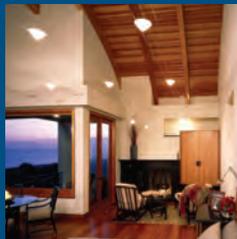


# SELLING A HOME

IN NEVADA



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**First American Title™**

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# think first.



## THINK FIRST AMERICAN.



*First American Title™*

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# fast facts

## > FOR SELLERS

### > REALTOR®

A Realtor® is a licensed real estate agent and a member of the National Association of Realtors®, a real estate trade association.

Realtors® also belong to their state and local Boards of Realtors®. They have a wealth of resources at their disposal, including the Multiple Listing Service and continuing education. All association members agree to abide by a 17-article Code of Ethics and strive for the height of professionalism.

### > REAL ESTATE AGENT.

A real estate agent is licensed by the state to represent parties in the transfer of property. Every Realtor® is a real estate agent, but not every real estate agent is a professional Realtor®.

### > LISTING AGENT.

A listing agent forms a legal relationship with the homeowner to sell the property, and places the property in the Multiple Listing Service.

### > BUYER'S AGENT.

A Buyer's agent or Buyer broker is an agent hired by the Buyer. Generally, the Buyer broker is paid from the commission fee agreed to by the Seller.

### > REALTOR'S® PREAMBLE.

Excerpt from the **Preamble to the Realtor's® code of Ethics:**

*The term **Realtor®** has come to connote competency, fairness, and high integrity resulting from adherence to a lofty ideal of moral conduct in business relations.*

*No inducement of profit and no instruction from clients ever can justify departure from this ideal.*

*In the interpretation of this obligation, Realtors® can take no safer guide than that which has been handed down through the centuries, embodied in the Golden Rule:*

***"Whatsoever ye would that others should do to you, do ye even so to them."***

### > MULTIPLE LISTING SERVICE (MLS).

The MLS is a database of properties listed for sale by Realtors® who are members of the local Board of Realtors®. Information on an MLS property is available to thousands of Realtors®.

## [ COUNT ON ]

### *First American Title*

#### [ COUNT ON US ] *for service*

First American Title was chosen as the Best Title Company at the 2007 Best of Nevada Real Estate Awards.

Your Realtor® recommends First American with confidence, knowing each of our branches is staffed by professionals dedicated to closing your escrow.

#### [ COUNT ON US ] *for stability*

First American Title is the principal subsidiary of The First American Corporation in Santa Ana, California, the largest supplier of real estate related services in the nation.

We're backed by assets totaling over \$3 billion and reserves of more than one-third billion.

First American Title is the leading title insurer in the state, with roots dating back to 1892, we've served Nevada families for generations.

#### [ COUNT ON US ] *for convenience*

We offer more convenient locations - 5 offices in the Las Vegas area and more than 10 throughout Nevada. First American has an extensive network of offices and agents throughout the United States, the Bahama Islands, Canada, Mexico, Puerto Rico, the U.S. Virgin Islands, Bermuda, Guam, and the United Kingdom.

Our Nevada Division headquarters is located at 2490 Paseo Verde Pkwy., Ste. 100, Henderson, NV 89074. Major cross-streets are I-215 and St. Rose Pkwy.

#### [ COUNT ON US ] *for all of your needs*

First American offers more than title insurance and escrow services:

Property research • Account servicing  
Foreclosures • 1031 tax-deferred exchanges



**FOR SALE**

**BY OWNER**

Many people believe they can save a considerable amount of money by selling their homes themselves. It may seem like a good idea at the time, but while you may be willing to take on the task, are you qualified? Following are some questions to help you realistically assess what's involved:

**DO** you have the knowledge, patience, and sales skill needed to sell your home?

**IF** your Buyer is aggressive, **CAN** you negotiate a successful outcome for yourself?

**DO** you know how to determine the current market value of your home?

**ARE** you aware of conditions in the marketplace today that affect value and length of time to sell?

**DO** you know how to determine whether or not a Buyer can qualify for a loan?

**ARE** you concerned about having strangers walking through your home?

**DO** you understand the steps of an escrow and what's required of you and the Buyer?

**ARE** you familiar enough with real estate regulations to prepare a binding sales contract? Counter-offers?

**ARE** you aware that every time you leave your home, you are taking it off the market until you return?

**HAVE** you made arrangements with an escrow and title company, home warranty company, pest-control service and lender to assist you with the transaction?

**DO** you need to hire a real estate attorney? If so, **DO** you know what the cost will be and how much liability they will assume in the transaction?

**DO** you know how to advertise effectively and what the costs will be?

**ARE** you aware that prospective Buyers and bargain hunters will expect you to lower your cost because there's no Realtor® involved?

**DO** you understand the various types of loans Buyers may choose and the advantages and disadvantages for the Seller?

**ARE** you prepared to give up your evenings and weekends to show your home to potential Buyers and "just-looking" time wasters?

# benefits

FROM A PROFESSIONAL REALTOR®

BEFORE YOU MAKE THE DECISION TO TRY TO SELL YOUR HOME ALONE, CONSIDER THE BENEFITS A REALTOR® CAN PROVIDE THAT YOU MAY NOT BE AWARE OF:

**A Realtor®** understands market conditions and has access to information not available to the average homeowner.

**A Realtor®** can advertise effectively for the best results.

**A Realtor®** knows how to price your home realistically, to give you the highest price possible within your time frame.

**A Realtor®** is experienced in creating demand for homes and how to show them to advantage.

**A Realtor®** knows how to screen potential Buyers and eliminate those who can't qualify or are looking for bargain-basement prices.

**A Realtor®** knows how to go toe-to-toe in negotiations.

**A Realtor®** is always "on-call," answering the phone at all hours, and showing homes evenings and weekends.

**A Realtor®** can remain objective when presenting offers and counter-offers on your behalf.

**A Realtor®** maintains errors-and-omissions insurance.

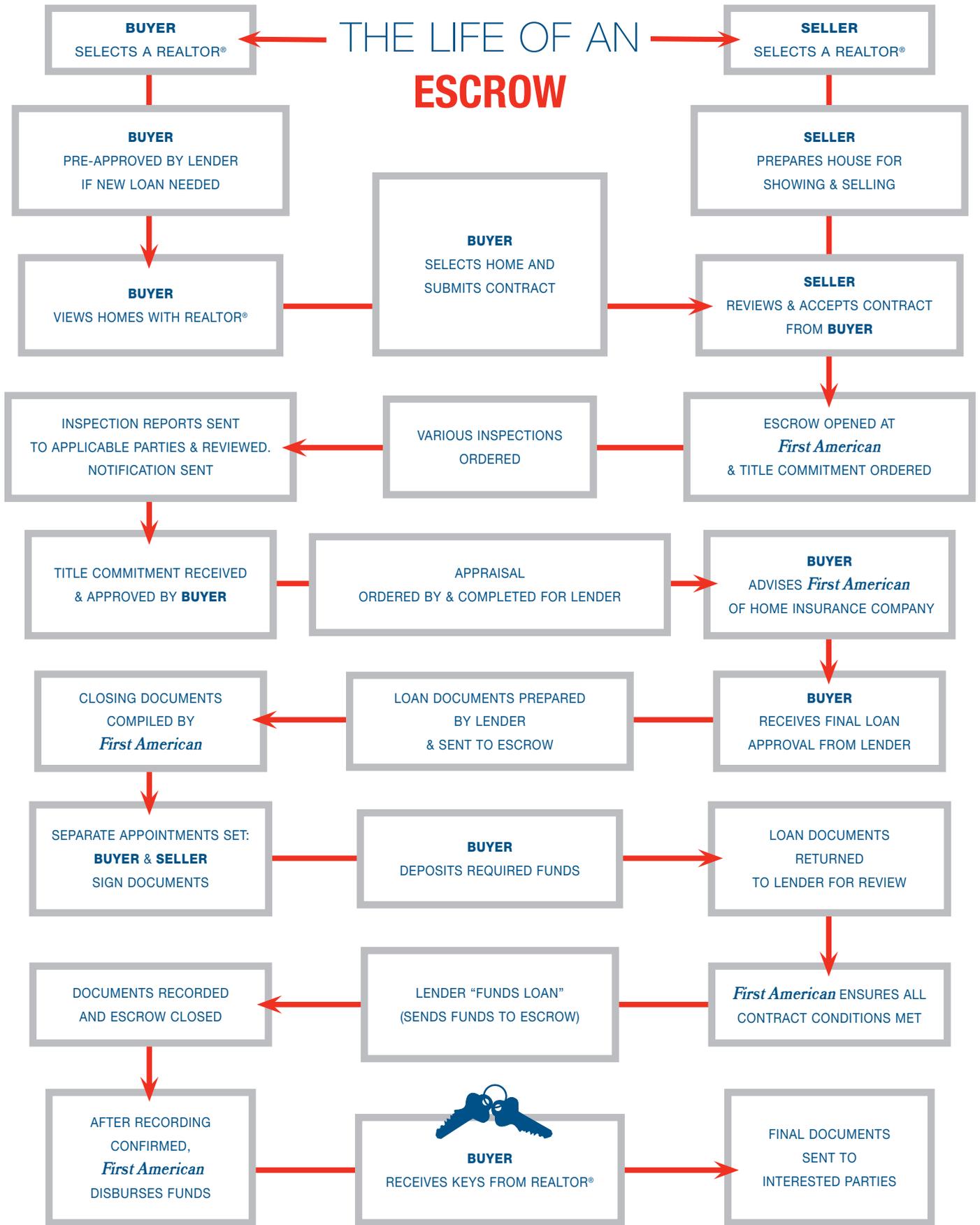
**A Realtor®** will listen to your needs, respect your opinions and allow you to make your own decisions.

**A Realtor®** can help protect your rights, particularly important with the increasingly complicated real estate laws and regulations.

**A Realtor®** is experienced with resolving problems to ensure a successful closing on your home.

ONLY YOU CAN DETERMINE WHETHER YOU SHOULD ATTEMPT TO SELL YOUR HOME—PROBABLY YOUR LARGEST INVESTMENT—ALL ALONE. TALK WITH A REALTOR® BEFORE YOU DECIDE. YOU MAY FIND WORKING WITH A PROFESSIONAL IS A LOT LESS EXPENSIVE AND MUCH MORE BENEFICIAL THAN YOU EVER IMAGINED!

# THE LIFE OF AN ESCROW





# a home warranty

**A home warranty** is an insurance policy that covers a variety of mechanical, electrical, and plumbing items, as well as some appliances, inside the home. Optional coverage is available for more expensive systems such as air conditioners, refrigerators, pools and spas.

The Seller may purchase a home warranty plan prior to selling to protect against repairs needed during the listing period, and the Buyer may be able to assume the policy at the close of escrow. Or the Seller may offer to purchase a home warranty policy for the Buyer. Offering a home warranty plan may provide these benefits:

- > Increase the marketability of your home by reassuring potential Buyers.
- > Help sell your home faster and at a higher price.
- > Ward off potential disputes after the sale for repair and/or replacement of covered items.

Most home warranty plans can be paid for at the close of escrow. A copy of the invoice is presented to First American Title, and it becomes part of the Seller's closing costs.

## preparing your home FOR SALE

- First impressions have a major impact on potential Buyers.
- Try to imagine what a potential Buyer will see when they approach your house for the first time and walk through each room. Ask your Realtor® for advice; they know the marketplace and what helps a home sell. Here are some tips to present your home in a positive manner:

- ✓ Mow and edge the lawn regularly, and trim the shrubs.
- ✓ Make your entry inviting: Paint your front door and buy a new front door mat.
- ✓ Paint or replace the mailbox, if needed.
- ✓ If screens or windows are damaged, replace or repair them.
- ✓ Repair or replace worn shutters and other exterior trim.
- ✓ Make sure the front steps are clear and hazard-free.
- ✓ Make sure the door bell works properly and has a pleasant sound.
- ✓ Ensure that all exterior lights are working.
- ✓ Check stucco walls for cracks and discoloration.
- ✓ Remove any oil and rust stains from the driveway and garage.
- ✓ Clean and organize the garage, and ensure the door is in good working order.
- ✓ Repair or replace loose knobs on doors and cabinets.
- ✓ Shampoo carpeting or replace if very worn. Clean tile floors, particularly the caulking.
- ✓ Brighten the appearance inside by painting walls, cleaning windows and window coverings, and removing sunscreens.
- ✓ Repair leaky faucets and caulking in bathtubs and showers.
- ✓ If doors stick or squeak, fix them.
- ✓ Make sure toilet seats look new and are firmly attached.
- ✓ Repair or replace loud ventilating fans.
- ✓ Replace worn shower curtains.
- ✓ Rearrange furniture to make rooms appear larger. If possible, remove and/or store excess furniture.
- ✓ Remove clutter throughout the house. Organize and clean out closets and pantry.
- ✓ Make sure all kitchen appliances are clean and work properly.
- ✓ Avoid extension cords in plain view.
- ✓ Keep washer and dryer clean and empty.
- ✓ Air conditioners/heaters, evaporative coolers, hot water heater should be clean, working and inspected if necessary. Replace filters.
- ✓ Check the pool and/or spa equipment and pumps. Make sure all are working properly and that the pool and/or spa are kept clean.
- ✓ Inspect fences, gates and latches. Repair or replace as needed.

# staging

## YOUR HOME

# for show

To make the best impression, keep your home clean, neat, uncluttered and in good repair. Please review this list prior to each showing:

- 1 **keep** everything clean. A messy or dirty home will cause prospective buyers to notice every flaw.
- 2 **clear** all clutter from counter tops.
- 3 **let** the light in. Raise shades, open blinds, pull back the curtains and turn on the lights.
- 4 **get** rid of odors such as tobacco, pets, cooking, etc., but don't overdo air fresheners or potpourri. Fresh baked bread and cinnamon can make a positive impact.
- 5 **send** pets away or secure them away from the house, and be sure to clean up after them.
- 6 **close** the windows to eliminate street noise.
- 7 **if** possible you, your pets, and your children should be gone while your home is being shown.
- 8 **clean** trash cans and put them out of sight.
- 9 **if** you must be present while your home is shown, keep noise down. Turn off the TV and radio. Soft, instrumental music is fine, but avoid vocals.
- 10 **keep** the garage door closed and the driveway clear. Park autos and campers away from your home during showings.
- 11 **hang** clean attractive guest towels in the bathrooms.
- 12 **check** that sink and tub are scrubbed and unstained.
- 13 **make** beds with attractive spreads.
- 14 **stash** or throw out newspapers, magazines, junk mail.

**If** the Buyer is securing a new loan to purchase your home, the Buyer's lender will require an appraisal to determine the fair market value of the property. A licensed appraiser will research nearby houses (within one mile if possible) that have sold in the last six months and are similar to yours in size, age, construction, and amenities.

The appraiser will make an appointment to see your home and will take about 30 minutes to an hour to look over the property. He will measure your home, draw a representative floor plan, take photographs inside and out, and review the property's condition, specific improvements and amenities. You can help the appraiser by providing a list of any improvements and remodeling projects completed since you bought your home along with an approximate dollar amount for each improvement. Keep in mind that remodeling projects rarely bring a 100% return on investment, but a list will ensure the appraiser doesn't overlook the added features.

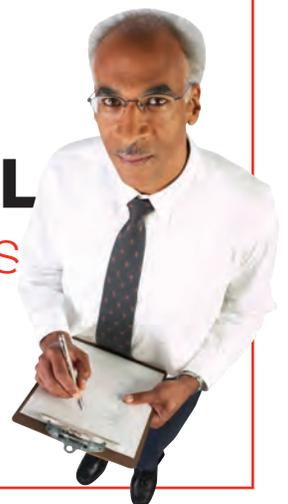
The appraiser will provide a typed appraisal report to the Buyer's lender within a few days after visiting your property. You will be notified if the lender requires repairs before they will lend on your home. If specified in the contract, you must repair these problems. The appraiser will have to return to review the required repairs, and a re-inspection fee will be charged.

Note: If the Buyer is applying for an FHA or VA loan, your property will have to meet certain requirements. Chipped or peeling paint on any structures on the property will have to be scraped and repainted. Missing or damaged shingles and missing slats or blocks in your fence will have to be replaced. Other improvements also may have to be made before the escrow can close. Your Realtor® should be able to advise you on the latest FHA/VA requirements.

# THE

# APPRAISAL

## P R O C E S S





# how home upgrades AFFECT YOUR APPRAISAL

Approximate Adjustments Used At Huber Appraisal  
(As of 1-7-08)

- Appraisers conduct comparable market analyses very similar to real estate agents' comparable market analyses. Dollar adjustments are made to the comparable properties for any significant differences that may affect value. Along with choosing the best, most recent, comparable sales to use, deciding what dollar adjustments to use is a crucial part of the appraisal process. Many agents I know have found the following information helpful when completing their own CMA's, so here is an update on doing CMA's from an appraiser's viewpoint. Remember, these are only guidelines; adjustment values vary accordingly from property to property and from neighborhood to neighborhood.
- *Note: Currently with the ever-changing Las Vegas area market, these figures are subject to change based on newer market data*

**Living area:** \$45 to \$100 per sq. ft. depending on construction quality  
(Note: this reflects value given for the square footage **only** and does not reflect total sales price per square feet which includes **everything** about the property)

**2 Car Garage vs. No Garage:** \$8,000 to \$25,000 depending on price range

**2 Car Garage vs. 3 Car Garage:** \$7,000 to \$10,000 depending on price range

**In-ground Pool/Spa:** typically \$25,000 to \$60,000 with \$30,000 to \$40,000 being used for most neighborhoods (the amount used depends on how common they are in the area, and the price range of the neighborhood; for example, a \$60,000 - \$75,000+ adjustment could be the most appropriate in a neighborhood with market values exceeding \$700,000)

**Differences in Lot Sizes:** \$4 to \$10 per sq. ft. depending on neighborhood (Note: properties with lake or golf course frontage may adjust for up to \$20 per sq. ft. or more)

**Covered Patios:** \$5,000 to \$10,000 depending on patio size and quality (higher figures may be used for large custom homes)

**Bathrooms:** Typically \$2,500 to \$5,000 per bathroom regardless of type

**Basements:** According to appraisal standards, the square footage of a basement must not be included in the overall square footage of the home. (The exception to this would be "walk-out" style basements which are built into a sloped hillside, allowing direct access to the outdoors without needing stairs.) A basement is measured and valued separately, even if it has a finished interior. The adjustment for square footage should be slightly lower (perhaps \$5/sq. ft.) than for that of the area above ground.

**Security Gates:** Electronic gates can add \$5,000 to \$25,000 while manned gates can add \$25,000 to \$50,000 in value depending on the price range of the subdivision

**Full Landscaping vs. None:** \$10,000 (standard lot) to \$25,000 to \$50,000 (>1/4 acre) depending on size

**Views:** must be calculated on an individual basis as these can vary greatly depending on what it is, where it is seen from, and will it be affected by future development or landscaping

**Remodeling, Builder or Owners' Upgrades:** these must be dealt with on an individual basis. Dollar-per-dollar adjustments (what the builder actually charges for upgrades) will not be accepted by most underwriters unless the costs are supported in the open market. Upgraded options selected from the developer/builder of a new home typically only recover approximately 25% to 50% of the costs incurred. Lot premiums typically also fall into this percentage range. Typically, kitchen and bathroom remodeling projects recover the most of the original amount of money spent. If completed professionally, these improvements may recover up to 75% of the expenses incurred. Remodeling of other areas of the home usually recovers only 25% to 30% of the incurred costs.

At Huber Appraisal, we also consider pending sales to see if "time" adjustments are supported and therefore appropriate to use for slightly dated comparable sales. For example, in an appreciating or depreciating market, we may make positive or negative adjustments to the closed comparable sales per month from the time the comparable sale was put into contract. These "time adjustments" are only done when the most current market data supports the increase or decrease in value. We must constantly monitor the market for support for time adjustments, as well as for any adjustments made in comparable sales analysis.

Huber Appraisal, Inc. (702) 243-3256 or Debbie@HuberAppraisal.com  
To contact Home Pride Inspections, call (702) 363-1681

# CLOSING COSTS: WHO PAYS WHAT IN NEVADA

THIS CHART INDICATES WHO CUSTOMARILY PAYS WHAT COSTS

	CASH	FHA	VA	CONV
1. Downpayment	BUYER	BUYER	BUYER	BUYER
2. Termite (Wood Infestation) Inspection <i>(negotiable except on VA)</i>			SELLER	
3. Property Inspection <i>(if requested by Buyer)</i>	BUYER	BUYER	BUYER	BUYER
4. Property Repairs, if any <i>(negotiable)</i>	SELLER	SELLER	SELLER	SELLER
5. New Loan Origination Fee <i>(negotiable)</i>		BUYER	BUYER	BUYER
6. Discount Points <i>(negotiable)</i>		BUYER	SELLER	BUYER
7. Document Preparation Fee <i>(Charge Seller on FHA/VA)</i>		SELLER	SELLER	BUYER
8. Credit Report		BUYER	BUYER	BUYER
9. Appraisal or Extension Fee <i>(negotiable)</i>		BUYER	BUYER	BUYER
10. Interest Proration on Seller's Existing Loan				
11. Existing Loan Payoff	SELLER	SELLER	SELLER	SELLER
12. Existing Loan Payoff Demand	SELLER	SELLER	SELLER	SELLER
13. Loan Prepayment Penalty <i>(if any)</i>	SELLER	SELLER	SELLER	SELLER
14. Next Month's PITI Payment		BUYER	BUYER	BUYER
15. Prepaid Interest <i>(approx. 30 days)</i>		BUYER	BUYER	BUYER
16. Mortgage Transfer Fee				
17. Reserve Account Balance <i>(Credit Seller / Charge Buyer)</i>		PRORATE	PRORATE	PRORATE
18. FHA MIP, VA Funding Fee, PMI Premium		BUYER	BUYER	BUYER
19. Assessments payoff or proration <i>(sewer, paving, etc.)</i>	SELLER			
20. Taxes	PRORATE	PRORATE	PRORATE	PRORATE
21. Tax Impounds		BUYER	BUYER	BUYER
22. Tax Service Contract		SELLER	SELLER	BUYER
23. Fire/Hazard Insurance	BUYER	BUYER	BUYER	BUYER
24. Flood Insurance		BUYER	BUYER	BUYER
25. Homeowners Association (HOA) Transfer Fee	SPLIT	SPLIT	SELLER	SPLIT
26. HOA/Disclosure Fee	SELLER	SELLER	SELLER	SELLER
27. Current HOA Payment	PRORATE	PRORATE	PRORATE	PRORATE
28. Next Month's HOA Payment	BUYER	BUYER	BUYER	BUYER
29. Home Warranty Premium <i>(negotiable)</i>				
30. Realtors' Commissions	SELLER	SELLER	SELLER	SELLER
31. EAGLE Homeowners Title Policy	BUYER	BUYER	BUYER	BUYER
32. Lenders Title Policy and Endorsements		BUYER	BUYER	BUYER
33. Account Servicing Set-up Fee <i>(negotiable)</i>				
34. Escrow Fee <i>(NOTE: Charge Seller on VA Loan)</i>	SPLIT	SPLIT	SELLER	SPLIT
35. Recording Fees <i>(Flat Rate)</i>	SPLIT	SPLIT	SPLIT	SPLIT
36. Reconveyance/Satisfaction Fee	SELLER	SELLER	SELLER	SELLER
37. Courier/Express Mail Fees	SPLIT	SPLIT	SPLIT	SPLIT
38. Wire Fees	SPLIT	SPLIT	SELLER	SPLIT
39. Email Loan Documents		BUYER	SELLER	BUYER

Note: Prorated items will appear on Closing Statement as charges for one and credits for the other.

# understanding TITLE INSURANCE

**THE TITLE INDUSTRY IN BRIEF.** Prior to the development of the title industry in the late 1800's, a homebuyer received a grantor's warranty, attorney's title opinion, or abstractor's certificate as assurance of home ownership. The Buyer relied on the financial integrity of the grantor, attorney, or abstractor for protection. Today, title insurance companies are regulated by state statute. They are required to post financial guarantees to ensure that any claims will be paid in a timely fashion. They also must maintain their own "title plants" which house duplicates of recorded deeds, mortgages, plats, and other pertinent county property records.

## what IS TITLE INSURANCE?

Title insurance provides coverage for certain losses due to defects in the title that occurred prior to your ownership. The Seller can give only those rights that previously have been received with "good title." Title insurance protects against defects such as prior fraud or forgery that might go undetected until after closing and possibly jeopardize your ownership and investment.

## why TITLE INSURANCE IS NEEDED.

Title insurance assures the new Buyers that they are acquiring marketable title from the Seller. It is designed to eliminate risk or loss caused by defects in title from the past. Title insurance protects the interest of the mortgage lender as well as the equity of the Buyer for as long as they or their heirs have any interest in the property.

## when IS THE PREMIUM DUE?

It is a one-time premium which is paid at the close of escrow. It is customary for the Seller to pay for the Owner's Policy. If there is a new loan, the Buyer pays for the Lender's Policy. The policy has a perpetual term and provides coverage for as long as you are in a position to suffer a loss.

## do ALL TITLE COMPANIES OFFER THE SAME PROTECTION?

Any standard American Land Title Association (ALTA) policy covers the same basic items. However, First American Title's EAGLE Policy (our ALTA Homeowner's Policy of Title Insurance\*) combines the easy-to-understand Plain Language Policy with additional coverages, including coverage for events happening after the policy date.\*\*

Some examples:

- *Post-policy* Encroachment. The owner has been in his home for several years when a neighbor builds a patio cover on the property. We'll provide legal defense.\*\*
- *Post-policy* Forgery. Someone forges the homeowners name on a mortgage. We'll provide legal defense.\*\*
- Building Permit Violation. A room added prior to the closing date did not receive a city permit, and the new homeowner is being forced to remove the structure. We'll pay for the removal, per policy limits.\*\*
- Automatic Inflation Coverage of 150%, a 10% increase in the policy amount for each of the first five years.

**Note:** *If you decide to sell your home in the future, new title insurance will be needed to protect your Buyer for the time prior to and during your ownership for any defects that may have occurred. See below for First American Title's short-term, reduced-rate certificate.*

\* An ALTA Homeowners Title Insurance Policy is requested in Line 117 of the revised AAR Residential Resale Real Estate Purchase Contract, 5/00.

\*\* Deductibles, maximums, and conditions may apply.

ASK FOR OUR *Eagle Policy* ON YOUR NEXT PURCHASE

	ALTA STANDARD	ALTA PLAIN LANGUAGE	OUR EAGLE	
COVERED RISKS	1. Someone else owns an interest in your title	✓	✓	✓
	2. A document is not properly signed	✓	✓	✓
	3. Forgery, fraud, duress, incompetency, incapacity or impersonation affects your title	✓	✓	✓
	4. Defective recording of any document affects your title	✓	✓	✓
	5. You have no legal access to and from your land	✓	✓	✓
	6. Restrictive covenants limit your use of the land	✓	✓	✓
	7. A lien on your title because there is: (a) a deed of trust, (b) a judgment, tax, or special assessment, and/or (c) a charge by the homeowners' association	✓	✓	✓
	8. Purchase, lease or loan refused because title is unmarketable	✓	✓	✓
	9. Unrecorded mechanic's liens on your title for labor and materials		✓	✓
	10. Others have rights under unrecorded leases, contracts or options		✓	✓
	11. Someone else has an unrecorded easement on your land		✓	✓
	12. Forced removal of structure because it: (a) extends onto other land or onto an easement, (b) violates a restriction on Schedule B, and/or (c) violates an existing zoning law		✓	✓
	13. Cannot use land for single family dwelling or residence because use violates a restriction in Schedule B or a zoning ordinance		✓	✓
	14. Other defects, liens, or encumbrances		✓	✓
	15. Plain language		✓	✓
	16. Forgery occurs <b>after</b> policy date			✓
	17. Cloud on title occurs <b>after</b> policy date			✓
	18. Adverse possession occurs <b>after</b> policy date			✓
	19. Prescriptive easement occurs <b>after</b> policy date			✓
	20. No legal <b>vehicular</b> and/or <b>pedestrian</b> access to your land			✓
	21. Forced correction due to violation of covenant, condition or restriction			✓
	22. Someone takes your title due to restriction violation that occurred before policy date			✓
	23. Violation of land regulation or subdivision law causes: (a) refusal of building permit, (b) refusal of purchase, lease or loan, and/or (c) forced correction or removal of violation			✓
	24. Forced removal/correction of structure due to violation of building permit			✓
	25. Forced correction due to violation of zoning law or regulation			✓
	26. Forced removal of structure—includes your boundary wall/fence—due to encroachment			✓
	27. Permit, purchase, lease or loan refused due to neighbor's encroaching structure			✓
	28. Forced removal of structure due to building setbacks or easement			✓
	29. Structure damaged through use or maintenance of easement			✓
	30. Improvements damaged from extraction of minerals, water or other substance <b>after</b> policy date			✓
	31. Neighbor builds encroaching structure (excludes wall/fence) <b>after</b> policy date			✓
	32. Residence with address shown not located on land at policy date			✓
	33. Map not consistent with legal description			✓
PLUS	34. Title can be transferred to Living Trust <b>after</b> policy date; extends to heirs, trust beneficiaries		✓	
	35. Automatic increase in coverage to 150% (10% annually for 5 years)		✓	

**Note:** For residential property, 1 to 4 units. Coverage shown are subject to Exclusions, Conditions and Schedule B Items set forth in the policy. Because of the nature or location of certain properties, an inspection of the property may be necessary to determine if additional exceptions from coverage need to be shown in Schedule B of the residential policy which will be noted in the preliminary report. The foregoing table is intended to highlight only some important aspects of coverage and is not to be construed as expanding or limiting the coverage as set forth in the mentioned title policies. Copies of these policies are available upon request. Any decision on coverage should be made only after review of the policies themselves. **Revised: 7/9/99**

# THE ESCROW PROCESS AT FAT CO

**WHAT IS AN ESCROW?** An escrow is a process wherein the Buyer and Seller deposit written instructions, documents, and funds with a neutral third party until certain conditions are fulfilled. In a real estate transaction, the Buyer does not pay the Seller directly for the property. The Buyer gives the funds to an escrow company who, acting as an intermediary, verifies that title to the property is clear and all written instructions in the contract have been met. Then the company transfers the ownership of the property to the Buyer through recordation and pays the Seller. This process protects all parties involved.

The State of Nevada licenses and regulates all escrow companies. The Insurance Commissioner and the State Banking Department can inspect a company's records at any time, providing further oversight of the company's management and position as an impartial third party to the transaction.

In Nevada, escrow services are generally provided by a title insurance company instead of an attorney. The stability, reliability and performance of your title and escrow company are vital to protect the interests of all parties to the transaction.

**HOW IS AN ESCROW OPENED?** Once the Buyer has completed the contract (or Purchase Agreement), and the Seller has accepted the offer, the Buyer's Realtor® will open the escrow. The earnest money deposit and the contract are placed in escrow. As a neutral party to the transaction, First American can respond only to those written instructions agreed to mutually by all "interested" parties (Seller and Buyer).

## AS PART OF OUR SERVICE, FIRST AMERICAN WILL:

**OPEN** escrow and deposit Buyer's "good faith" funds in a separate escrow account.

**CONDUCT** a title search to determine ownership and status of the subject property.

**ISSUE** a title commitment and begin the process to delete or record items to provide clear title to the property.

Per contract, **CONFIRM** that lender has determined Buyer is qualified for a new loan.

**IF** Buyer is assuming Seller's loan, request Buyer complete a beneficiary's statement

**MEET** all deadlines as specified in the contract.

**REQUEST** payoff information for the Seller's loans, other liens, homeowners association fees, etc.

**PRORATE** fees, such as property taxes, per the contract, and prepare the settlement statement.

**SET** separate appointments: Seller to sign documents; Buyer to sign documents and deposit funds.

**REVIEW** documents ensuring all conditions and legal requirements are fulfilled; request funds from lender.

When all funds are deposited, **RECORD** documents at the County Recorder to transfer the subject property to the Buyer.

After recordation is confirmed, **CLOSE** escrow and disburse funds, including Seller's proceeds, loan payoffs, Realtors® commissions, related fees for recording, etc.

**PREPARE** and send final documents to parties involved.

# THE ADVANTAGES

OF WORKING WITH ONLY ONE REALTOR® INCLUDE:

1

The Realtor® becomes familiar with your family's needs.

2

You develop better rapport and communication when working towards your goal with only one Realtor®.

3

The Realtor® is more committed to you because you return that commitment.

4

You avoid any uncomfortable situation arising from agent conflict.



## Excerpt from Preamble to the Realtor's® Code of Ethics:

*The term **Realtor**® has come to connote competency, fairness, and high integrity resulting from adherence to a lofty ideal of moral conduct in business relations.*

• • •

*No inducement of profit and no instruction from clients ever can justify departure from this ideal.*

• • •

*In the interpretation of this obligation, Realtors® can take no safer guide than that which has been handed down through the centuries, embodied in the Golden Rule:*

***“Whatsoever ye would that others should do to you, do ye even so to them.”***

**TITLE COMMITMENT.** The escrow officer orders the title commitment from our title department. Upon receiving this request, an examination begins of all historical records pertaining to your property. Barring any unusual circumstances, First American issues a commitment for title insurance indicating a clear title or items which must be cleared prior to closing. The Buyer receives a copy of the title commitment when we complete the title search.

**SELLER REQUIRED DISCLOSURE.** If directed by the contract, the seller will provide the following items which require a response from the Buyer. Your Realtor® can help you with these.

- a. Seller's Property Disclosure Statement listing any existing problems known to the Seller.
- b. Information pertaining to the Home Owners Association (HOA) or Planned Unit Development (PUD), such as Covenants, Conditions and Restrictions (CC&Rs), if applicable.
- c. Flood Hazard Disclosure if the property is in a flood area.
- d. Independent inspections, such as termite and septic, and any repairs as required.

**CONSIDER THIS.** One escrow transaction could involve over twenty individuals including Realtors®, Buyers, Sellers, attorneys, escrow officer, escrow technician, title officer, loan officer, loan processor, loan underwriter, home inspector, termite inspector, insurance agent, home warranty representative, contractor, roofer, plumber, pool service, and so on. And often one transaction depends on another.

When you consider the number of people involved, you can imagine the opportunities for delays and mishaps. So, much like an airline pilot can't prevent turbulence during a flight, your experienced Realtor® and escrow team can't prevent unforeseen problems from arising. However, they can help smooth out the bumps and get you safely through to a successful closing.

# PLANNING YOUR



# MOVE

## ABOUT 2 MONTHS BEFORE YOU MOVE

- ✓ Research your new city through the Chamber of Commerce or, if a computer is available to you, through many of the online websites.
- ✓ Start cleaning closets and storage areas and decide what goes with you, what goes to a charitable organization or garage sale, and what goes in the trash.
- ✓ Talk with your accountant or an IRS advisor about any moving expenses that might be tax deductible and require records.
- ✓ Contact moving companies (and the Better Business Bureau) for services and estimates.
- ✓ Start a list of everyone you want to notify about your move. Keep it handy because names will pop into your mind unexpectedly. Along with friends and relatives, include schools, doctors, dentists, creditors, attorney, accountant, broker, and any recurring services such as maid, lawn, exterminator, water softener, diaper, internet provider, magazine subscriptions, etc.

## 1 MONTH OUT

- ✓ Notify the post office of the move, and pick up a supply of change of address cards.
- ✓ If possible, open bank accounts at the new location now so your checks can be printed, and you won't have to rely on temporary checks which are not accepted everywhere.
- ✓ Get serious about cleaning out the house; start accumulating boxes and begin packing. Hold a garage sale.
- ✓ Contact your insurance companies (health, auto, homeowners, renters) and discuss coverage at the new location.
- ✓ Contact utility companies and arrange to disconnect/ connect at your current home and at your new home.
- ✓ Driving? Flying? How will you, your family, your pets, your plants, extra cars, get to the new city? Arrange for that now.
- ✓ Take pets to your veterinarian for check up and regular immunizations before the trip.

## 2 WEEKS BEFORE

- ✓ Contact your bank about closing your existing accounts when you move.
- ✓ If you're driving your car, have it serviced.
- ✓ Find out what you need to do to transfer records for doctors, dentists, veterinarians, etc. Be sure to get permanent records from schools, not copies. Get prescriptions for new pharmacies.

## 1 WEEK LEFT

- ✓ Get rid of all flammable products, paint, gasoline, etc.
- ✓ Contact your local trash collector about proper disposal.
- ✓ Gather odds and ends: dry cleaning, safe deposit box items, prescriptions, anything you've loaned.
- ✓ Return library books, rented videos, anything borrowed.
- ✓ Drain gas and oil from equipment you're shipping, such as lawn mowers, gas weed trimmers, etc.

## A COUPLE OF DAYS

- ✓ Give away plants you're not taking.
- ✓ Defrost the refrigerator and freezer.
- ✓ Write out clear instructions—sketch a map, too, if you can—of your new home, and include your itinerary and emergency numbers. Keep a copy yourself, and give copies to the moving company and your family or friends.
- ✓ Complete packing. Be sure to set aside the items you want to take with you so the mover doesn't accidentally load them onto the truck.
- ✓ Pack local phone books. You'll be glad you did.
- ✓ Check with the utility companies to verify connect and disconnect dates after escrow closes.
- ✓ Contact your Realtor® and verify when and where keys to your new home will be available.
- ✓ Pick up beverages and snacks for moving day.
- ✓ Disconnect major appliances.

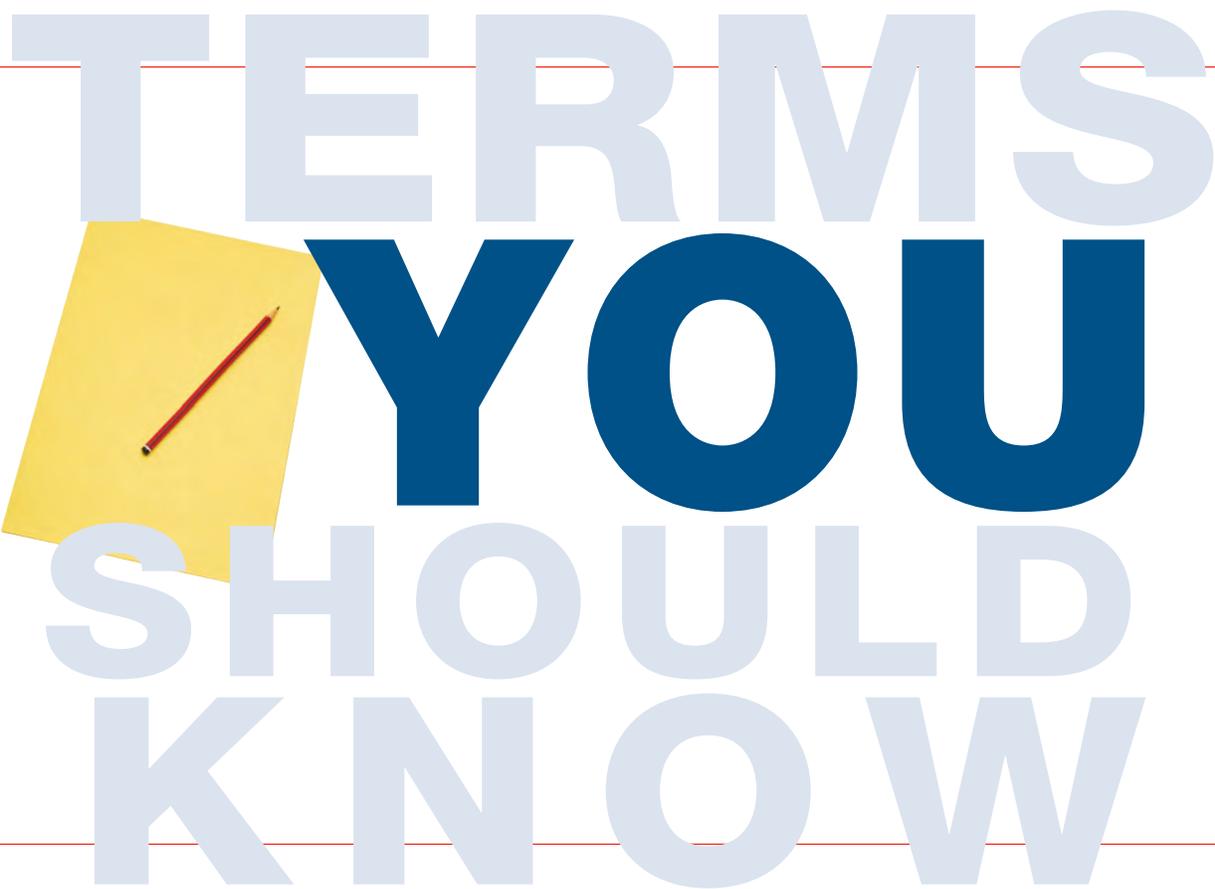
## THE BIG DAY

- ✓ If you can't be there when the movers arrive, arrange for someone to meet them.
- ✓ Check the movers' bill of lading and inventory carefully before signing. Keep papers with you in a safe place.
- ✓ Make one last trip through the house, double-checking closets, drawers and cabinets. Lock the windows.
- ✓ Leave the garage remote control for the new owners.
- ✓ Turn off all the lights, close and lock the door, and leave the keys as prearranged with your Realtor® or new owner.

**GOOD LUCK, AND ENJOY YOUR NEW HOME!**



# TERMS YOU SHOULD KNOW



- > **ADJUSTABLE RATE MORTGAGE.** A mortgage that has a rate that is adjusted at certain intervals during the loan period. The adjustment can either be higher or lower depending on the current market rate at the time adjustment is due.
- > **AMORTIZED LOAN.** A loan that is paid off—both interest and principal—by regular payments that are equal or nearly equal.
- > **AMENDMENT.** A change—either to alter, add to, or correct—part of an agreement without changing the principal idea or essence.
- > **APPRAISAL.** An estimate of value of property resulting from analysis of facts about the property; an opinion of value.
- > **APR (ANNUAL PERCENTAGE RATE).** The yearly interest percentage of the loan based on the actual interest paid on the loan. The APR is disclosed as a requirement of federal truth in lending statutes.
- > **ASSESSED VALUE.** Value placed upon property for property tax purposes by the tax collector.
- > **ASSESSMENT.** A levy against property in addition to general taxes. Usually for improvements such as for streets or sewers, etc.
- > **ASSUMPTION.** Taking over another person's financial obligation; taking title to a property with the Buyer assuming liability for paying an existing note secured by a deed of trust against the property.
- > **BALLOON PAYMENT:** A note calling for periodic payments which are insufficient to fully amortize the face value of the note prior to maturity, so that a principle sum known as a "balloon" is due at maturity.
- > **BENEFICIARY.** The recipient of benefits, often from a deed of trust; usually the lender.
- > **BUY DOWN.** A fixed rate loan where the interest rate and payment are reduced for a specific period of time by paying the interest up front to subsidize the lower payment.
- > **CLEAR TITLE.** Real property in which there are no liens
- > **CLOSE OF ESCROW.** 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.
- > **CLOUD ON TITLE.** A claim, encumbrance, or condition that impairs the title to real property until disproved or eliminated through such means as a quitclaim deed or a quiet title legal action.
- > **COMPARABLE SALES (COMPS).** Sales that have similar characteristics as the subject property, used for analysis in the appraisal.
- > **CONVENTIONAL MORTGAGE.** A mortgage that is not obtained from a government subsidized program such as FHA or VA.
- > **CONVEYANCE.** An instrument in writing, such as a deed or trust deed, used to transfer (convey) title to property from one person to another.
- > **COVENANTS, CONDITIONS AND RESTRICTIONS (CC&R'S).** Restrictive limitations which may be placed on a property.
- > **DEED OF TRUST.** An instrument used in many states in place of a mortgage.
- > **DISCOUNT POINTS.** A negotiable fee paid to the lender to secure financing for the buyer. Discount points are up from interest charges to reduce the interest rate on the loan over a life, or a portion, of the loan's term. One discount point equals one percent of the loan amount.

- > **DISPOSABLE INCOME.** Income, usually monthly income, left over after fixed obligations and living expenses for that period of time are paid.
- > **DEED RESTRICTIONS.** Limitations in the deed to a property that dictate certain uses that may or may not be made of the property.
- > **EARNEST MONEY DEPOSIT.** Down payment made by a purchaser of real estate as evidence of good faith; a deposit or partial payment.
- > **EASEMENT.** A right, privilege or interest limited to a specific purpose that one party has in the land of another.
- > **EQUITY.** The market value of real property, less the amount of existing liens
- > **F.H.A.** Federal Housing Administration is a federal agency that insures first mortgages, enabling lenders to loan a very high percentage of the home price.
- > **FANNIE MAE (FNMA).** A private corporation dealing in the purchase of first mortgages, at discounts.
- > **FREDDIE MAC (FHLMC).** A mortgage that has a rate that is adjusted at certain intervals during the loan period. The adjustment can either be higher or lower depending on the current market rate at the time adjustment is due.
- > **GINNIE MAE (GNMA).** A federal association, working with FHA, which offers special assistance in obtaining mortgages, and purchases mortgages in a secondary position.
- > **HAZARD INSURANCE.** Real estate insurance protecting against fire, some natural causes, vandalism, etc., depending upon the policy. Buyer often adds liability insurance and extended-coverage for personal property.
- > **IMPOUNDS.** A trust type of 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, required to protect their security.
- > **LEGAL DESCRIPTION.** A description of land recognized by law, based on government surveys, spelling out the exact boundaries of the entire piece of land. It should so thoroughly identify a parcel of land that it cannot be confused with any other.
- > **LIEN.** A form of encumbrance that usually makes a specific property the security for the payment of a debt or discharge of an obligation. For example, judgments, taxes, mortgages, deeds of trust.
- > **LIS PENDENS.** A legal notice recorded to show pending litigation relating to real property, and giving notice that anyone acquiring an interest in said property subsequent to the date of the notice may be bound by the outcome of the litigation.
- > **MECHANICS LIEN.** A lien created by statute for the purpose of securing priority of payment for the price or value of work performed and materials furnished in construction or repair of improvements to land, and which attaches to the land as well as the improvements.
- > **MORTGAGE.** The instrument by which real property is pledged as security for repayment of a loan.
- > **MORTGAGEE.** The party lending the money and receiving the mortgage. Some states treat the mortgagee as the "legal" owner, entitled to rents from the property. Other states treat the mortgagee as a secured creditor, the mortgagor being the owner. The latter is the more modern and accepted view.
- > **MORTGAGE INSURANCE.** Insurance written by an independent mortgage insurance company protecting the mortgage lender against loss incurred by a mortgage default, thus enabling the lender to lend a higher percentage of the sale price. The Federal government writes this form of insurance through the FHA and VA.
- > **MORTGAGOR.** The party who borrows the money and give the mortgage.
- > **NOTE.** A unilateral agreement containing an express and absolute promise of the signer to pay to a named person, or order, or bearer, a definite sum of money at a specified date or on demand. Usually provides for interest and, concerning real property, is secured by a mortgage or deed of trust.
- > **NOTICE OF DEFAULT.** A notice filed to show that the borrower under a mortgage or deed of trust is in default (behind on the payments).
- > **ORIGINATION FEE.** A fee made by a lender for making a real estate loan. Usually a percentage for the amount loaned, usually one percent.
- > **PITI.** A payment that combines Principal, Interest, Taxes and Insurance.
- > **PRORATION:** To divide (prorate) property taxes, insurance premiums, rental income, etc. between the Buyer and Seller proportionately to time of use, or the date of closing.
- > **POWER OF ATTORNEY.** A written instrument whereby a principal gives authority to an agent. The agent acting under such a grant is sometimes called an "Attorney-in-Fact."
- > **PREPAYMENT PENALTY.** A penalty under a note, deed of trust, or mortgage imposed when the loan is paid before it is due.
- > **PURCHASE AGREEMENT.** The purchase contract between the Buyer and Seller. It is usually completed by the real estate agent and signed by the Buyer and Seller.
- > **QUITCLAIM DEED.** A deed operating as a release, intending to pass any title, interest, or claim which the grantor may have in the property, but not containing any warranty of a valid interest or title by the grantor.
- > **RECORDING.** Filing documents affecting real property with the County Recorder as a matter of public record.
- > **SPECIAL ASSESSMENT.** Lien assessed against real property by a public authority to pay costs of public improvements (sidewalks, sewers, street lights, etc) which directly benefits the assessed property.
- > **TRUST:** A fiduciary relationship under which one holds (real or personal) for the benefit of another. The party creating the trust is called the settler, the party holding the property is the trustee, and the party for whose benefit the property is held is called the beneficiary.
- > **TRUSTEE.** One who is appointed, or required by law, to execute the trust. Another definition is someone who holds title to real property under the terms of the deed of trust.
- > **TRUSTOR.** The borrower under a deed of trust.
- > **VA.** (Veterans Administration): An agency with the Federal government which, among other things, insures and guarantees loans for veterans.
- > **WARRANTY DEED.** A real estate oriented document used to convey fee title to real property from the grantor (usually the Seller) to the grantee (usually the Buyer).
- > **WRAP-AROUND MORTGAGE.** A second or junior mortgage with a face value of both the amount it secures and the balance due under the first mortgage. The mortgage under the wrap-around collects a payment based on its face value then pays the first mortgagee. It is most effective when the first has a lower interest rate than the second, since the mortgagee under the wraparound gains the difference between the interest rates, or the mortgagor under the wraparound may obtain a lower rate than if refinancing.







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