's security interest in your property.

Do I Also Need to Get a New Homeowner's Title Policy?

You'll be glad to know that your original homeowner's title insurance policy protects your ownership rights for as long as you and your heirs own your property. So there's no need to get another owner's policy on a refinance loan.

If you did not get a homeowner's title policy on your original loan, but now want the protection title insurance gives you, Alamo Title can issue a homeowner's title policy for you.

10 Reasons Why You Need Title Insurance



1. Title defects are discovered by our search and examination professionals in more than 36% of all real estate transactions.
2. Title insurance covers attorneys' fees and court costs for defending your title.
3. Title insurance helps speed negotiations when you're ready to sell or obtain a loan.
4. Title insurance reimburses you for the amount of your covered losses.
5. Each title insurance policy we write is paid in full by the one-time premium at closing for as long as you and your heirs own the property.
6. A deed or mortgage in the chain of title may be a forgery or signed by a person under age.
7. A deed or mortgage may have been made by a person other than the owner, but with the same name as the owner.
8. A deed or mortgage may have been procured by fraud or duress.
9. Title transferred by an heir may be subject to a federal estate tax lien, or an heir or other person presumed dead may appear and recover the property or an interest.
10. Claims constantly arise due to marital status and validity of divorces. Only a title insurance policy protects against claims made by non-existent or divorced "spouses."



Real Estate Definitions

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ABSTRACT – An abbreviation of the cardinal aspects of all recorded deeds, mortgages, leases and other instruments affecting the title to a particular piece of land.

AMORTIZATION – This term has developed through French and Old English from the Latin words “mors” or “mort” meaning death or dead. It is the killing off of an existing debt by regular partial payments. The word “mortgage” is also derived from the same Latin root.

APR – Annual Percentage Rate. The yearly interest percentage of a loan as expressed by the actual rate of interest paid.

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

BROKER – One who acts as an agent for another in negotiating sales or purchases in return for a fee or commission.

CERTIFICATE OF TITLE – In areas where attorneys examine abstracts or chains of title, a written opinion, executed by the examining attorney stating that title is vested as stated in the abstract.

CHAIN OF TITLE – Beginning with a conveyance out of an original source of title such as a government, each succeeding deed, will or other medium which conveys and transfers the title to succeeding owners constitutes a link in the chain of title. The chain of title is the composite of all such links.

CLOSING – In some areas called a “settlement.” The process of completing a real estate transaction during which deeds, mortgages, leases and other required instruments are signed and/or delivered, an accounting between the parties is made, the money is disbursed, the papers are recorded, and all other details such as payment of outstanding liens and transfer of hazard insurance policies are attended to.

CLOSING DISCLOSURE – The five-page Closing Disclosure must be provided to the consumer three business days before they close on the loan. The Closing Disclosure details all of the costs associated with their mortgage transaction.

CLOSING STATEMENT – A summation, in the form of a balance sheet, made at a closing, showing the amounts of debits and credits to which each party to a real estate transaction is entitled.

CLOUD ON TITLE – An irregularity, possible claim, or encumbrance which, if valid, would affect or impair the title.

COMMISSION – The amount due a real estate broker, mortgage loan broker or real estate professional for services performed in such capacity.

CONSUMMATION – Consummation is not the same thing as closing or settlement. Consummation occurs when the consumer becomes

contractually obligated to the creditor on the loan, not, for example, when the consumer becomes contractually obligated to a seller on a real estate transaction.

CONTRACT – Same as “agreement,” but usually more formal.

COVENANT – A formal agreement or contract between two parties in which one party gives the other certain promises and assurances, such as covenants of warranty in a warranty deed.

DEED – A written document by which title to real estate is conveyed from one party to another.

DEFAULT – Failure to perform a promised task or to pay an obligation due.

DEFECT – A blemish, imperfection or deficiency. A defective title is one that is irregular and faulty.

DEPRECIATION – Loss in value occasioned by ordinary wear and tear, destructive action of the elements, or functional or economic obsolescence.

EARNEST MONEY – Down payment or a small part of the purchase price made by a purchaser as evidence of good faith.

EASEMENT – A right held by a person to enjoy or make limited use of another’s real property.

ENCROACHMENT – The extension of a structure from the real estate to which it belongs across a boundary line and onto adjoining property.

ENCUMBRANCE – A claim, right or lien upon the title to real estate, held by someone other than the real estate owner.

ENDORSEMENT – Addition to or modification of a title insurance policy that expands or changes coverage of the policy, fulfilling specific requirements of the insured.

ESCROW – Technically, this term strictly refers to a deed delivered to a third person to be held by him until the fulfillment or performance of some act or condition by the grantee. In the title industry, it means the depositing with an impartial third party (typically an escrow agent or title company) of anything pertaining to a real estate transaction including money and documents of all kinds. The money and documents are to be disbursed and delivered to the rightful parties by the escrow agent or title company when all conditions of the transaction have been met.

ESCROW AGREEMENT – A written agreement usually made between buyer, seller and escrow agent, but sometimes only between one person and the escrow agent. It sets forth the conditions to be performed incident to the object deposited in escrow, and gives the escrow agent instructions with respect to the disposition of the object so deposited.

EXAMINATION – In title industry terms, to peruse and study the instruments in a chain of title and to determine their effect and condition in order to reach a conclusion as to the status of the title.

EXAMINER – Usually referred to, in title industry terms, as title examiner. One who examines and determines the condition and status of real estate titles.

EXCEPTIONS – Insurance policies include a list of items excluded from coverage. Items excluded from coverage can be found in section two of Schedule B of the policy.

FIRST MORTGAGE – A mortgage having priority as a lien over any other mortgage or lien on the same property.

FORECLOSURE – A legal proceeding for the collection of real estate mortgages and other types of liens on real estate, which results in cutting off the right to redeem the mortgaged property and usually involves a judicial sale of the property to pay the mortgage debt.

GENERAL WARRANTY – A warranty provision in a deed or mortgage or other real estate instrument containing all of the common law items of warranty. Also known as a full warranty.

HAZARD INSURANCE – Real estate insurance protecting against fire, some natural causes, vandalism, etc., depending upon the policy. The buyer often adds liability insurance and extended coverage for personal property.

HEIR – A person who inherits or who is entitled to inherit real estate by provisions of law or under the provisions of a will.

LIEN – The liability of real estate as security for payment of a debt. Such liability may be created by contract, such as a mortgage, or by operation of law, such as a mechanics lien.

LOAN ESTIMATE – A three-page Loan Estimate must be provided to the consumers no later than three business days after they submit a loan application for most mortgages. The Loan Estimate provides information about key features, costs and risks of the mortgage loan for which the consumer is applying.

LOAN POLICY – A policy of title insurance issued to the mortgage lender insuring against loss by defects in, liens against, or unmarketability of title.

MARKET VALUE – An average between the highest price that a buyer, willing but not compelled to buy, would pay and the lowest price a seller, willing, but not compelled to sell, would accept.

MORTGAGE – A temporary conditional pledge of property to a creditor as security for the payment of a debt that may be cancelled by payment.

OWNER'S POLICY – This policy is purchased for a one-time fee and protects a homeowner's investment in a property for as long as they or their heirs have an interest in the property. Only an owner's policy protects the buyer should a covered title problem arise with the title that was not found during the title search. Possible hidden title problems can include errors or omissions in deeds, mistakes in examining records, forgery and undisclosed heirs.

POWER OF ATTORNEY – A legal instrument authorizing one to act as another's agent or attorney.

PRELIMINARY TITLE REPORT – A report prepared prior to issuing a title insurance policy that shows the ownership of a specific parcel of land. It includes information about liens and encumbrances that will not be covered under a title insurance policy.

PREMIUM – The amount payable for an insurance policy.

PROBATE – A legal procedure in which the validity and probity of a document, such as a will, is proven.

PROMISSORY NOTE – A written promise to pay or repay a specified sum of money at a stated time, or on demand, to a named person. In addition to the payment of principal, a promissory note usually provides for the payment of interest.

QUIT CLAIM DEED – A deed that does not imply the grantor holds title, but which surrenders and gives to the grantee any possible interest or rights that the grantor may have in the property.

RECORD TITLE – The aspects of a title that appear in the public records as distinguished from unrecorded title aspects and interests.

REFINANCE RATE – When referring to title insurance, the refinance rate is the reduced rate for a loan policy issued on the new loan in a refinance transaction, in which the original loan was previously insured within some period of years.

SEARCH – A careful exploration and inspection of the public records in an effort to find all recorded instruments relating to a particular chain of title.

SECOND MORTGAGE – A mortgage ranking in priority immediately below a first mortgage.

SETTLEMENT – In some areas called a "closing." The process of completing a real estate transaction during which deeds, mortgages, leases and other required instruments are signed and/or delivered, an accounting between the parties is made, the money is disbursed, the papers are recorded, and all other details such as payment of outstanding liens and transfer of hazard insurance policies are attended to.

SPECIAL WARRANTY DEED – A deed that warrants the title only with respect to acts of the seller and the interests of anyone claiming by, through, or under him.

SURVEY – (1) To determine the location, boundaries, area, or the elevations of land and structures upon the earth's surface by means of courses in relation to the North Star, and the measuring of angles and distances by using the techniques of geometry and trigonometry. (2) The map or plat drawn by a surveyor that represents the property surveyed and shows the results of a survey.

TAX LIEN – The lien that is imposed upon real estate by operation of law that secures the payment of real estate taxes

TITLE – (1) A combination of all the elements that constitute the highest legal right to own, possess, use, control, enjoy, and dispose of real estate or an inheritable right or interest therein. (2) The rights of ownership recognized and protected by the law.

TITLE COMMITMENT – An offer to issue a title insurance policy. The title commitment will describe the various conditions, exclusions and exceptions that will apply to that particular policy.

TITLE COVENANTS – Covenants ordinarily inserted in conveyances and in transfers of title to real estate for the purpose of giving protection to the purchaser against possible insufficiency of the title received. A group of such covenants known as "common law covenants" includes: (a) covenants against encumbrances; (b) covenant for further assurance (in other words, to do whatever is necessary to rectify title deficiencies); (c) covenant of good right and authority to convey; (d) covenant of quiet enjoyment; (e) covenant of seisin; (f) covenant of warranty.

TITLE DEFECT – (1) Any possible or patent claim or right outstanding in a chain of title that is adverse to the claim of ownership. (2) Any material irregularity in the execution or effect of an instrument in the chain of title.

TITLE EXAMINATION – To peruse and study the instruments in a chain of title and to determine their effect and condition in order to reach a conclusion as to the status of the title.

TITLE INSURANCE – Is insurance that protects purchasers of real estate and mortgages against loss from defective titles, liens and encumbrances.

TITLE PLANT – (1) In many areas, synonymous with abstract plant. (2) A geographically filed assemblage of title information which is to help in expediting title examinations, such as copies of previous attorneys' opinions, abstracts, tax searches, and copies or take-offs of the public records.

TITLE SEARCH – A search and perusal of the public records for recorded instruments that affect the title to a particular piece of land. (See also Abstract and Examination.)

UNDERWRITER – An insurance company that issues insurance policies either to the public or to another insurer.

WARRANTY DEED – A deed containing one or more title covenants. (See Title Covenants.)

What You Need to Know About Escrow



English

What is Escrow?

Escrow is the process by which the interests of all parties in a real estate transaction are protected, ensuring that all conditions of the sale have been met before property and money change hands.

Escrow is an independent depository wherein all funds, instructions and documents for the purchase of your home are held, including your down payment, your lender funds, documents for the new loan, hazard and title insurance, inspection reports, and the grant deed from the seller. At the close of escrow, the "Escrow Holder" delivers these items to the appropriate parties, disburses the funds, and handles the associated paperwork.

What Does an Escrow Holder do?

The escrow holder is a neutral third party, such as Austin Title, that maintains the escrow account and partially oversees the escrow process making sure all conditions of the sale of the property are met.

The Escrow Holder's Duties Include:

- Serving as a neutral agent and the liaison between all parties involved.
- Requesting a preliminary title search to determine the status of title to the property.
- Requesting a beneficiary statement of debt or obligations that are to be taken over by the buyer.
- Requesting a payoff demand from beneficiaries when the seller is paying off debts.
- Complying with the lenders requirements as specified in the instructions to escrow.
- Securing releases of all contingencies or other conditions imposed on the escrow.
- Preparing or securing the deed and other documents related to escrow.
- Prorating taxes, interest, insurance and rents.
- Preparing escrow instructions.
- Receiving purchase funds from the buyer.
- Receiving loan funds from the buyer's lender.
- Closing the escrow pursuant to instructions supplied by the seller, buyer and lender.
- Recording the deed and other documents.
- Disbursing funds as authorized by the instruction including charges for title insurance, recording fees, real estate commissions and loan payoffs.
- Preparing final statements for all parties involved that account for the disposition of all funds held in the escrow account.
- Requesting the Austin Title policy.

Spanish

¿Qué es la plica?

La plica es el proceso mediante el cual los intereses de todas las partes implicadas en una transacción inmobiliaria quedan protegidos, asegurando que todas las condiciones de la venta se han cumplido antes de que se produzca el intercambio de propiedades y dinero. La plica es un depósito independiente donde se mantienen todos los fondos, instrucciones y documentos necesarios para la compra de su casa, incluyendo , los fondos de su entidad de préstamo, los documentos para el nuevo préstamo, seguros de propiedad y riesgos, informes de inspección y la escritura de propiedad del vendedor. Cuando termina la plica, el tenedor de la misma reparte estos documentos entre las partes implicadas, desembolsa los fondos y se encarga de tramitar los documentos asociados a la transacción.

¿Cuál es la función del tenedor de la plica?

El tenedor de la plica es un tercero neutral, como Austin Title Company, que mantiene la cuenta de la plica y supervisa el proceso de plica de forma imparcial, asegurándose de que se dan todas las condiciones adecuadas para la venta de la propiedad.

Entre las labores del tenedor de la plica se incluyen:

- Hacer de agente neutral y de vínculo entre las partes implicadas.
- Solicitar una búsqueda preliminar de títulos para determinar el estado registral de la propiedad.
- Solicitar una declaración de beneficiarios respecto de las obligaciones que garantice la vivienda, de las cuales se subroga el comprador.
- Solicitar a los beneficiarios el importe total de la deuda.
- Cumplir con los requisitos impuestos por la entidad crediticia tal y como aparecen detallados en las instrucciones para la conformación de la plica.
- Asegurar que las partes quedan liberadas de cualquier contingencia o condición impuesta en la plica.
- Preparar o asegurar la escritura y otros documentos relativos a la plica.
- Prorratear impuestos, intereses, seguros y rentas.
- Preparar las instrucciones de la plica
- Recibir los fondos de la compra por parte del comprador.
- Recibir los fondos del préstamo de la entidad crediticia del comprador.
- Cerrar la plica conforme a las instrucciones recibidas del vendedor, comprador y entidad crediticia.
- Registrar la escritura y otros documentos.
- Desembolsar los fondos, tal y como queda autorizado en las instrucciones de la plica, incluyendo los costes de seguro, aranceles de registro, las comisiones por la venta de bienes inmuebles y las cancelaciones de préstamo.
- Preparar una declaración final para todas las partes implicadas en el proceso que detalle la disposición y repartición de los fondos mantenidos en la plica.
- Solicitar la póliza de seguros.

The Purchase Process



These 35 steps describe the functions that your REAL ESTATE TEAM will perform (your Real Estate Agent, lender, and Austin Title Company) so that your transaction is successful. After each description, you will see the team member(s) associated with that action, labeled in brackets.

These steps have been numbered to make the process easy to follow, although some of them may occur simultaneously. Also keep in mind that this is generated to be used as a guide and is a generalization. Each specific transaction could vary depending on unique circumstances.

1. Pre-approval and evaluation of your financing options. [Lender / Loan Officer]
2. Choosing the desired property, and presenting the purchase offer and the initial good-faith deposit. [Real Estate Agent]
3. The transaction is started at Austin Title Company. [Austin Title Company]
4. The loan application form is completed. [Lender / Loan Officer]
5. Property inspections are ordered. [Real Estate Agent]
6. Credit report and property value assessment are ordered. [Lender / Loan Officer]
7. The contract is reviewed with particular attention to the steps with specific dates. [All Team Members]
8. The preliminary title report is reviewed and sent to the lender and Real Estate Agent. [Austin Title Company]
9. The disclosure reports are delivered to the buyer. [Real Estate Agent]
10. The preliminary title report is reviewed. [All Team Members]
11. The desired loan is selected. [Lender / Loan Officer]
12. The inspections are reviewed and/or the contingencies are eliminated. [Real Estate Agent]
13. The contingencies are removed from the loan and deposit is increased if necessary. [Real Estate Agent]
14. Receipt of increased funds. [Austin Title Company]
15. Final gathering of documents for loan approval. [Lender / Loan Officer]
16. The escrow agent ensures that the title report is free of errors and that it complies with any additional instructions. [Austin Title Company]
17. The package is sent to the lender (risk assessor) for final approval. [Lender / Loan Officer]
18. Discussion about the selection of an agent for insurance against hidden defects. [Real Estate Agent]
19. The loan is approved and the loan documents are ordered. [Lender / Loan Officer]
20. The loan documents are sent to Austin Title Company. [Lender / Loan Officer]
21. The property owner's hidden defects insurance is ordered. [Austin Title Company]
22. The closing date, and the required final balance needed to close are confirmed. [Real Estate Agent]
23. The Real Estate Agent gives final instructions for the closing. [Real Estate Agent]
24. Final conditions of the loan are reviewed with the Escrow Officer. [Lender / Loan Officer]
25. The escrow instructions are formulated. [Austin Title Company]
26. The escrow instructions are signed (by both Buyer and Seller) and the loan documents are also signed (by the Buyer). [Austin Title Company]
27. The signed documents are returned to the lender along with the hidden defects insurance policy. [Austin Title Company]
28. Final visit to the property. [Real Estate Agent]
29. The loan file is reviewed. [Lender / Loan Officer]
30. The monetary exchange occurs. [Lender / Loan Officer]
31. The buyer deposits the funds balance in the escrow account. [Austin Title Company]
32. The team decides that other measures are necessary for closing. [All Team Members]
33. The documents are registered (the deed) at the county office. [Austin Title Company]
34. The transaction is closed. Final accounting: Checks are sent, a final account statement is produced, and all parties are summoned and notified of the closing. [Austin Title Company]
35. The keys are handed to the new owner. [Real Estate Agent]

Buyers & Sellers

ESTIMATED CHARGES



BUYERS

	Conventional	VA	FHA	Assumption	Cash
Appraisal Fee	500	500	500	0	0
Assumption Fee-Qualifying	0	0	0	<1% Loan Balance	0
Attorney's Fee	175	*	175	175	0
Credit Report	65	65	65	0	0
Discount Points	Negotiable	Negotiable	Negotiable	0	0
E-Recording	8	8	8	8	8
Escrow Balance	0	0	0	Actual	0
Escrow Fee	350	*	350	350	350
Flood Certificate	30	0	30	0	0
GARC Fee	2	2	2	2	2
Homeowners Assoc. Dues	Actual Prorated	Actual Prorated	Actual Prorated	Actual Prorated	Actual Prorated
Homeowners Assoc. Fees	250	250	250	250	250
Insurance	14 Months Prepaid	14 Months Prepaid	14 Months Prepaid	Actual	Actual
Lender Inspection Fee	175	0	175	0	0
Lender Required Tax Reserve	3-4 Mo. of Ann. Taxes	3-4 Mo. of Ann. Taxes	3-4 Mo. of Ann. Taxes	0	0
Mobile Home Processing Fee	75	0	75	75	75
MTP w/Simultaneous Issue of OTP	100	100	100	0	0
MTP Endorsements	125-150+5% Basic Prem.	125-150+5% Basic Prem.	125-150+5% Basic Prem.	0	0
OTP Survey Amendments	5% of OTP	5% of OTP	5% of OTP		
Origination Fee	1%	1%	1%	0	0
Processing Fee	500	0	500	0	0
Recording Fee	120-150	120-150	120-150	120	40
Survey	500	500	500	0	Per Contract
Tax Proration	Closing Date - End of Year				
Tax Service Fee	95	0	0	0	0
Underwriting Fee	625	0	625	0	0
VA Funding Fee	0	Actual	0	0	0

SELLERS

	Conventional	VA	FHA	Assumption	Cash
Attorney's Fee	150	150	150	150	150
Attorney's Fee (Release)	75	75	75	0	75
Commission	Per Listing Agreement	Per Listing Agreement	Per Listing Agreement	Per Listing Agreement	Per Listing Agreement
Discount Points	Negotiable	Negotiable	Negotiable	0	0
E-Recording	4	4	4	4	4
Escrow Fee	350	350	350	350	350
Flood Certificate	0	30	0	0	0
GARC Fee	2	2	2	2	2
Homeowners Warranty Fees	500	500	500	500	500
Homeowners Assoc. Fees	350	350	350	350	350
Lender Inspection Fee	0	175	0	0	0
Mobile Home Processing Fee	75	150	75	75	75
Owners Title Policy (OTP)	Promulgated by TX Department of Insurance Principal Interest/1st Thru Close Date	Promulgated by TX Department of Insurance Principal Interest/1st Thru Close Date	Promulgated by TX Department of Insurance Principal Interest/1st Thru Close Date	Promulgated by TX Department of Insurance	Promulgated by TX Department of Insurance
Payoff				0	Principal + Interest
Processing Fee	0	500	0	0	0
Recording Fee	40-60	40-60	40-60	40-60	40-60
Tax Certificate	50	50	50	50	50
Tax Proration	January 1st thru Close	January 1st thru Close	January 1st thru Close	January 1st thru Close	January 1st thru Close
Tax Service Fee	0	95	95	0	0
Termite Inspection Fee	0	100	0	0	0
Underwriting Fee	0	625	0	0	0

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Steps to the Closing Process

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1. Choosing your Real Estate Agent.
2. Choosing your lender (know about different types of mortgage loans and pre-qualification).
3. Selecting your home (determine the type, the price, and the location).
4. The Offer (once you have found the property make a written offer through your real estate agent).
5. The escrow process (when you have reached an agreement with the seller, the initial good-faith deposit is given to an escrow representative, and the process begins).
6. The mortgage loan (a mortgage loan is requested, filling out the appropriate forms).
7. Preliminary title report (is reviewed and accepted).
8. Inspections and disclosures (the property is inspected during the period specified in the contract, and all disclosures made by the seller about the property are reviewed).
9. Assessment (the property value is determined by the lender).
10. Loan approval (the lender contacts the escrow agent).
11. Hidden defect insurance (the buyer tells the Escrow Agent the name of the insurance company that will grant the policy).
12. Conditions (the escrow agent ensures that the conditions are met).
13. Final visit to property (the buyer inspects the property with the Real Estate Agent, before closing the transaction).
14. Document signing (the buyer signs the loan documents and the escrow instructions, and deposits the initial payment with the title company).
15. The escrow agent returns the documents to the lender.
16. The lender's funds are electronically transferred to the title company (the monetary exchange occurs between the lender and the title company).
17. The deed is registered at the county office (this transfers the property title to the buyer).
18. The transaction closes (accounting is finalized and the account statement is remitted).
19. The keys are delivered to the new owner.

Contract to Close Chart



Austin Title Company

Contract is Received By Austin Title Company. Earnest Money and Option Fee Collected.

Copies Are Sent to All Parties and Escrow Officer Opens Order. Property Info is Sent to the Title Department.

The Title Department Performs a search of the history of the property (owners of record, liens, clouds on title, documents filed by legal description). Also included is a search of buyer and seller liens, lawsuits, divorces, probates, documents filed by persons name, etc.

Escrow Department Issues Title Commitment.

Escrow Department Communicates Details with All Parties and Processes File.

Escrow Department Receives Closing Instructions and Closing Disclosure from Lender and Prepares Documents.

Parties Are Ready to Close.

Contract is Signed by All Parties

Mortgage Company

Loan Application Process is Started. Loan Estimate Sent Out Within 3 Days to Borrower.

Credit History is Researched (verification of current and previous employment, verification of sufficient funds)

Confirmation of Property Value - Appraisal

Survey Ordered

Loan Goes Through Approval Process

Buyer is Approved

Closing Disclosure Sent to Borrower 3 Business Days Prior to Closing for Review

Parties Are Ready to Close

Closing and Funding

Escrow Officer Sends Closing Documents to Buyer and Seller and Offers Congratulations!

Required at Closing:

Buyer:

- Your lender will need the name and phone number of your home owners' insurance agent.
- We encourage wire transfers from the purchaser and will be happy to wire out proceeds to the seller. The total amount due will be available prior to closing. Please contact your escrow officer/assistant for wiring instructions.
- Bring your drivers license or valid U.S. government picture ID to the closing for identification purposes.

Seller:

- Please provide your escrow officer or Realtor with the name, phone number and loan number of your current mortgage lien holder for payoff purposes.



WWW.AUSTINTITLE.COM

Life

of a
Title
Search

Title insurance is a contract of indemnity between the insured and a title company. The form of the contract is determined by the Texas Department of Insurance. Likewise, title insurance rates in Texas are promulgated by the Department and are uniform for all title companies.

There are two major types of policy. The Owner's Policy of Title Insurance is issued to an owner/purchaser and insures against certain listed title risks. The Mortgagee Policy of Title Insurance is issued to a lender and insures the validity of the lender's lien against the property. Before issuing a title policy, a careful search is made of the county, state, and federal records that affect real estate. This is accomplished by using the company abstract plant which maintains references to every deed, mortgage, death, divorce, etc. which might affect property. These instruments are examined by lay examiners employed by the title company. Based upon the results of the examination, the title company decides whether to issue a policy.

Life of a Title Search

- Customer Service verifies legal property description and how title to real property is held.
- Preliminary order and title search are opened.
- Preliminary search of real property is done.
- Title search examines real property records, general index records and tax records.
- Examiner reviews complete search package, writes and enters preliminary report into the computer.
- Messenger service delivers prelims to escrow and lenders.
- New documents, demand and statement of information submitted to the title company.
- Escrow requests payoff of existing liens and tax certificates.
- Documents are delivered to escrow to lenders.
- Escrow sets up the closing date.
- Escrow is authorized by the parties to the transaction to record the documents. Closing at the title company.
- Documents are recorded, confirmation of recording is received and liens of record are paid off.
- Escrow officer writes title policies.
- Data processor prepares final title policies.
- Title policies released to client.

How To Read A Title Commitment



Austin Title

—Where Austin Closes—

The title commitment is a commitment to issue title insurance. It is broken down into four parts or schedules:

- **Schedule A**
- **Schedule B**
- **Schedule C**
- **Schedule D**

Please see a brief description of each schedule below.



Schedule A - "A" is for "Actual Facts."

This is where you will find the who, what, where and how much information. The most important information here will be the name of the person who holds the existing title, the legal description of the land and the name of the proposed insured (buyer), the sales price and the name of the lender. What we want to make sure of is that all of the information is accurate when it is compared to the sales contract.

Schedule B - "B" is for "Buyer Notification."

This is the section of the title commitment that address where other parties have any interest or control of the use of the property. Examples of this are utility easements and building setbacks. A utility easement is a common thing to find here. This would be a part of the land that a utility company has the right to use. A setback prevents the owner from building a certain distance from the front property line. Schedule B is also the area in which exceptions will be noted. Exceptions in this case are anything that will not be covered by title insurance.

Schedule C - "C" is for "Clear to Close."

This is the area in which any issues must be resolved before the buyer can close on the property. Common issues here are an existing mortgage that needs to be paid off, a marital status issue, unpaid taxes and liens on the property.

Schedule D - "D" is for "Disclosure."

This final section outlines all parties who will collect any part of the insurance premium including underwriters, title agents and attorneys. It will also show the amounts being paid for the owner's title insurance policy, the mortgage company's amount and any endorsements

SURVEYS



The Importance of Land Surveys

Here are some of the principal reasons to obtain and review a survey:

- To determine whether improvements (buildings, driveways, fences, utility lines, etc.) intended to be located on your property encroach into a neighbor's property, or vice-versa.
- To mark the boundaries on the ground, so that they are clear to observers standing on or near the property.
- To discover trails and other evidence of use by third parties that might suggest that someone has established an implied easement over a portion of the property, or might claim a portion of the property by reason of adverse possession.
- To provide the evidence needed by the title insurer to delete certain standard exceptions to coverage and thereby provide "extended coverage" against off-record title matters (including matters that would be revealed by an accurate survey).

When to Use an Existing Survey

The TREC Contract was revised several years ago giving the option to Sellers and Buyers to use existing surveys when appropriate. Per the TREC Contract, not only does a buyer have to accept the survey but lenders and title companies must also approve and accept it. Survey Affidavits assist in research and review however the best information comes from those who have been on the property, particularly prospective Buyers and their REALTORS®.

To avoid costly delays, the following guidelines for using an existing survey are provided.

- Survey should be completely legible.
- It must have the property address, complete legal description, flood certification and the surveyor's signature and seal on the drawing.

- Survey must reflect all permanent improvements that are currently on the property. Includes pools, fences, spas, decks, additional sq. ft.

If Sellers have added permanent structures that are not shown on survey, it is important to identify new improvements, such as a pool, gazebo, fence, etc. when signing the Survey Affidavit. This notifies all parties that the survey provided is not an accurate rendering of the property as of the current date.

Most times it is advisable to forego using an existing survey if improvements have been built since the time the initial survey work was performed.

Likewise, when an incorrect survey is delivered to the Buyer and their Agent, a new one should be requested. The title company and lender must be informed of the need for a new survey.

When to Obtain a New Survey

It is recommended that a purchaser obtain a new survey if one or more of the following conditions exist:

- A survey reflecting that all significant improvements currently located on the property does not exist or can not be found.
- Surveys exist for portions of the property, but the property as a whole consists of two or more parcels that are not platted and that are described by "metes and bounds," such that without a surveyor's interpretation of the legal descriptions one can not be certain of whether the parcels are contiguous, or whether there might exist a "gap" between, or overlap of, property boundaries.

Even when one or more of the foregoing conditions are present, a survey might not be necessary, and the purchaser might wish to bear the risk of doing without a survey; unless required by your lender.

Information contained in this flyer is deemed reliable but not guaranteed. Some of the information in this piece was gathered from www.austintitle.com, <http://www.suchmanlandlaw.com>

Texas Homestead Exemption



RESIDENCE HOMESTEAD EXEMPTION FREQUENTLY ASKED QUESTIONS

Property Owners eligible for the homestead exemption must have owned and occupied the residence as of January 1st of the current tax year. Also, the property must be a primary residence, and owners are eligible for only one homestead exemption if they own more than one property. Applicants must attach a copy of their driver license or state-issued personal identification certificate. The address listed on your driver license or state-issued personal identification certificate must correspond to the address of the property for which an exemption is claimed in this application. In certain cases, you may be exempt from these requirements or the chief appraiser may waive the requirements. A homestead may include up to 20 acres of land that are part of the residential use or occupancy of a home.

The residential homestead exemption filing deadline is April 30th each year.

Do I, as a homeowner, get a break from property taxes?

You may apply for homestead exemptions on your principal residence. Homestead exemptions remove part of your home's value from taxation, so they lower your taxes.

For example, your home is appraised at \$100,000, and you qualify for a \$25,000 exemption (this is the amount mandated for school districts), you will pay school taxes on the home as if it was worth only \$75,000. Taxing units have the option to offer a separate exemption of up to 20 percent of the total value.

Do all homes qualify for homestead exemptions?

No, only a homeowner's principal residence qualifies. To qualify, a home must meet the definition of a residence homestead: The home's owner must be an individual (for example: not a corporation or other business entity) and use the home as his or her principal residence on January 1 of the tax year. If you are age 65 or older, or disabled, the January 1 ownership and residency are not required for the age 65 or disabled homestead exemption.

What is a homestead?

A homestead can be a separate structure, condominium or a manufactured home located on owned or leased land, as long as the individual living in the home owns it. A homestead can include up to 20 acres, if the land is owned by the homeowner and used for a purpose related to the residential use of the homestead.

What homestead exemptions are available?

There are several types of exemptions you may receive.

School taxes: All residence homestead owners are allowed a \$25,000 homestead exemption from their home's value for school taxes.

County taxes: If a county collects a special tax for farm-to-market roads or flood control, a residence homestead is allowed to receive a \$3,000 exemption for this tax. If the county grants an optional exemption for homeowners age 65 or older or disabled, the owners will receive only the local-option exemption.

Age 65 or older and disabled exemptions: Individuals age 65 or older or disabled residence homestead owners qualify for a \$10,000 homestead exemption for school taxes, in addition to the \$25,000 exemption for all homeowners. If the owner qualifies for both the \$10,000 exemption for age 65 or older homeowners and the \$10,000 exemption for disabled homeowners, the owner must choose one or the other for school taxes. The owner cannot receive both exemptions.

Optional percentage exemptions: Any taxing unit, including a city, county, school, or special district, may offer an exemption of up to 20 percent of a home's value. But, no matter what the percentage is, the amount of an optional exemption cannot be less than \$5,000. Each taxing unit decides if it will offer the exemption and at what percentage. This percentage exemption is added to any other home exemption for which an owner qualifies. The taxing unit



must decide before July 1 of the tax year to offer this exemption.

Optional age 65 or older or disabled exemptions: Any taxing unit may offer an additional exemption amount of at least \$3,000 for taxpayers age 65 or older and/or disabled.

How do I get a general \$25,000 homestead exemption?

You may file an Application for Residential Homestead Exemption with your appraisal district for the \$25,000 homestead exemption up to two years after the taxes on the homestead are due. Once you receive the exemption, you do not need to reapply unless the chief appraiser sends you a new application. In that case, you must file the new application. If you should move or your qualification ends, you must inform the appraisal district in writing before the next May 1st. A list of appraisal district addresses and phone numbers is available online.

What is the deadline for filing for a homestead exemption?

You may file for any homestead exemption up to two years after the delinquency date. The delinquency date is normally February 1st.

May I continue to receive the residence homestead exemption on my home if I move away temporarily?

If you temporarily move away from your home, you may continue to receive the exemption if you do not establish a principal residence elsewhere, you intend to return to the home, and you are away less than two years. You may continue to receive the exemption if you do not occupy the residence for more than two years only if you are in military service serving inside or outside of the United States or live in a facility providing services related to health, infirmity or aging.

If I own only 50 percent of the home I live in, do I qualify for the residence homestead exemption on the home?

Yes. However, if you qualify for a homestead exemption and are not the sole owner of the property to which the homestead exemption applies, the exemption you receive is based on the interest you own. For example, if you own a 50 percent interest in a homestead, you will receive only one-half, or \$12,500, of a \$25,000 homestead offered by a school district.

Age 65 or Older or Disabled Persons

For persons age 65 or older or disabled, Tax Code Section 11.13(c) requires school districts to offer an additional \$10,000 residence homestead exemption and Tax Code Section 11.13(d) allows any taxing unit the option to decide locally to offer a separate residence homestead exemption. This local option exemption cannot be less than \$3,000.

To qualify for the age 65 or older local option exemption, the owner must be age 65 or older and live in the house. If the age 65 or older homeowner dies, the surviving spouse may continue to receive the local option exemption if the surviving spouse is age 55 or older at the time of death and lives in and owns the home and applies for the exemption.

A disabled person must meet the definition of disabled for the purpose of receiving disability insurance benefits under the Federal Old-Age, Survivors and Disability Insurance Act.

A person who qualifies as both age 65 or older and disabled does not qualify for both, but must choose which exemption to claim.

VETERANS

Tax Code Section 11.22 provides partial exemptions for any property owned by disabled veterans and surviving spouses and children of deceased disabled veterans and Tax Code Section 11.132 provides a partial exemption for residence homesteads donated to disabled veterans by charitable organizations that also extends to surviving spouses who have not remarried. The amount of exemption is determined according to percentage of service-connected disability. More information on the amount of the exemption can be found in the FAQ- Disabled Veterans Exemption.

Tax Code Section 11.131 entitles a disabled veteran who receives 100 percent disability compensation due to a service-connected disability and a rating of 100 percent disabled or of individual unemployability to a total property tax exemption on the veteran's residence homestead.

This exemption extends to a surviving spouse who was married to a disabled veteran who qualified or would have qualified for this exemption if it has been in effect at the time of the veteran's death provided: the surviving spouse has not remarried; the property was the residence homestead of the surviving spouse when the veteran died and; the property remains the residence homestead of the surviving spouse.

Tax Code Section 11.133 entitles a surviving spouse of a member of the U.S. armed services killed in action to a total property tax exemption on his or her residence homestead if the surviving spouse has not remarried since the death of the armed services member.

How do I qualify for the 100 percent disabled veteran's residence homestead exemption?

You can find out if you qualify and how to apply for the exemption under Tax Code Section 11.131 in the 100 Percent Disabled Veterans FAQ.

What is the deadline for filing for a homestead exemption?

You may file for any homestead exemption up to two years after the delinquency date. The delinquency date is normally Feb. 1. If you are age 65 or older or disabled, you qualify for the exemption on the date you become age 65 or become disabled. To receive the exemption for that year, age 65 or older or disabled homeowners must apply for the exemption no later than one year from the date you qualify or two years after the delinquency date, whichever is later. If you miss the deadline you may apply for the following year.

Is the disabled veteran's exemption the same as the disabled person's exemption?

No. To receive a disabled veteran exemption, you must either be a veteran who was disabled while serving with the U.S. armed forces or the surviving spouse or child (under age 18 and unmarried) of a disabled veteran or of a member of the armed forces who was killed while on active duty. You must be a veteran of the U.S. armed forces who is classified as disabled by the Veteran's Administration or the armed services branch in which you served and have a service-connected disability. The disabled veteran must be a Texas resident and must choose one property to receive the exemption.

What is the amount of the disabled veteran's exemption?

The exemption amount that a qualified disabled veteran receives depends on the veteran's disability rating from the branch of the armed service.

Disability Exemption

Disability Rating	Exemption Amount Up To
10% to 29%	\$5,000 from the property's value
30% to 49%	\$7,500 from the property's value
50% to 69%	\$10,000 from the property's value
70% to 100%	\$12,000 from the property's value

A disabled veteran may also qualify for an exemption of \$12,000 of the assessed value of the property if the veteran is age 65 or older with a disability rating of at least 10 percent; totally blind in one or both eyes; or has lost use of one or more limbs.

May I file for a disabled veteran's exemption after the deadline has passed?

Yes. The deadline for filing for a disabled veteran's exemption is between January 1 and April 30 of the tax year. However, you may file for a disabled veteran's exemption up to one year from the delinquency date. To file for a disabled veteran's exemption, you must complete the Application for Disabled Veteran's or Survivor's Exemptions (PDF) form and submit it to the appraisal district in which the property is located.

If my house was donated by a charitable organization am I still eligible for the disabled veteran's exemption?

A disabled veteran is allowed an exemption equal to his or her disability rating (if rating less than 100 percent) on residence homestead donated by charitable organization. The same percentage exemption extends to the surviving spouse, if the surviving spouse has not remarried, the property was the surviving spouse's homestead when the disabled veteran died and remains his or her residence homestead.

If my spouse died while serving in the United States military, do I qualify for an exemption?

A surviving spouse of a member of the U.S. armed services killed in action is allowed a total property tax exemption on his or her residence homestead if the surviving spouse has not remarried since the death of the armed services member.

May I use my Department of Public Safety personal identification certificate or driver's license for proof of my disability rating?

No, these forms of identification are not satisfactory proof of disability rating for property tax exemptions purposes.

<https://comptroller.texas.gov/taxes/property-tax>

Property Tax Guide

Bastrop County

Bastrop County	0.474900
County Road (RD1).....	0.105000

Cities/Villages

City of Bastrop.....	0.564000
City of Elgin	0.656916
City of Smithville	0.569020

Emergency Services/Special

Bastrop ESD #1.....	0.100000
Bastrop ESD #2.....	0.098300
Bastrop-Travis ESD.....	0.100000

School Districts

ISD - Bastrop	1.441000
ISD - Elgin.....	1.540000
ISD - McDade.....	1.100000
ISD - Smithville.....	1.430000
Austin Community College	0.104800

MUDs/WCIDs

Bastrop MUD 1 (Colovista).....	0.910000
The Colony MUD 1A	0.850000
The Colony MUD 1D	0.850000
The Colony MUD 1E.....	0.850000
The Colony MUD 1F	0.850000
West Bastrop Village MUD.....	1.000000
WCID #3.....	0.440000
WCID #3-Defined Area	0.440000

Hays County

Hays County	0.433700
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Cities/Villages

City of Buda	0.371000
City of Dripping Springs	0.190000
City of Hays.....	0.140000
City of Kyle.....	0.541600
City of Mountain City.....	0.123000
City of Niederwald	0.216600
City of San Marcos	0.613900
City of Umland.....	0.175100
City of Woodcreek	0.223500
Village of Bear Creek.....	0.090000

Emergency Services/Special

Caldwell Hays ESD #1.....	0.099000
Hays Co. ESD #3.....	0.100000
Hays Co. ESD #5.....	0.100000
Hays Co. ESD #8.....	0.100000
Hays Co. ESD #9.....	0.060000
North Hays Co. ESD #1.....	0.030000
Northeast Hays Co. ESD #2	0.050000
Northwest Hays Co. ESD #6	0.078500
Wimberley Hays Co. ESD #4.....	0.039400
Wimberley Hays Co. ESD #7.....	0.060200

School Districts

Austin Community College	0.104800
CISD - Hays.....	1.537700
CISD - San Marcos	1.414100
ISD - Dripping Springs.....	1.520000
ISD - Wimberley	1.362700

MUDs/WCIDs

Crosswinds MUD.....	0.900000
Driftwood Economic Development... ..	0.150000
Greenhawe WCID #2.....	0.350000
Hays Co. Development Dist 1.....	0.900000
Hays Co. MUD #4.....	0.850000
Hays Co. MUD #5.....	0.750000
Hays Co. WCID #1.....	0.860000
Hays Co. WCID #2.....	0.875000
Headwaters MUD	0.900000
North Hays Co. MUD #1	0.880000
North Hays Co. MUD #2	0.150000
Plum Creek Conservation Dist.....	0.023200
Plum Creek Groundwater Dist	0.021400
Reunion Ranch WCID	0.087500
South Buda WCID #1	0.900000
Springhollow MUD.....	0.100000
Sunfield MUD #1	0.900000
Sunfield MUD #3	0.900000
York Creek Improvement Dist.....	0.004800

Williamson County

GW1	0.419029
RFM.....	0.040000

Cities/Villages

City of Austin (Wilco Only)	0.440300
City of Cedar Park (Wilco Only)	0.449000
City of Coupland.....	0.250000
City of Florence.....	0.643509
City of Georgetown	0.420000
City of Granger.....	0.678557
City of Hutto.....	0.515171
City of Jarrell	0.419500
City of Leander.....	0.551867
City of Liberty Hill	0.500000
City of Pflugerville.....	0.497600
City of Round Rock	0.420000
City of Taylor.....	0.788000
City of Thrall	0.643336
City of Weir.....	0.223293

Emergency Services/Special

Williamson County ESD #1.....	0.100000
Williamson County ESD #2.....	0.100000
Williamson County ESD #3.....	0.096374
Williamson County ESD #4.....	0.098250
Williamson County ESD #5.....	0.100000
Williamson County ESD #6.....	0.094663
Williamson County ESD #7.....	0.094257
Williamson County ESD #8.....	0.100000
Williamson County ESD #9.....	0.100000
Williamson County ESD #10.....	0.100000
Williamson County ESD #11.....	0.100000
Williamson County ESD #12.....	0.100000

School Districts

Austin Community College	0.104800
EWC Higher Ed Center.....	0.045340
ISD - Coupland	1.040050
ISD - Florence	1.360000
ISD - Georgetown.....	1.409000
ISD - Granger	1.105000
ISD - Hutto	1.600000
ISD - Jarrell	1.492500
ISD - Leander (Wilco Only)	1.510000
ISD - Liberty Hill	1.540000
ISD - Pflugerville (Wilco Only).....	1.520000
ISD - Round Rock	1.304800
ISD - Taylor	1.570000
ISD - Thrall.....	1.389000

MUDs/WCIDs

Table listing various MUDs and WCIDs with their corresponding values, including Anderson Mill Limited Dist, Avery Ranch Road District, Block House MUD, etc.

Travis County

Travis County 0.354200

Cities/Villages

Table listing various cities and villages with their corresponding values, including City of Austin, City of Bee Cave, City of Cedar Park, etc.

Table listing Village of San Leanna, Village of The Hills, Village of Volente, Village of Webberville with their corresponding values.

Emergency Services/Special

Table listing emergency services and special districts such as Bastrop-Travis Co ESD #1, Travis County ESD #1 through #15, and Travis Co Healthcare Dist.

School Districts

Table listing school districts including Austin Community College Dist, CISD - Hays, ISD - Austin, ISD - Coupland, ISD - Del Valle, ISD - Dripping Springs, ISD - Eanes, ISD - Elgin, ISD - Johnson City, ISD - Lago Vista, ISD - Lake Travis, ISD - Leander, ISD - Manor, ISD - Marble Falls, ISD - Pflugerville, and ISD - Round Rock.

MUDs/WCIDs

Table listing various MUDs and WCIDs with their corresponding values, including Anderson Mill Limited Dist, Belvedere MUD, Cottonwood Creek MUD #1, Cypress Ranch WCID #1, Hurst Creek MUD, Kelly Lane WCID #1 and #2, Lake Pointe MUD #03 (DA) and #05 (DA), Lakeside MUD #2A, #2B, #2C, #2D, Lakeside WCID #1 and #2A, Lakeway MUD, Lazy Nine MUD #1A and #1B, Lost Creek Limited Dist, Moore's Crossing MUD, NE Travis County Utility Dist, Northtown MUD, North Austin MUD #1, Onion Creek Metro Park District, Pilot Knob MUD #2 and #3, Presidential Glen MUD, Ranch At Cypress Creek MUD #1, River Place MUD, Senna Hills MUD, Shady Hollow MUD, SE Travis County MUD #1 and #2.

Table listing various MUDs and WCIDs with their corresponding values, including Sunfield MUD #1, Tanglewood Forest Lim Dist, Travis Central Health, Travis County Bee Cave Rd #1, Travis County MUD #2 through #24.

WCID

Table listing various WCIDs with their corresponding values, including WCID #10 through #20, WCID Point Venture, Wells Branch MUD, West Travis County MUD #6 and #8, Wilbarger Creek MUD #1 and #2, Williamson Co WSID #3, Williamson & Travis Co MUD #1, and Southeast Travis Co MUD #1.

APPRAISAL DISTRICTS

BASTROP COUNTY

bastropcad.org
(512) 303-1930

HAYS COUNTY

hayscad.com
(512) 268-2522

TRAVIS COUNTY

traviscad.org
(512) 834-9317

WILLIAMSON COUNTY

wcad.org
(512) 930-3787

What is a MUD?



Municipal Utility District (MUD) Basics

A Municipal Utility District (MUD) is one of several types of special districts that function as independent, limited governments. The purpose of a MUD is to provide a developer an alternate way to finance infrastructure, such as water, sewer, drainage, and road facilities. Managed by a Board elected by property owners within the MUD, a MUD may issue bonds to reimburse a developer for authorized improvements and the MUD will utilize property tax revenues and user fees received from water and sewer services operated by the MUD to repay the debt. As the MUD pays off its debt, more of its tax revenue can be directed to other services. Originally, MUDs were very limited in what they were allowed to finance and what services they could provide. Over time, MUDs began taking on more responsibilities and providing enhanced services for their residents such as parks and recreation, deed restriction enforcement, and solid waste service. MUDs rely on the County to provide police and road maintenance services and Emergency Service Districts (ESDs) for providing fire protection. Currently within the City of Austin Planning Area there are 27 MUDs.

MUD Creation

A MUD can be created by either (1) adoption of a district creation bill by the Texas Legislature or (2) by the Texas Commission on Environmental Quality (TCEQ) following a petition and consent process described in the Texas Water Code. For property located in the City's jurisdiction, to be included in a MUD, City consent is required prior to creation as part of the TCEQ process. There are limitations on what the City may require as condition for consent, particularly for MUDs that do not propose to connect to the City's water or sewer systems. If the City fails or refuses to grant consent within 90 days after receipt of a petition, the state statute provides for a 120 day period for negotiation of a contract for City water and sewer service to the proposed development. If a contract for service is not executed, the applicant is authorized to initiate proceedings with TCEQ to create a MUD. Creation of a MUD presumes a long term delay of the City annexation of new development



MUDs are typically located outside the city limits and in the Extra Territorial Jurisdiction (ETJ). Texas law requires that MUDs be annexed in their entirety. If the City annexes a MUD before its bonds are paid in full, the City must assume the balance of the MUD debt and reimburse the developer for any unbonded facilities. In past MUD annexations, a portion of this debt has been repaid by property owners who were formerly in the MUD through post annexation surcharges as provided for by state law. This is a charge on a homeowner's utility bill and is calculated based on the amount of debt that the City absorbs at the time of annexation. If full purpose annexation is deferred until the MUD bonds are paid in full, this development would be excluded from the City's tax base for that period of time, reasonably decades.

City of Austin's MUD Policy

In 2011 the City Council adopted Resolution No. 20110217-030 establishing a new policy and criteria for considering requests to create MUDs, superseding the previous 1984 MUD policy that discouraged the creation of new MUDs. The impetus for the 2011 policy shift was driven by an influx of applications to the City requesting consent to MUD creation and a change in state laws favoring MUDs, resulting in greater authority for MUDs and increased opportunity for their creation. The most significant difference between the City's 1984 and 2011 MUD policies is related to the provision of City utility service.

Previously, if the City could provide utility services, the Council would deny consent to the creation of a new MUD. Under current policy, the use of City utility services is a basic requirement for creation of a MUD. The 2011 policy states that the City's objective in creating a MUD should be to promote superior development. Further, the current MUD policy requires that the MUD proposal must demonstrate that the City would benefit more from creation of a MUD than from use of the standard City development process or other types of districts. The various benefits listed in the MUD policy are for the most part informed by the PUD zoning ordinance.

Basic Schedule of Title Insurance Premium Rates

Policies Up To & Including Basic Premium

10,000	\$238	37,500	\$433	65,000	\$628	93,000	\$827	141,000	\$1,102	196,000	\$1,407
10,500	\$242	38,000	\$437	65,500	\$631	93,500	\$831	142,000	\$1,108	197,000	\$1,412
11,000	\$244	38,500	\$441	66,000	\$635	94,000	\$832	143,000	\$1,113	198,000	\$1,418
11,500	\$248	39,000	\$443	66,500	\$640	94,500	\$837	144,000	\$1,119	199,000	\$1,423
12,000	\$252	39,500	\$447	67,000	\$644	95,000	\$842	145,000	\$1,124	200,000	\$1,429
12,500	\$255	40,000	\$450	67,500	\$645	95,500	\$845	146,000	\$1,130	201,000	\$1,435
13,000	\$260	40,500	\$455	68,000	\$649	96,000	\$847	147,000	\$1,135	202,000	\$1,440
13,500	\$264	41,000	\$457	68,500	\$653	96,500	\$851	148,000	\$1,141	203,000	\$1,446
14,000	\$267	41,500	\$462	69,000	\$656	97,000	\$855	149,000	\$1,146	204,000	\$1,451
14,500	\$270	42,000	\$465	69,500	\$659	97,500	\$859	150,000	\$1,152	205,000	\$1,457
15,000	\$272	42,500	\$469	70,000	\$664	98,000	\$862	151,000	\$1,158	206,000	\$1,462
15,500	\$276	43,000	\$471	70,500	\$668	98,500	\$866	152,000	\$1,163	207,000	\$1,468
16,000	\$280	43,500	\$475	71,000	\$672	99,000	\$870	153,000	\$1,169	208,000	\$1,473
16,500	\$284	44,000	\$479	71,500	\$674	99,500	\$873	154,000	\$1,174	209,000	\$1,479
17,000	\$288	44,500	\$483	72,000	\$677	100,000	\$875	155,000	\$1,180	210,000	\$1,484
17,500	\$292	45,000	\$487	72,500	\$681	101,000	\$881	156,000	\$1,185	211,000	\$1,490
18,000	\$296	45,500	\$490	73,000	\$685	102,000	\$886	157,000	\$1,191	212,000	\$1,495
18,500	\$298	46,000	\$493	73,500	\$688	103,000	\$892	158,000	\$1,196	213,000	\$1,501
19,000	\$301	46,500	\$497	74,000	\$692	104,000	\$897	159,000	\$1,202	214,000	\$1,507
19,500	\$304	47,000	\$499	74,500	\$696	105,000	\$903	160,000	\$1,207	215,000	\$1,512
20,000	\$309	47,500	\$503	75,000	\$700	106,000	\$908	161,000	\$1,213	216,000	\$1,518
20,500	\$312	48,000	\$508	75,500	\$702	107,000	\$914	162,000	\$1,218	217,000	\$1,523
21,000	\$317	48,500	\$512	76,000	\$706	108,000	\$919	163,000	\$1,224	218,000	\$1,529
21,500	\$320	49,000	\$515	76,500	\$709	109,000	\$925	164,000	\$1,230	219,000	\$1,534
22,000	\$324	49,500	\$518	77,000	\$713	110,000	\$930	165,000	\$1,235	220,000	\$1,540
22,500	\$327	50,000	\$522	77,500	\$716	111,000	\$936	166,000	\$1,241	300,000	\$1,983
23,000	\$330	50,500	\$525	78,000	\$720	112,000	\$941	167,000	\$1,246	400,000	\$2,537
23,500	\$333	51,000	\$527	78,500	\$725	113,000	\$947	168,000	\$1,252	500,000	\$3,091
24,000	\$337	51,500	\$531	79,000	\$729	114,000	\$953	169,000	\$1,257	600,000	\$3,645
24,500	\$340	52,000	\$536	79,500	\$730	115,000	\$958	170,000	\$1,263	700,000	\$4,199
25,000	\$345	52,500	\$540	80,000	\$734	116,000	\$964	171,000	\$1,268	800,000	\$4,753
25,500	\$348	53,000	\$543	80,500	\$738	117,000	\$969	172,000	\$1,274	900,000	\$5,307
26,000	\$352	53,500	\$547	81,000	\$742	118,000	\$975	173,000	\$1,279	1,000,000	\$5,861
26,500	\$355	54,000	\$550	81,500	\$744	119,000	\$980	174,000	\$1,285	2,000,000	\$10,421
27,000	\$358	54,500	\$553	82,000	\$748	120,000	\$986	175,000	\$1,291	3,000,000	\$14,981
27,500	\$361	55,000	\$556	82,500	\$753	121,000	\$991	176,000	\$1,296	4,000,000	\$19,541
28,000	\$365	55,500	\$559	83,000	\$757	122,000	\$997	177,000	\$1,302	5,000,000	\$24,101
28,500	\$368	56,000	\$565	83,500	\$759	123,000	\$1,002	178,000	\$1,307	6,000,000	\$27,861
29,000	\$373	56,500	\$568	84,000	\$762	124,000	\$1,008	179,000	\$1,313	7,000,000	\$31,621
29,500	\$376	57,000	\$571	84,500	\$767	125,000	\$1,014	180,000	\$1,318	8,000,000	\$35,381
30,000	\$380	57,500	\$575	85,000	\$770	126,000	\$1,019	181,000	\$1,324	9,000,000	\$39,141
30,500	\$383	58,000	\$579	85,500	\$773	127,000	\$1,025	182,000	\$1,329	10,000,000	\$42,901
31,000	\$387	58,500	\$581	86,000	\$776	128,000	\$1,030	183,000	\$1,335	11,000,000	\$46,661
31,500	\$390	59,000	\$585	86,500	\$781	129,000	\$1,036	184,000	\$1,340	12,000,000	\$50,421
32,000	\$393	59,500	\$589	87,000	\$785	130,000	\$1,041	185,000	\$1,346	13,000,000	\$54,181
32,500	\$398	60,000	\$593	87,500	\$788	131,000	\$1,047	186,000	\$1,351	14,000,000	\$57,941
33,000	\$401	60,500	\$597	88,000	\$791	132,000	\$1,052	187,000	\$1,357	15,000,000	\$61,701
33,500	\$405	61,000	\$600	88,500	\$795	133,000	\$1,058	188,000	\$1,363	20,000,000	\$75,051
34,000	\$408	61,500	\$603	89,000	\$799	134,000	\$1,063	189,000	\$1,368	25,000,000	\$88,401
34,500	\$412	62,000	\$607	89,500	\$801	135,000	\$1,069	190,000	\$1,374	30,000,000	\$96,401
35,000	\$415	62,500	\$611	90,000	\$804	136,000	\$1,074	191,000	\$1,379		
35,500	\$419	63,000	\$613	90,500	\$809	137,000	\$1,080	192,000	\$1,385		
36,000	\$422	63,500	\$617	91,000	\$813	138,000	\$1,086	193,000	\$1,390		
36,500	\$426	64,000	\$621	91,500	\$817	139,000	\$1,091	194,000	\$1,396		
37,000	\$429	64,500	\$625	92,000	\$819	140,000	\$1,097	195,000	\$1,401		

Title Basic Premium Calculation for Policies in Excess of \$100,000

Using the table below, apply these steps to determine basic premium for policies above \$100,000:

- Step 1 In column (1), find the range that includes the policy's face value.
- Step 2 Subtract the value in column (2) from the policy's face value.
- Step 3 Multiply the result in Step 2 by the value in column (3), and round to the nearest dollar.
- Step 4 Add the value in column (4) to the result of the value from Step 3.

(See examples provided following the table.)

[1] Policy Range	[2] Subtract	[3] Multiply by	[4] Add
[\$100,001 - \$1,000,000]	100,000	0.00554	\$ 875
[\$1,000,001 - \$5,000,000]	1,000,000	0.00456	\$ 5,861
[\$5,000,001 - \$15,000,000]	5,000,000	0.00376	\$ 24,101
[\$15,000,001 - \$25,000,001]	15,000,000	0.00267	\$ 61,701
[Greater than \$25,000,000]	25,000,000	0.00160	\$ 88,401

Example 1:

- (1) Policy is \$268,500
- (2) Subtract \$100,000 ==> \$268,500 - \$100,000 ==> Result= \$168,500
- (3) Multiply by 0.00554 ==> \$168,500 x 0.00554 ==> \$933.49 ==> Result= \$933
- (4) Add \$875 ==> \$933 + \$875 ==> Final Result= \$1,808

Example 2:

- (1) Policy is \$4,826,600
- (2) Subtract \$1,000,000 ==> \$4,826,600 - \$1,000,000 ==> Result= \$3,826,600
- (3) Multiply by 0.00456 ==> \$3,826,600 x 0.00456 ==> \$17,449.30 ==> Result= \$17,449
- (4) Add \$5,861 ==> \$17,449 + \$5,861 ==> Final Result= \$23,310

Example 3:

- (1) Policy is \$10,902,800
- (2) Subtract \$5,000,000 ==> \$10,902,800 - \$5,000,000 ==> Result= \$5,902,800
- (3) Multiply by 0.00376 ==> \$5,902,800 x 0.00376 ==> \$22,194.53 ==> Result= \$22,195
- (4) Add \$24,101 ==> \$22,195 + \$24,101 ==> Final Result= \$46,296

Participants in the Closing Process

(english/spanish)



English

What is Escrow?

- An escrow is an arrangement in which a disinterested third party, called an escrow holder, holds legal documents and funds on behalf of a buyer and seller, and distributes them according to the buyer's and seller's instructions. This is where Austin Title becomes involved acting for the buyer, seller, and lender carrying out the instructions of all parties involved.

What is Title Insurance?

- It's an insurance policy that protects owners and lenders against possible losses from claims against real property ownership. For the most part, the policy covers things that happened in the past (prior to close of escrow) that could affect the status of the property's title.

The Buyer(s)

- Tender a written offer to purchase (or accepts the Seller's counter offer accompanied by a good faith deposit amount).
- Applies for a new loan, completing all required forms and often prepaying certain fees such as credit report and appraisal costs.
- Approves and signs the escrow instructions and other related instruments required to complete the transaction.
- Approves the preliminary report and any property, disclosure or inspection reports called for by the purchase and sale agreement (Deposit Receipt).
- Approves and signs new loan documents and fulfills any remaining conditions contained in the contract, lender's instructions and/or the escrow instructions.
- Deposits funds necessary to close the escrow. Approves any changes by signing amendments in the escrow instructions.
- Determines which hazard (fire) insurance agent to use to satisfy requirements of the lender.

The Seller(s)

- Accepts Buyer's Offer to Purchase and initial good faith deposit to open escrow.
- Submits documents and information to escrow holder, such as: addresses of lien holders, tax receipts, equipment warranties, home warranty contracts, any leases and/or rental agreements.
- Approves and signs the escrow instructions, grant deed and other related documents required to complete the transaction.
- Orders inspections, receives clearances and approves final reports and/or repairs to the property as required by the terms of the purchase and sale agreement (Deposit Receipt).
- Fulfills any remaining conditions specified in the contract and/or escrow instructions; approves the pay off demands and/or beneficiary's statements.

- Approves any final changes by signing amendments to the escrow instructions or contract.

The Lender (When Applicable)

- Accepts the new loan application and other related documents from the Buyer(s) and begins the qualification process.
- Orders and reviews the property appraisal, credit report, verification of employment, verification of deposit(s), preliminary report and other related information.
- Submits the entire package to the loan committee and/or under writers for approval. When approved, loan conditions and title insurance requirements are established.
- Informs Buyer(s) of loan approval terms, commitment expiration date and provides a good faith estimate of the closing costs.
- Deposits the new loan documents and instructions with the escrow holder for Buyer's approval and signature.
- Reviews and approves the executed loan package and coordinates the loan funding with the escrow officer.

The Escrow Officer

- Receives an order for escrow and title services. Orders the preliminary report on the subject property.
- Acts as the impartial "stakeholder" or depository, in a fiduciary capacity.
- Prepares the escrow instructions and required documents in accordance with terms of the sale.
- With authorization from the real estate agent or principal, orders demands on existing deeds of trust and liens or judgements, if any.
- Presents the documents, statements, loan package(s), estimated closing statements and other related documents to the principal(s) for approval and signature.
- Receives the proceeds of the loan(s) from the lender(s).
- Records the deed, deed of trust and other documents required to complete the transaction with the County Recorder and orders the title insurance policies.
- Closes the escrow by preparing the final settlement statements, disbursing the proceeds to the Seller, paying off the existing encumbrances and other obligations.

Austin Title

- Receives an order for title service.
- Examines the public records affecting the and issues a preliminary report.
- Determines the requirements and documents to complete the transaction and advises the officer and/or agents.
- Reviews and approves the signed documents, and the order for title insurance, prior to the date.
- When authorized by the escrow officer, records signed documents with the County Recorder's and issues the title insurance policies.

Spanish

¿Qué es la plica?

• Una plica ("escrow") es un arreglo por el cual un tercero desinteresado, llamado el tenedor de la plica, retiene documentos legales y también los fondos en favor de un comprador y un vendedor, y los distribuye de acuerdo con las instrucciones del comprador y del vendedor. Ésta es la fase en la que se involucra Alamo Title, protegiendo al comprador, al vendedor y a la entidad crediticia, y llevando a cabo las instrucciones de todas las partes implicadas.

¿Qué es el seguro de título?

• Es una póliza de seguro que protege a propietarios y entidades crediticias contra posibles pérdidas resultantes de reclamaciones contra la posesión de bienes raíces. Mayormente la póliza cubre eventos que ocurrieron en el pasado (antes del cierre de la plica) que podrían afectar el estado del título de propiedad.

El (Los) Comprador(es)

• Presenta una oferta de compra por escrito (o acepta la contraoferta del Vendedor) acompañada de una cantidad de depósito como señal.

• Solicita un nuevo crédito, completando todos los formularios exigidos y normalmente realizando un pago previo de determinadas cuotas como un informe crediticio y los costes de valuación.

• Aprueba y firma las instrucciones de plica y otros instrumentos relacionados necesarios para completar la transacción.

• Aprueba el informe preliminar y cualquier informe de propiedad, inspección o revelación exigido por el acuerdo de compra-venta (Recibo de depósito).

• Aprueba y firma los nuevos documentos de préstamo y cumple cualquier condición restante contenida en el contrato, las instrucciones de la entidad crediticia y/o las instrucciones de plica.

• Deposita los fondos necesarios para cerrar la plica. Aprueba cualquier cambio al firmar las enmiendas en las instrucciones de plica.

• Determina qué agente de seguro por riesgos (incendio) usar para satisfacer los requisitos del acreedor.

El(Los) Vendedor(es)

• Acepta la oferta de compra al Comprador y el depósito de buena fe inicial para abrir la plica.

• Envía los documentos y la información al tenedor de la plica, tales como: direcciones de tenedores de derechos prendarios, recibos de impuestos, garantías de equipo, contratos de garantía para la vivienda, cualquier acuerdo de arrendamiento y/o alquiler.

• Aprueba y firma las instrucciones de plica, otorga el título de propiedad y otros documentos relacionados necesarios para completar la transacción.

• Ordena inspecciones, recibe autorizaciones y aprueba informes finales y/o reparaciones a la propiedad según lo requieran los términos del acuerdo de compraventa (Recibo de depósito).

• Cumple las condiciones restantes especificadas en el contrato y/o las instrucciones de plica; aprueba las demandas de liquidación y/o los estados del beneficiario.

• Aprueba cualquier cambio final al firmar las enmiendas a las instrucciones de plica o al contrato.

La Entidad Crediticia (si corresponde)

• Acepta la nueva solicitud de préstamo y otros documentos relacionados del(los) Comprador(es) y comienza el proceso de calificación.

• Ordena y revisa la tasación de la propiedad, el informe crediticio, la verificación de empleo, la verificación de depósito(s), el informe preliminar y cualquier otra información relacionada.

• Envía el paquete completo al comité de préstamo y/o las compañías de seguros para su aprobación. Cuando haya sido aprobado, se establecen las condiciones del préstamo y los requisitos del seguro de título.

• Notifica al(los) Comprador(es) los términos de aprobación del préstamo, la fecha de vencimiento del compromiso y proporciona un estimado de buena fe de los costos de cierre.

• Deposita los nuevos documentos e instrucciones del crédito con el tenedor de la plica para la aprobación y firma del comprador.

• Revisa y aprueba el paquete de préstamo ejecutado y coordina la financiación del préstamo con el oficial de plica

El Oficial de Custodia

• Recibe una orden para los servicios de plica y título. Ordena el informe preliminar de la propiedad.

• Actúa como el interesado imparcial o depositario, en una capacidad fiduciaria.

• Prepara las instrucciones de plica y los documentos requeridos en conformidad con los términos de la venta.

• Con la autorización del agente de bienes raíces o mandante, ordena demandas sobre títulos de propiedad de fideicomiso y derechos prendarios preexistentes, o sentencias, si los hubiera.

• Presenta los documentos, los estados, los paquete(s) de préstamo, los estados de cierre aproximados y otros documentos relacionados al(los) mandante(s) para su aprobación.

• Recibe lo recaudado del(los) préstamo(s) del(las) entidad(es) crediticia(s).

• Registra el título de propiedad, el título de propiedad de fideicomiso y otros documentos necesarios para completar la transacción con el Registro del Condado y pide las pólizas de seguro de título.

• Cierra la plica preparando la declaración de arreglo final, desembolsando el importe de la venta al vendedor, pagando los gravámenes existentes y otras obligaciones.

Austin Title

• Recibe una orden para servicios de título.

• Examina los registros públicos que afectan a los bienes raíces y emite un informe preliminar o compromiso de título.

• Determina los requisitos y documentos necesarios para completar la transacción y asesora al oficial y/o agentes de liquidación de la plica.

• Revisa y aprueba los documentos firmados, libera y hace el pedido de seguro de título antes de la fecha de cierre.

• Una vez autorizado por el oficial de plica, registra los documentos firmados con el oficial del registro del condado y emite las pólizas de seguro de propiedad.



CLOSING FEE REFERENCE GUIDE

This is a list of customary closing costs and who pays what at escrow. These can vary depending on the specific contract and parties involved



**There can be other fees associated with your closing, the lists above are only the most standard items*

The Buyer Normally Pays For:

- One-half of the escrow fee (according to contract)
- Lender's title policy premiums
- Document preparation (if applicable)
- Tax pro-ration (from date of acquisition)
- Recording charges for all documents in buyer's names
- Home Owner's insurance premium for the first year
- Home warranty (according to contract)
- Inspection fees (according to contract): roof, property, geological
- All new loan charges (except those required by lender for seller to pay)
- Interim interest on new loan from date of funding to first payment date

The Seller Normally Pays For:

- One-half of the escrow fee (according to contract)
- Work orders (according to contract)
- Owner's title insurance premiums
- Real estate commission
- Any judgments, tax liens, etc. against the seller
- Any unpaid HOA dues
- Any bonds or assessments (according to contract)
- Home Warranty (according to contract)
- Any loan fees required by the buyer's lender (according to contract)
- Recording charges to clear all documents of record against seller
- Payoff of loans in seller's name (or existing loan balance being assumed by buyer)
- Interest accrued to lender being paid, reconveyance fees & any pre-payment penalties
- Excise tax (% based on county and sale price)

21 TIPS TO THE CLOSING PROCESS

1. Choosing your Real Estate Agent.
2. Choosing your lender (know about different types of mortgage loans and pre-qualification).
3. Selecting your home (determine the type, the price, and the location).
4. The Offer (once you have found the property make a written offer through your real estate agent).
5. The escrow process (when you have reached an agreement with the seller, the initial good-faith deposit is given to an escrow representative, and the process begins).
6. The mortgage loan (a mortgage loan is requested, filling out the appropriate forms).
7. Preliminary title report (is reviewed and accepted).
8. Inspections and disclosures (the property is inspected during the period specified in the contract, and all disclosures made by the seller about the property are reviewed).
9. Assessment (the property value is determined by the lender).
10. Loan approval (the lender contacts the escrow agent).
11. Hidden defect insurance (the buyer tells the Escrow Agent the name of the insurance company that will grant the policy).
12. Conditions (the escrow agent ensures that the conditions are met).
13. Final visit to property (the buyer inspects the property with the Real Estate Agent, before closing the transaction).
14. Document signing (the buyer signs the loan documents and the escrow instructions, and deposits the initial payment with the title company).
15. The escrow agent returns the documents to the lender.
16. The lender's funds are electronically transferred to the title company (the monetary exchange occurs between lender and the title company).
17. The deed is registered at the county office (this transfers the property title to the buyer).
18. The transaction closes (accounting is finalized and the account statement is remitted).
19. The keys are delivered to the new owner.



What is a Home Warranty ?



A **Home Warranty** is a contract between a homeowner and a home warranty company that provides for discounted repair and replacement service on a home's major components, such as the furnace, air conditioning, plumbing and electrical system. A home warranty may also cover major appliances such as washers and dryers, refrigerators and swimming pools. Most plans have a basic component that provides all homeowners who purchase a policy with certain coverages. In addition to the standard items, expanded coverage can usually be added at a premium.

A home warranty is not the same thing as homeowners insurance, nor is it a replacement for homeowners insurance. Homeowners insurance covers major perils such as fires, hail, property crimes and certain types of water damage that could affect the entire structure and/or the homeowner's personal possessions. A home warranty does not cover these perils.

Home warranty companies have agreements with approved service providers. When something that is covered by a home warranty breaks down, the homeowner calls the home warranty company, and the home warranty company sends one of its service providers to examine the problem. If the provider determines that the needed repair or replacement is covered by the warranty, he completes the work. The homeowner only pays a small service fee (you will usually have an out-of-pocket charge of \$50-\$100 per service call).

The annual cost can vary dependent on coverages and exclusions, but typically ranges from a few hundred dollars for small condominiums to \$800 for larger homes. This is a negotiable item on the contract. Below are a few home warranty providers for you to check coverages to see what works best for the home you are buying. Congratulations on your purchase!!



Fidelity National Home Warranty

American Home Shield
AFC Americas First Choice
Choice Home Warranty
American Home Guard
First American Home Buyers
Old Republic
The Home Service Club
Home Warranty of America
One Guard Home Warranty
2-10 Home Buyers Warranty

800-862-6837

866-282-4071
844-209-7912
800-814-1869
855-511-4242
855-292-5824
800-445-6999
800-601-1009
888-492-7359
888-896-0014
800-743-4210

<https://www.homewarranty.com>

<https://ahs.com>
<http://afchomeclub.com>
<https://chwplan.com>
<https://www.americanhomeguard.com>
<https://homewarranty.firstam.com>
<https://www.orhp.com>
<https://www.hscwarranty.com>
<https://www.hwahomewarranty.com>
<https://www.oneguardhomewarranty.com>
<http://www.2-10.com>

Who Picks the Title Company ?

By Don R. Hancock, Hancock & McGill, Attorneys At Law

Determining who has the right to select the title company to close and insure a residential transaction can sometimes be an emotional and controversial issue. Although most residential buyers and sellers could care less who closes the transaction, most real estate agents have a favorite title company or closer with whom they prefer to do business.

Accepted Practice

The accepted business practice in central Texas is for the agent working with the buyer to select a title company and include the selection in the offer made to the seller. The listing agent may then counsel the seller to change the proposed title company, especially if the seller is going to counter the offer for other reasons. The conventional wisdom is that because the seller is paying for the policy (usually), the seller should have the right to select which title company to use. However, there may be a problem.

Section 9 of RESPA

The Real Estate Settlement Procedures Act (RESPA), enacted by Congress, applies to most residential transactions. The potential problem arises out of Section 9(a) of RESPA which states, "No seller of property that will be purchased with the assistance of a federally related mortgage loan shall require directly or indirectly, as a condition to selling the property, that title insurance covering the property be purchased by the buyer from any particular title company." The penalty for violating this provision is an amount equal to three times the cost of the title insurance provided.

Texas Rates Set by Insurance Board

In Texas, title insurance rates are set by the state board of insurance; however, in many states the cost of title insurance can be negotiated. Section 9 was intended primarily to prevent volume home builders, in those states which allow negotiated rates, from negotiating a reduced title premium for interim construction or development loans in return for directing all closings to a title company when a home was sold. Unfortunately, the language of Section 9 is broad enough to present problems for all sellers and their brokers.

Because Texas regulates title premiums, there is little reason to apply Section 9; referring volume business to a title company will not entitle the title company to offer a better rate. However, HUD has been unwilling to unequivocally state that Section 9 does not apply to regulated title premium states such as Texas.

Because the seller usually pays for the owner's title policy, at first consideration you might conclude that there is no problem. Section 9 only prohibits the requirement that a buyer purchase title insurance from a particular company. With the seller purchasing the insurance, arguably, there is no violation.

Unfortunately, having the seller pay for the policy does not completely dispose of the issue. The buyer is normally required to pay for a mortgagee's title policy. If mortgagee's coverage is purchased from the title company providing the owner's policy, the cost is \$100.00, excluding the cost of any lender-required endorsements. If the buyer chooses to purchase mortgagee's coverage from a title company other than the company providing the owner's policy, the buyer will be required to pay the full premium for a mortgagee's policy. The difference in cost is substantial: \$100.00 versus \$1,023.00 for a \$100,000.00 loan. Is the buyer then effectively "required" by economic necessity to use the company selected by the Seller?

What about the argument that in most closings, the only party writing a check into closing is the buyer? Can a buyer not effectively argue that the buyer is paying all costs of closing, whether they are listed on the seller's statement or the buyer's statement? If a seller were

not paying \$1,000.00 for title insurance, would the sales price be reduced by \$1,000.00?

Lenders can Specify the Title Company

Lenders are permitted to specify particular title companies. The reason for this interpretation is that lenders have a vested interest in insuring that their loan is closed the way they want it closed. Because lenders can select a title company, it would appear that a seller who finances part of the purchase price would have the right to select the title company.

The Safe Approach

Unfortunately, we do not have definite answers to many of the questions raised by Section 9 of RESPA. The safe approach, until we have a definite answer from HUD or the courts, is to allow the buyer to select the title company, particularly when you have a buyer who is insistent upon using a particular title company. If selection of a particular title company is important to a seller, it would be prudent to require the seller to pay both the owner's and mortgagee's policy premiums.



Don Hancock is a partner in Hancock & McGill, L.L.P., attorneys at law. Mr. Hancock is certified by the Texas Board of Legal Specialization as having special competence in residential and commercial real estate transactions. He received his undergraduate degree from Texas A&M University and his J.D. degree from the University of Texas School of Law.

PRE - CLOSING CHECKLISTS

Austin Title will be your closing office for this transaction. In order to make sure your closing goes smoothly, we've outlined a few things that will help prepare you for the big day and beyond.

- If the parties to the contract have agreed to use a prior survey, present it to Austin Title for review when the contract is receipted.
- Request HOA information. This helps us support you in meeting contract deadlines.
- It will be necessary to bring your spouse to closing, even if they are not on the loan. They will still have a few things to sign the day of closing. If there's been a divorce or remarriage during the ownership period, please inform your escrow officer.



- We will have to have a U.S. issued valid id. This includes driver's licenses, identification cards issued by the department of public safety, or a U.S. passport. It must be current, have a picture and signature.
- If you have special circumstances, ie: Foreign language, hearing impaired or unable to attend closing, we must be notified immediately.
- If using a power of attorney, your lender and title company must be notified immediately to obtain approval of use. We'll need the original document at closing and are legally required to contact the person granting the power of attorney on the day of closing.
- Inform your closer if the transaction is linked to another closing, e.g., if the Sellers need the proceeds quickly for a purchase, or if the Buyer's funds are coming from another closing.
- If you will be unable to attend the closing, we will make arrangements for a notary service to come to you. The fee for this service is generally around \$150 per signing depending on the state. **WE MUST HAVE THE ORIGINAL SIGNED DOCS BACK IN OUR OFFICE ALONG WITH ANY BUYER FUNDS AND LENDER FUNDS BEFORE FUNDING.**
- When possible, avoid planning your closings for the last few days of the month. You will enjoy more options as to closing appointments and last minute changes or issues will be easier to take care of.
- Any money necessary for closings costs will need to be in the form of a wire or cashiers check.

POST - CLOSING REMINDERS

- File for your homestead exemption Jan. 1st thru April 30th. You will need to have your driver's license address match the property address.
- You will receive a letter in the mail stating pay them \$35.00 to file for your homestead. It is FREE to do this so please don't pay anyone to do it for you.
- You will receive a letter from the county that looks very official asking you to tell them what you paid for the house. Do not fill this form out and send it back to them. They can raise your taxes if you paid more than what they have it appraised for.
- You will get something in the mail asking you to pay to get a certified copy of your deed. Do not pay this. We will give you the original and if you ever need a certified copy it is \$24.00 at the county.
- Once you are settled remember if you know anyone buying or selling to refer them to your agent. They worked hard to get you into your dream home.

- Enjoy your NEW HOME!!!



If you have any questions about any of the items listed above, please contact your Austin Title Escrow Officer. If you would like additional information pertaining to taxes, utilities, relocation resources or anything else please visit our website at www.austintitle.com.



Austin Title

WWW.AUSTINTITLE.COM

MOVING Checklist



Several Weeks Prior to Move:

- Have a garage sale to dispose of unwanted items.
- Donate unwanted clothing or household goods to charitable organizations. Obtain receipts showing the items' approx. value for possible tax deductions.
- Begin to use up supplies of canned goods, frozen foods and other household items. Buy only what will be used before moving.
- Return library books and anything borrowed from friends or neighbors, and collect things you may have loaned.
- Review your relocation package if you have one, and determine what expenses will be paid by your company.
- Start a log of moving expense receipts (some may be tax deductible).
- Get written estimates from moving companies. Check the limits of insurance they offer, and if it covers replacement cost.

Prior to Moving Day:

- Confirm with your employer that you're scheduled to be off on moving day.
- Purchase supplies like packing tape, bubble wrap and furniture pads, Boxes, boxes, boxes!
- Drain fuel from your power mower and other machinery.
- Pack "Open First" Boxes. For each room you pack, set aside one box that contains everything you'll need the first few days in your new home.
- Finish taking apart furniture that needs to be disassembled.
- Sort out any plants you're taking.
- Check that all the paperwork related to your house sale/purchase is complete.
- Close bank accounts if necessary.
- Finish your major packing.
- Pack up your computer and electrical equipment. Write down serial numbers.
- Make sure all boxes are clearly marked/labelled.
- Start cleaning the house as you go.
- Make sure you have all the documents related to your move on hand.
- Check in with the movers and confirm the start time of your move.

And Don't Forget to:

- Defrost freezer/refrigerator. Place charcoal to dispel odors.
- Have appliances serviced for moving.
- Plan special care needs of infants, children, seniors, pets and potted plants.
- Clean out club, gym and school lockers; pick up all dry cleaning.
- Check all closets, cabinets and rooms to make sure you didn't leave anything. Take out the garbage. Lock the windows.
- Leave all keys and garage door openers needed by new owner. Leave a note with your contact information for the new owners.

And On Moving Day, Don't Forget:

- It's easiest to load the truck if you have everything organized in a predesignated order. Load first items you need the least, and load "Open First" boxes last.
- Carry currency, jewelry, and documents yourself, or use registered mail.
- Check thermostat and make sure temperature is set appropriately.

At New Home:

- Be on hand to accept delivery. If you cannot be there personally, be sure you authorize an adult to be your representative to accept deliver and pay charges.
- Place a floor plan of your new home by the entrance to help movers determine where each piece of furniture should go.
- Give the kids a job to do - let them start on their rooms. Usually, the kitchen and the kids rooms are the best to set up first, as it helps them feel at home.
- Supervise moving crew on location of furniture and boxes. Begin unpacking necessary basics first - basic kitchen utensils, bath toiletries, etc.
- Check to make sure all utilities are on and working properly.

Send Change of Address to:

- Alumni associations
- Attorneys
- Banks (auto loans, checking accounts, credit cards, home equity, mortgage, safe deposit box, savings account)
- Cell phone provider
- Child care/daycare
- City/County Tax Assessor
- Credit bureaus
- Credit card issuers
- Department of Motor Vehicles
- Dry cleaning pick-up and delivery
- Employer
- Family members
- Health: medical, dental, prescription histories. Ask doctor and dentist for referrals, transfer needed prescriptions, x-rays. Contact pharmacies.
- House cleaning service and lawn care
- Insurance coverage: life, health, fire, and auto.
- Magazine and newspaper subscriptions
- New business cards
- Passport
- Pet sitter/ dog walker/ pet day care
- Post office (give forwarding address)
- Professional organizations
- Retirement plan holders
- Schools/Parent-teacher association (ask for copies or transfer records.)
- Social Security Administration
- State/Federal Tax Bureaus and accountant/tax preparer
- Swimming pool maintenance/memberships
- Utility companies: gas, light, water, telephone, fuel and cable
- Veterinarian (pet licenses, vaccinations, tags, etc)
- Veterans Administration

Begin making a "Survival Box" for the move. This should include paper, pens, stamps, envelopes, cellophane & heavy duty tape, scissors, tape measure, paper cups, ziplock bags, paper plates & towels, plastic utensils, facial & toilet tissue, instant coffee or tea, cream/sugar, soap, moist towelettes, aspirin, bandaids, can opener, bottled water, travel alarm, flashlight, small tools kit, trash bags, snacks or drinks, children's games, address book, spare car keys, phone books for the city you are leaving and your destination.

New Resident Resources



Moving to Texas

The following information applies to individuals who are transferring a valid out of state driver license and/or applying for a new Texas driver license identification (ID) card. Select the following link for a complete list of requirements and more information on how to apply for a Texas driver license.

APPLY FOR A TEXAS DRIVER LICENSE

Individuals applying for a Texas driver license must:

Gather documents that verify their:

- Identity
- Social Security Number
- U.S. citizenship or lawful presence status, and Texas residency.
- Complete the application. (This form is also available at any driver license office.)
- Individuals who are a new resident of this state must present either:
 - Proof of Tx vehicle registration and evidence of financial responsibility for each vehicle owned by the applicant or
 - A statement affirming that the applicant does not own a motor vehicle.

Apply in person at any driver license office and bring the required documents and fees.

- Pass Vision Exam
- Pass the knowledge and driving tests, unless exempt. in other languages and driving test requirements.
- Must complete a driver education course if under 25 years of age
- Complete Impact Texas Drivers (ITD) requirements for anyone who must complete a driving test.

Teen Drivers

Individuals under 18 years of age must meet extra requirements including the

Graduated Driver License (GDL) Program

The Graduated Driver License (GDL) program was implemented January 1, 2002 to give new drivers the chance to improve their driving skills over time in lower-risk environments.

Foreign Students and Nonresident Visitors

To reduce the risk of identity theft, enhance security and protect the integrity of the licensing process, nonresident visitors (including students) applying for a driver license or identification card must meet certain requirements. The US Citizenship or Lawful Presence page describes the requirements for proving citizenship or lawful presence. Accepted

documents may be found in the Verifying Lawful Presence Guide which also contains information for temporary visitors.

New Texas Residents

New residents who have recently moved to Texas and hold a valid, unexpired driver license from another state or country should read the information on moving to Texas.

Motorcycle and Moped Riders

For motorcycle and moped riders, read Motorcycle Licenses for more information on obtaining a Class M license.

U.S. Military Veterans

Some disabled veterans may qualify for a fee exemption on their driver license or ID card. A veteran designation for driver licenses is also available for qualifying veterans. More information about these services, including qualification requirements, is available on the Veteran Services page at <http://www.dps.texas.gov/DriverLicense/vetServices.htm>

Note: DPS no longer issues both a Driver License (DL) and Identification (ID) card to an individual. Applicants holding both types of cards must surrender one at the time of transaction. Texas Transportation Code (TRC 521.183)

TRANSFERRING AN OUT OF STATE DRIVER LICENSE TO TEXAS

New Texas residents can legally drive with a valid, unexpired driver license from another U.S. state, U.S. territory, Canadian province, or qualifying country for up to 90 days after moving to Texas.

Prior to the end of the 90 day grace period, a new Texas resident must apply for a Texas license in person at any driver license office to continue to drive legally. When applying for the new Texas license the individual must surrender any unexpired driver license in their possession from another U.S. state, U.S. territory or a Canadian province.

Adults (18 and Older)

Applicants who have a valid, unexpired driver license from another U.S. state, U.S. territory, or from Canada must surrender their out of state/country driver license and are not required to take the knowledge or skills exams. Texas also has license issuance reciprocity with France, Germany, South Korea, and Taiwan only. Applicants who have a valid,

unexpired driver license from one of these countries are not required to take the knowledge or skills exams if they surrender their out of country driver license. However, if the applicant does not wish to surrender their out of country driver license, they must take and pass all required exams. The reciprocity only applies to passenger vehicles, not commercial vehicles or motorcycles. Foreign licenses not in English or Spanish will need to have a translation service or their consulate translate the information on the driver license prior to arriving. This translation requirement also applies for marriage licenses.

Applicants who have a valid, unexpired learner license from another U.S. state or U.S. territory, or Canada, France, South Korea, Germany or Taiwan and are applying for a Texas learner license, do not have to take the knowledge exam. If applying for a Texas driver license, these individuals must Complete the Impact Texas Driver course; and pass the skills exam.

Applicants who have a driver license from any country other than the U.S., Canada, France, South Korea, Germany or Taiwan must take and pass both the knowledge and skills exams.

Minors (Under 18)

Applicants under 18 who have a valid driver license or valid learner license from another U.S. state, U.S. territory or Canadian province do not have to take the knowledge exam. Applicants who surrender a valid license/permit from another state will be issued the equivalent Texas version of the document surrendered (i.e. A Texas learner license for another state's learner license).

Applicants under 18 from a country other than the U.S. or Canada are required to take and pass the knowledge exam. This includes France, South Korea, Germany and Taiwan because the reciprocity agreement with these countries does not apply to minors.

Note: Texas law requires that anyone issued a Texas learner license must hold that license for at least six (6) months or until he/she is 18 years of age, whichever is earlier. If a learner license/permit is exchanged for a Texas learner license, it must be held for 6 months. No credit is given for prior months the applicant held their permit from another state.

In addition, to obtain a Texas provisional driver license, applicants under age 18, are required to:

- Complete Driver Education (44 hours behind the wheel instruction);
- Complete the Impact Texas Driver course; and
- Pass a driving skills exam. All applicants under 18 must take the skills exam even if they hold a valid driver license from another state or country.

Active Duty and Recently Discharged Military

U.S. military personnel on active duty or individuals recently discharged with an expired driver license from another state may be exempt from the skills exam and knowledge exams.

To qualify for the exemption, applicants:

- Must present a valid military ID, and
- Provide proof that the state which issued the driver license has a military extension policy for which the individual qualifies. (The individual must contact the issuing state for correct documents). Select the following link for a complete list of requirements and more information on how to apply for a Texas driver license.

Austin North Lamar

6121 North Lamar Boulevard
AUSTIN, TX 78752
General Information
512-424-2076

Austin South

6425 South Interstate 35, Ste. 180
AUSTIN, TX 78744
General Information
512-444-5241

Pflugerville Driver License Center (Austin Area)

216 East Wells Branch Parkway
Pflugerville, TX 78660
General Information
512-486-2800

Austin Northwest

13730 Research Boulevard
AUSTIN, TX 78750-1812
General Information
512-424-2600

Georgetown

515 Pine Street
Georgetown, TX 78626-5100
General Information
512-863-5816

Taylor

412 Vance #2
Taylor, TX 76574-3500
General Information
512-238-2156

Bastrop

305 Eskew St
Bastrop, TX 78602-4119
General Information
512-581-7152

San Marcos (New Braunfels)

1400 N I-35
San Marcos, TX 78666-7235
General Information
512-353-2770