

# BUYING YOUR HOME



WE DON'T WORK 8 TO 5, WE WORK  
**START TO FINISH!**<sup>®</sup>



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# TERMS TO KNOW

**AMENDMENTS:** A minor change or addition to an agreement which does not change the document's principal idea or essence.

**APPRAISAL:** An estimate/opinion of value of property resulting from analysis of facts about the property.

**ASSUMPTION:** Taking over another person's financial obligation. Taking title to a parcel of real property with the Buyer assuming liability for paying an existing note secured by a deed of trust against the real property.

**BENEFICIARY:** The recipient of benefits, usually the lender, from a deed of trust.

**CLOSE OF ESCROW:** Generally the date the documents are recorded and title passes from Seller to Buyer. On this date, the Buyer becomes the legal owner and title insurance becomes effective.

**COMPARABLE SALES/COMPS:** Sales that have similar characteristics as the subject real property, used for analysis in the appraisal.

**DEED OF TRUST:** An instrument used in many states in place of a mortgage.

**DEED RESTRICTIONS:** Limitations in the deed to a parcel of real property that dictate certain uses.

**EARNEST MONEY DEPOSIT:** The down payment made by a purchaser of real property as evidence of good faith.

**EASEMENT:** A right, privilege or interest limited to a specific purpose that one party has in the property of another.

**HAZARD INSURANCE:** Real Estate insurance protecting against fire, certain natural causes, vandalism, etc. Buyer often adds liability insurance and extended coverage for personal property.

**IMPOUNDS:** A type of trust account established by lenders for the accumulation of borrower's funds to meet periodic payments of taxes, mortgage insurance premiums and/or future insurance policy premiums.

**LEGAL DESCRIPTION:** A description of land recognized by law and based on government surveys, spelling out the exact boundaries of the entire parcel of land.

**LIEN:** A form of encumbrance that usually makes a specific parcel of real property the security for the payment of a debt or discharge of an obligation (e.g. judgments, taxes, mortgages and deeds of trust).

**OPTION MONEY:** A payment that allows the Buyer the unrestricted right to cancel the contract in the time provided for in the contract, allowing the buyer the opportunity for due diligence.

**PITI:** A payment that combines Principal, Interest, Taxes and Insurance.

**POWER OF ATTORNEY:** A written agreement that gives authority to an individual to act on behalf of another.

**PURCHASE AGREEMENT:** The purchase contract between the Buyer and Seller. It is usually completed by a Real Estate agent and is signed by the Buyer and Seller.

**QUITCLAIM DEED:** A deed operating as a release, transferring title, interest, or claim from the previous owner (grantor) to a new owner (grantee).

**RECORDING:** Documents filed with the County Recorder as a matter of public record.



# THE BENEFITS OF BUYING A HOME

**Not sure if you should buy a home?** The rent you pay could build equity in your own Real Estate over time. The chart below shows how the rent you pay can add up to a sizeable sum.

RENT	5 YEARS	10 YEARS	15 YEARS	20 YEARS	25 YEARS	30 YEARS
\$1,000	\$60,000	\$120,000	\$180,000	\$240,000	\$300,000	\$360,000
\$1,200	\$72,000	\$144,000	\$216,000	\$288,000	\$360,000	\$432,000
\$1,400	\$84,000	\$168,000	\$252,000	\$336,000	\$420,000	\$504,000
\$1,600	\$96,000	\$192,000	\$288,000	\$384,000	\$480,000	\$576,000
\$1,800	\$108,000	\$216,000	\$324,000	\$432,000	\$540,000	\$648,000
\$2,000	\$120,000	\$240,000	\$360,000	\$480,000	\$600,000	\$720,000
\$2,200	\$132,000	\$264,000	\$396,000	\$528,000	\$660,000	\$792,000
\$2,400	\$144,000	\$288,000	\$432,000	\$576,000	\$720,000	\$864,000
\$2,600	\$156,000	\$312,000	\$468,000	\$624,000	\$780,000	\$936,000
\$2,800	\$168,000	\$336,000	\$504,000	\$672,000	\$840,000	\$1,008,000
\$3,000	\$180,000	\$360,000	\$540,000	\$720,000	\$900,000	\$1,080,000

When you buy your home and pay your monthly mortgage, you can gradually accumulate equity. Equity is an ownership interest in the property that you can convert into cash by borrowing against it or by selling your home. As a renter, equity is not accumulated.

## RENT

- No tax benefit
- Rental amount may increase
- Landlord approval needed for any cosmetic changes
- No equity is accumulated

## BUY

- Tax benefits, including deductions for mortgage interest
- Payments remain stable
- No approval needed for cosmetic changes
- Property value usually increases over time



# TEXAS IS A HOMESTEAD STATE

**WHAT IS A HOMESTEAD?** It is a house, condominium, townhouse or permanently installed mobile home.

**URBAN:** The homestead of a family or a single, adult person, not otherwise entitled to a homestead shall consist of not more than TEN ACRES of land which may be in one or more contiguous lots, together with any improvements thereon.

**RURAL:** For a family, not more than 200 acres which may be in one or more parcels, with the improvements thereon. For a single adult person not otherwise entitled to a homestead, not more than 100 acres, which may be in one or more parcels, with the improvements thereon. At the time of rural designation, the property is not served by municipal utilities and fire/police protection.

**PURPOSE:** The Texas Homestead Law was created for the primary purpose of securing for a family or a single adult person, not otherwise entitled to a homestead, a place for a home, shelter and the earning of a livelihood from the claims of all creditors EXCEPT THE HOLDERS OF LIENS FOR PURCHASE MONEY, TAXES AND HOME IMPROVEMENT LOANS. No other liens are valid, including payments for federal taxes, owelty liens, home equity loans and reverse mortgages.



**HOW YOU DECLARE A HOMESTEAD:** Upon the purchase of a new home, you must call the appraisal district of the county in which you reside and request that they mail you the necessary forms for "Declaring Your Homestead." You must be the owner on January 1 of the year you are claiming the Homestead Exemption. You must provide a copy of your driver's license or state-issued identification card and a copy of your vehicle registration receipt. The addresses on those documents must match the address of the home on which the exemption is being sought. Those without vehicles must submit a notarized affidavit certifying that fact and must present a copy of a current utility bill with the same address.

**ABANDONMENT OF A HOMESTEAD:** If a homestead claimant is married, a homestead cannot be abandoned without the consent of the claimant's spouse. When the parties purchase a new homestead, it is generally clear that an abandonment has occurred. A new homestead must be acquired to abandon the former homestead.

**PRETENDED SALE AND LEASE OF HOMESTEAD PROPERTY:** Any sale of homestead property that is less than the appraised fair market value wherein the Buyer of the property executes a lease of the property to the Seller at lease payments exceeding fair rental value of property is considered to be a loan with all payments made from the Seller to the Buyer in excess of the sales price considered to be interest subject of the usury statute as found in Article 5069.01 et seq.

Such a transaction is also considered a deceptive trade practice. An exception to this rule applies to the sale of a family homestead to a parent, step-parent, grandparent, child, step-child, brother, half-brother, sister, half-sister or grandchild of an adult member of the family. Title insurance is not available on any sale and leaseback of homestead property.

# THE ABCs OF TITLE

## WHAT'S IN A TITLE COMMITMENT?

### THERE ARE FOUR SCHEDULES TO THE TITLE COMMITMENT

The title commitment for title insurance informs those to be insured by a title policy of the condition of the property involved.

In addition, it informs the future insureds of any requirements that must be met before a policy will be issued. In most insurances, the seller is required by the contract to furnish the commitment to the purchaser. If a loan is part of the transaction, the lender will require a commitment at some time during the process of the loan.

### SCHEDULE A

#### ACTUAL FACTS

- Sets the effective date of commitment.
- Names the insured, sales price, loan amount, estate or interest in the land.
- States the name of the person(s) in the title.

### SCHEDULE B

#### BUYER BE AWARE

- Informs the insured of all recorded property restrictions, liens, mineral reservations, easements and all other appurtenances.
- Guarantees that ad valorem taxes are paid and current.
- Limits liability of issued policy.

### SCHEDULE C

#### CLEAR TO CLOSE

- Informs the insured of requirements before policy issue.

### SCHEDULE D

#### DISCLOSE

- Discloses all officers of the title company (according to state rules and regulations).
- Discloses policy(ies) of premiums.
- Discloses beneficiary(ies) of premiums.

# • STEPS TO CLOSING •

## **FULLY EXECUTED CONTRACT**

Signed by all parties with Earnest Money check.  
Option fee sent to Seller.

1

## **ORDER SENT TO THE TITLE PLANT**

Guaranty file number assigned. Order sent to Frontier Title Plant.

2

3

## **ABSTRACT DEPARTMENT**

Copies made of all documents affecting title to the property and Seller's name checked.

5

## **TITLE INFORMATION COMPLETE**

Stored in computer and original file returned to closing office.

7

## **INSPECTIONS & REPAIRS**

Inspections and repairs complete. Buyer loan approved.

9

## **CLOSING DATE & TIME**

Agents set closing date and time.

10

## **FRONTIER TITLE COMPANY**

Prepares closing statement and sends to Lender for approval. Upon approval, settlement is sent to all parties for review.

12

## **FUNDING AUTHORIZATION/FUNDING NUMBER**

Frontier Title sends documents to Lender for review and funding authorization per closing instructions. Lender contacts Frontier Title with Funding Number and authorization to disburse funds. Legal documents are sent for recording with the appropriate county clerks. All parties notified the loan has funded.

14

15

## **CONTRACT RECEIPTED**

Contract and Earnest Money deposited with Frontier Title. Copies sent to all parties.

## **TITLE PLANT**

Order received at plant, legal checked, tax certificate ordered. File ready for Abstract Department.

## **TITLE EXAMINATION**

An examiner reviews the documents and issues a title report.

## **CLOSING TITLE OFFICE**

The Title Commitment is issued and sent to Lender with tax certificate and wiring instructions. Title Commitment and copies of all documents affecting title sent to Buyer. Title Commitment sent to Seller and Agents. Payoff and survey ordered. HOA contacted for resale certificate, if needed.

## **LENDER**

Issues closing instruction. Lender's attorney prepares documents and sends to Frontier Title for closing.

## **CLOSING DAY AT FRONTIER TITLE**

Buyer and Seller sign all documents and money is collected from Buyer.

## **TITLE COMPANY POLICY DEPARTMENT**

Frontier Title submits policy package of the pertinent documents. Owner's and Lender's Title Policies are prepared.

## **What does CLEAR TO CLOSE really mean?**

"Clear to Close" simply means that you have met all the requirements to close on your mortgage and that your lender has fully inspected and verified your documents. Don't rush to the closing table just yet! You can expect a buffer of **at least** 3 days between "Clear to Close" and your closing date.

# BUYER'S CLOSING CHECKLIST

## PRIOR TO CLOSING

- Provide a fully executed contract to Frontier Title Company with the Earnest Money check.
- Provide a copy of the contract, which has been receipted by Frontier Title Company, to the mortgage company processing your loan.
- Call your loan officer and arrange to make a formal loan application.
- For home inspection, schedule the appointment with the inspector and Seller as soon as possible. Any repair bills to be paid must be provided at least one week prior to closing.
- Contact an insurance company to obtain Homeowner's Insurance. Supply this information to Frontier Title Company at least one week prior to closing.

## REQUIRED AT CLOSING

- Valid Driver's License or other photo identification, such as passport.
- If money is due at time of closing and is over \$1500.00, a cashier's check or wired funds, made payable to Frontier Title Company is required.
- Any required documents that your lender has requested you to bring to closing.

## AVOID CLOSING DELAYS

- If you want to review your loan documents prior to closing, please request that your mortgage company provide the documents to Frontier Title Company at least three days prior to closing so that copies can be provided.
- If you will not be present at closing to sign documents and intend to use a Power of Attorney (POA), the following must occur:
  - Frontier Title and your lender must approve the POA prior to closing.
  - The original POA must be delivered to Frontier Title before closing to be recorded with the County Clerk's office.
  - Contact must be made with you via telephone on the day of closing to be certain you are alive and well and have not revoked the POA.



# POST-CLOSING INFORMATION

## TITLE POLICY

You will receive your Owner's Title Policy within 90 days from the settlement date. If you do not, please contact us immediately. **KEEP THE POLICY FOR YOUR RECORDS!** Remember your policy is good for as long as you own the property and continue to warrant your title after you sell.

## ORIGINAL DEED

The County Clerk's office in which your property is located will forward the original deed after recording. **KEEP THE DEED FOR YOUR RECORDS!**

## ADDITIONAL COPIES

Please make sure to keep your documents in a safe place, along with the survey used at closing. In the event you refinance or want to move to a new house, you will need these documents to expedite your closing. Your Escrow Officer gives you all of these documents at closing.

## HOME WARRANTY

Your Home Warranty provider is:

Telephone # \_\_\_\_\_

Conf # \_\_\_\_\_

Your brochure and a copy of the invoice and confirmation are given at closing.

## APPRAISAL REPORT

If your lender did not furnish you with a copy of your appraisal at closing, please contact them in writing or by telephone directly. Most appraisals are only kept on file for 90 days.

## HOMESTEAD EXEMPTIONS

Please contact the appraisal district directly to obtain information on applying for the exemption. The websites and numbers are provided to you here and most of the applications may be downloaded and filed online. If you live in two separate counties, you **MUST** file in both counties.

## COUPON BOOKLETS

Your first payment letter is in the set of documents given to you at closing. Please contact your lender if you have not received a coupon book within 30 days.

## APPRAISAL DISTRICTS BY COUNTY

**ATASCOSA**  
atascosacad.com  
830-569-8326

**BANDERA**  
bancad.org  
830-796-3039

**BASTROP**  
bastropcad.org  
512-303-1930

**BELL**  
bellcad.org  
254-939-5841

**BEXAR**  
bcad.org  
210-224-2432

**BLANCO**  
blancocad.com  
830-868-4013

**BRAZORIA**  
brazoriacad.org  
979-849-7792

**BRAZOS**  
brazoscad.org  
830-979-774-4100

**BURLESON**  
burlesonappraisal.org  
979-567-2318

**BURNET**  
burnet-cad.org  
512-756-8291

**CALDWELL**  
caldwellcad.org  
512-398-5550

**COMAL**  
comalad.org  
830-625-8597

**CHAMBERS**  
chamberscad.org  
409-267-3795

**FAYETTE**  
fayettecad.org  
979-968-8383

**FORT BEND**  
fbcad.org  
281-344-8623

**GALVESTON**  
galvestoncad.org  
409-935-1980

**GRIMES**  
grimescad.org  
936-873-2163

**GUADALUPE**  
guadalupecad.org  
830-303-3313

**HARRIS**  
hcad.org  
713-957-7800

**HAYS**  
hayscad.com  
512-268-2522

**KENDALL**  
kendallad.org  
830-249-8012

**LEE**  
lee-cad.org  
979-542-9618

**LEON**  
leoncad.org  
903-536-2252

**LIBERTY**  
libertycad.com  
936-336-5722

**LLANO**  
llanocad.net  
325-247-3065

**MEDINA**  
medinacad.org  
830-741-3035

**MILAM**  
milamad.org  
254-697-6638

**MONTGOMERY**  
mcad-tx.org  
936-756-3354

**POLK**  
polkcad.org  
936-327-2174

**ROBERTSON**  
robertsoncad.com  
979-828-5800

**SAN JACINTO**  
sjcad.org  
936-653-1450

**TRAVIS**  
traviscad.org  
512-834-9317

**WALKER**  
walkercad.org  
936-295-0402

**WALLER**  
waller-cad.org  
979-921-0060

**WASHINGTON**  
washingtoncad.org  
979-277-3740

**WILLIAMSON**  
wcad.org  
512-930-3787

**WILSON**  
wilson-cad.org  
830-393-3065

# HOME QUALIFICATIONS

## 1. The price of the home we're looking for...

- |  |  |
|--|--|
| <input type="checkbox"/> \$50,000 or under   | <input type="checkbox"/> \$250,000-\$300,000 |
| <input type="checkbox"/> \$50,000-\$75,000   | <input type="checkbox"/> \$300,000-\$350,000 |
| <input type="checkbox"/> \$75,000-\$100,000  | <input type="checkbox"/> \$350,000-\$400,000 |
| <input type="checkbox"/> \$100,000-\$150,000 | <input type="checkbox"/> \$400,000-\$450,000 |
| <input type="checkbox"/> \$150,000-\$200,000 | <input type="checkbox"/> \$450,000-\$500,000 |
| <input type="checkbox"/> \$200,000-\$250,000 | <input type="checkbox"/> \$500,000- _____    |

## 2. The home style we prefer is...

- |                                       |   |
|---------------------------------------|---|
| <input type="checkbox"/> One Story    | <input type="checkbox"/> One and a Half Story |
| <input type="checkbox"/> Two Story    | <input type="checkbox"/> Patio Home           |
| <input type="checkbox"/> Townhome     | <input type="checkbox"/> Condo                |
| <input type="checkbox"/> Contemporary | <input type="checkbox"/> French               |
| <input type="checkbox"/> Colonial     | <input type="checkbox"/> Traditional          |
| <input type="checkbox"/> Victorian    | <input type="checkbox"/> Old English          |

## 3. The age of the house we're looking for...

- |                                      |  |
|--------------------------------------|--|
| <input type="checkbox"/> New Home    | <input type="checkbox"/> 16-20 Years   |
| <input type="checkbox"/> 1-5 Years   | <input type="checkbox"/> 20-25 Years   |
| <input type="checkbox"/> 6-10 Years  | <input type="checkbox"/> Over 25 Years |
| <input type="checkbox"/> 11-15 Years | <input type="checkbox"/> No Preference |

## 4. The type of exterior we prefer is...

- |                                   |                                       |
|-----------------------------------|---------------------------------------|
| <input type="checkbox"/> Brick    | <input type="checkbox"/> Stone        |
| <input type="checkbox"/> Vinyl    | <input type="checkbox"/> Wood         |
| <input type="checkbox"/> Aluminum | <input type="checkbox"/> Other: _____ |

## 5. These features are important to us...

- |   |                                       |
|---|---------------------------------------|
| <input type="checkbox"/> Bedrooms # _____ | <input type="checkbox"/> Study        |
| <input type="checkbox"/> Baths # _____    | <input type="checkbox"/> Fireplace    |
| <input type="checkbox"/> Formal Dining    | <input type="checkbox"/> Pool         |
| <input type="checkbox"/> Family Room      | <input type="checkbox"/> Hot Tub      |
| <input type="checkbox"/> Eat-In Kitchen   | <input type="checkbox"/> Wet Bar      |
| <input type="checkbox"/> Garage           | <input type="checkbox"/> Other: _____ |

## 6. The location we prefer is...

- |                                   |   |
|-----------------------------------|---|
| <input type="checkbox"/> City     | <input type="checkbox"/> Specific Neighborhoods |
| <input type="checkbox"/> Rural    | _____   |
| <input type="checkbox"/> Suburban | _____   |

## 7. Some features we'd like in our location...

- |                                   |   |
|-----------------------------------|---|
| <input type="checkbox"/> Schools  | <input type="checkbox"/> Place of Worship |
| <input type="checkbox"/> Shopping | <input type="checkbox"/> Community Center |
| <input type="checkbox"/> Park     | <input type="checkbox"/> Other: _____     |

## 8. The type of financing we'd prefer...

- |                                       |   |
|---------------------------------------|---|
| <input type="checkbox"/> Conventional | <input type="checkbox"/> Adjustable Rate    |
| <input type="checkbox"/> VA           | <input type="checkbox"/> Owner Financing    |
| <input type="checkbox"/> FHA          | <input type="checkbox"/> Assumable Mortgage |

## 9. Other things to consider...

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## 10. Our current home is...

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# PROPERTY COMPARISON

ADDRESS			
Price			
Location			
Curb Appeal			
Neighborhood			
Lot Size			
Driveway			
Front Yard			
Back Yard			
Bedrooms			
Bathrooms			
Kitchen			
Appliances			
Storage			
Garage			
Deck/Patio			
Pool/Hot Tub			
Heat and A/C			
Taxes			
School			
Condition			
Personal Property			
Energy Efficiency			
Room Sizes			
Layout			
Quality			
Personality			

# MOVING CHECKLIST

## ONE MONTH BEFORE MOVING

- Make arrangements to hire a mover or rent a truck.
- Collect or purchase all packing supplies: boxes, box cutters, bubble wrap, labels, markers, packing tape, scissors, wrapping paper, etc.
- Make babysitting and/or pet care arrangements for moving day.
- File a change of address form at the Post Office.
- Arrange for the transfer of all dental, medical and school records, as necessary.
- Transfer auto, home, and medical insurance.
- Keep all move related documents in one place.

## TWO WEEKS BEFORE MOVING

- Cancel or transfer all utilities (cable/satellite/internet service, electric, gas, telephone, water).
- Check with your provider about cell phone service in your new location.
- Transfer prescriptions to a pharmacy near your new location.
- Transfer bank accounts.
- Pack up items in attic, garage and storage areas.
- Confirm arrangements with movers or truck rental.

## ONE WEEK BEFORE MOVING

- Begin packing boxes, labeling each as you fill it.
- Empty, defrost and clean freezer and refrigerator.
- Pick up items, such as dry cleaning, prescriptions, etc.

## THE DAY BEFORE MOVING

- Do a final check of cabinets, closets and drawers.
- Take out all trash.
- Fully charge all cell phones.
- Confirm arrangements with movers or truck rental.

## THE DAY OF THE MOVE

- Exchange contact information with the movers in case you need to get in touch with them while en route.
- Keep jewelry and other valuables with you.
- Prepare a box of supplies that you will need right away on move in day, such as bath and bedding items, cell phone chargers, change of clothing, cleaning supplies, disposable dishes, eyeglasses, pet food, prescriptions, toilet paper, toiletries, trash bags, etc.
- Do a final check before locking the doors. Confirm that you have turned off the furnace/air conditioner, lawn sprinklers and light switches. Make sure you have given the keys, including mail key and instructions and garage door opener as your REALTOR® directs.