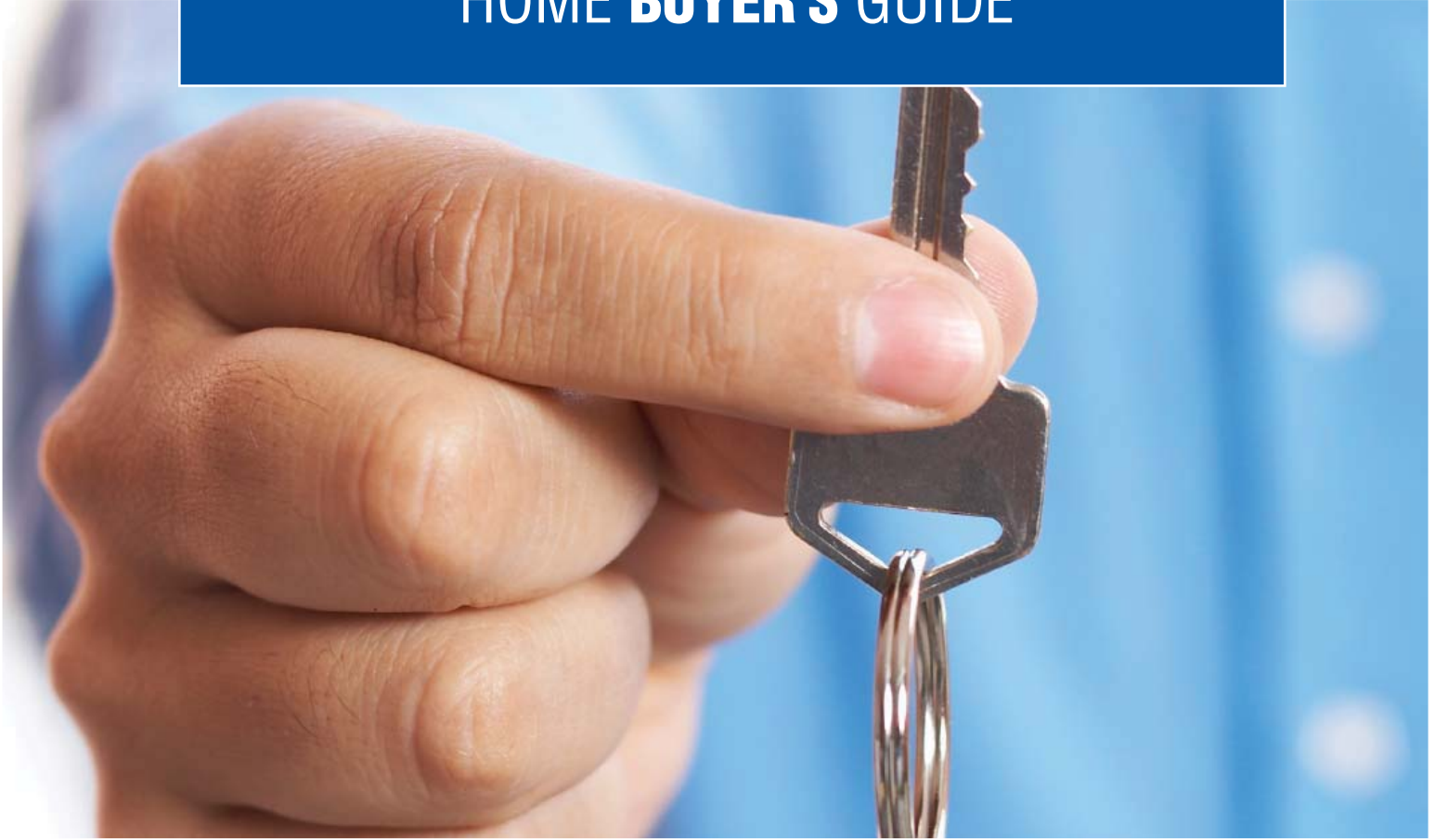




HOME BUYER'S GUIDE



Title Security Agency
FIRST AMERICAN
 A Joint Venture with First American Title™

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fast facts

> FOR BUYERS

> 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.

> 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.

> 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®.

> COMMITMENT IS A TWO-WAY STREET

Your Realtor® will make a commitment to spend valuable hours finding the right home for you: researching listings, previewing properties, visiting homes with you, and negotiating your contract. Honor that commitment by staying with the Realtor® you've selected until you purchase your home. Be sure your Realtor® accompanies you on your first visit to all new homes and open houses, too.

THE ADVANTAGES

OF WORKING WITH ONLY ONE REALTOR® INCLUDE:

1

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

2

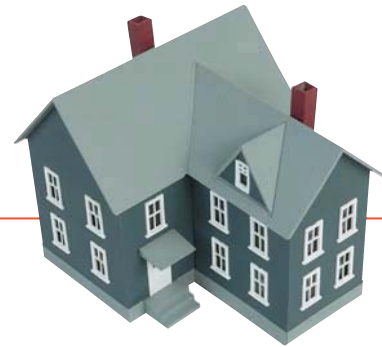
You develop better rapport and communication when working towards your goal with only one Realtor®.

3

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

4

You avoid any uncomfortable situations 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."

benefits

FROM A PROFESSIONAL REALTOR®

Congratulations on your decision to buy a home!

It's a challenging project
and there are many ways a professional can help.
Here are some of the many ways you may benefit
from working with a Realtor®:

IT WON'T COST YOU A PENNY!

The Realtor® who helps you buy a home is traditionally paid by the Seller.

MANY MORE HOME CHOICES.

Your Realtor® has thousands of homes to choose from through the Multiple Listing Service (MLS), so you're more likely to find the home that's just right for you and find it quicker. In fact, a majority of the homes for sale are listed by Realtors® and aren't available to you unless you are working with a Realtor®.

A NUMBER OF TRANSACTIONS "FALL OUT."

Unfortunately, it's true. Some transactions fall apart before closing. An experienced Realtor® may be able to resolve problems and see your transaction through to a successful closing.

KNOWLEDGE OF NEW HOME SUBDIVISIONS.

New home subdivisions will welcome you and your Realtor®. If you're interested in buying a new home, take your agent with you on your first visit to each subdivision. Your professional Realtor® is an important source of information who can supply background on the builder, nearby subdivisions, and the local community.

IT'S A MAJOR INVESTMENT.

You use a professional for your legal, financial and health needs. Why gamble on what may be your biggest investment without a professional at your side?

HELP WITH FSBO'S.

If you consider a "For Sale By Owner," take your Realtor® along to help negotiate the contract. The owner may not only agree to your terms, but also agree to pay the agent's commission.

LESS LIABILITY.

You will have more protection from legal and financial liability, especially as real estate transactions become more complicated.

THE PAPERWORK.

Your experienced Realtor® will negotiate and prepare the purchase contract for you and assist you throughout the escrow process.

[COUNT ON]

Title Security Agency

[COUNT ON US] *for service*

Whether it is a residential or commercial transaction we have a complete line of products and services for you. We offer our clients the most outstanding professionals in the industry! Our staff of experienced Escrow Officers provide technical assistance to Sellers, Buyers, Realtors, Loan Officers, and Attorneys. Our Escrow Officers provide expert handling of the simplest to the most complex real estate transactions with accuracy and within your time frame to allow for the smoothest of transactions.

[COUNT ON US] *for options*

Multiple underwriters provide Title Security the ability to better serve the many types of coverage and pricing needs of our customers. Title Security is underwritten by the following companies: First American Title, Old Republic Title, and Title Resources Guaranty Company.

[COUNT ON US] *for convenience*

We offer numerous convenient locations in Southern Arizona which includes Tucson, Green Valley and Casa Grande.

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

Title Security offers more than
title insurance and escrow services:
local Property Research • local Account Servicing

OBTAINING A NEW LOAN

WHEN AND WHERE TO APPLY FOR A LOAN?

There are many sources for home loans including banks, credit unions, mortgage companies, and mortgage brokers. Your Realtor® may give you several names of lenders who have proven reliable in their previous transactions. Apply for your loan as soon as possible. In fact, it's probably a good idea to **know what you can afford before you begin looking** for your new home. It can give you more bargaining power when negotiating with a Seller, especially in today's market. A lender can prequalify you for a certain price range and help you avoid disappointment later.

YOUR LENDER WILL MAIL OUT VERIFICATION REQUESTS and order an appraisal on the property you are buying. **If your lender asks for additional items, please comply promptly with those requests to avoid delaying loan approval.**

WHAT IS HAZARD (OR FIRE) INSURANCE?

Hazard insurance covers the dwelling itself and is required by the lender to protect their "risk" in your home. Your lender or Realtor® will explain the necessary hazard insurance coverage to you. If you are buying a condominium, a master policy already exists which includes your unit, but it does not cover your personal belongings.

CONTACT YOUR INSURANCE AGENT EARLY IN THE PROCESS

because this coverage must be provided so the lender can release loan funds to Title Security. Hazard insurance is one of the items frequently postponed until the last minute, and **this can result in delaying the closing for a day or more.** Order your insurance as soon as your loan is approved; then furnish your escrow officer with the agent's name and phone number.

When you talk with your insurance agent, be sure to ask about additional coverage in a homeowner's policy to insure your personal belongings and to protect against liability for such events as injuries to visitors.

WHAT HAPPENS AFTER LOAN APPROVAL?

After loan approval and just prior to your planned closing date, the lender will send loan documents to Title Security, and your escrow officer will prepare an estimated settlement statement. This statement indicates what funds go where, and at this time your escrow officer can tell you how much money you will need to bring to the closing appointment. **Be aware that this amount may be higher or lower than previously estimated** due to changes in such items as prepaid interest, prorated fees, courier fees, and impound accounts.

What You May Need For The Loan Application

Be prepared to provide some or all of these items to your loan officer.

Addresses of residences for the last two years

Social Security Number

Driver's License or other valid ID

Names and addresses of employers for last two years

Two recent pay stubs showing year-to-date earnings

Federal tax returns for last two years

W-2's for the last two years

Last two months' statements for all checking and savings accounts

Loans: Names, addresses, account numbers, and payment amounts on all loans

Real estate loans: Names, addresses, account numbers, and payment amounts on all loans for other real estate you own

Credit cards: Names, addresses, account numbers, and payment amounts on all credit cards

Addresses and values of other real estate owned

Value of personal property: Your best estimate of the value of all your personal property (autos, boats, furniture, jewelry, television, stereo, computer, other electronics, etc.)

For a VA loan: Certificate of Eligibility or DD214s

Divorce decree if applicable

Funds to pay upfront for the credit report and appraisal

WHAT TO **AVOID**

DURING THE LOAN PROCESS

DO NOT CHANGE JOBS. A job change may result in your loan being denied, particularly if you are taking a lower-paying position or moving into a different field. Don't think you're safe because you've received approval earlier in the process, as the lender may call your employer to re-verify your employment just prior to funding the loan. ❌

DON'T PAY OFF EXISTING ACCOUNTS UNLESS THE LENDER REQUESTS IT. If your Loan Officer advises you to pay off certain bills in order to qualify for the loan, follow that advice. Otherwise, leave your accounts as they are until your escrow closes. ❌

AVOID SWITCHING BANKS OR MOVING YOUR MONEY TO ANOTHER INSTITUTION. After the lender has verified your funds at one or more institutions, the money should remain there until needed for the purchase. ❌

DON'T MAKE ANY LARGE PURCHASES. A major purchase that requires a withdrawal from your verified funds or increases your debt can result in your not qualifying for the loan. A lender may check your credit or re-verify funds at the last minute, so avoid purchases that could impact your loan approval. ❌

types of loans

ADJUSTABLE RATE LOAN: Adjustable or variable rate refers to the fluctuating interest rate you'll pay over the life of the loan.

The rate is adjusted periodically to coincide with changes in the index on which the rate is based. The minimum and maximum amounts of adjustment, as well as the frequency of adjustment, are specified in the loan terms. An adjustable rate mortgage may allow you to qualify for a higher loan amount, but maximums, caps, and time frames should be considered before deciding on this type of loan.

ASSUMABLE LOAN: A truly assumable loan is rare today! This loan used to enable a buyer to pay the seller for the equity in the home and take over the payments without meeting any requirements. Assumables these days generally require standard income, credit and funds verification by the lender before the loan can be transferred to the buyer. An assumption fee to transfer the property into your name is also charged.

BALLOON PAYMENT LOAN: A balloon loan is amortized over a long period, but the balance is due and payable much sooner, such as amortized over 30 years but due in five years. The loan also may be extendable, or it may roll into a different type. This could be an option if you expect to refinance before the loan is due or you plan to sell before that date. Discuss this option carefully with your Loan Officer before accepting this type of loan.

BUY-DOWN LOAN: If you have cash to spare, you can pay a portion of the interest upfront to reduce your monthly payments.

COMMUNITY HOMEBUYER'S PROGRAM: This program is designed to assist first-time buyers by offering a fixed rate and a low downpayment, such as 3 to 5 percent down. The program doesn't require cash reserves, and qualifying ratios are more lenient; however, the buyer's income must fall within a certain range, and a training course may be necessary if required by the program. Ask your Loan Officer if this program is available in your community and whether or not you might qualify.

CONVENTIONAL LOAN: This simply describes a loan that is not obtained under any government-insured program, secured by investors. It could be any type: fixed rate, adjustable, balloon, etc.

FHA LOAN: This program is beneficial for buyers who don't have large downpayments. The loan is insured by the Federal Housing Administration under Housing and Urban Development (HUD) and offers easier qualifying with less cash needed upfront, but the condition of the property is strictly regulated.

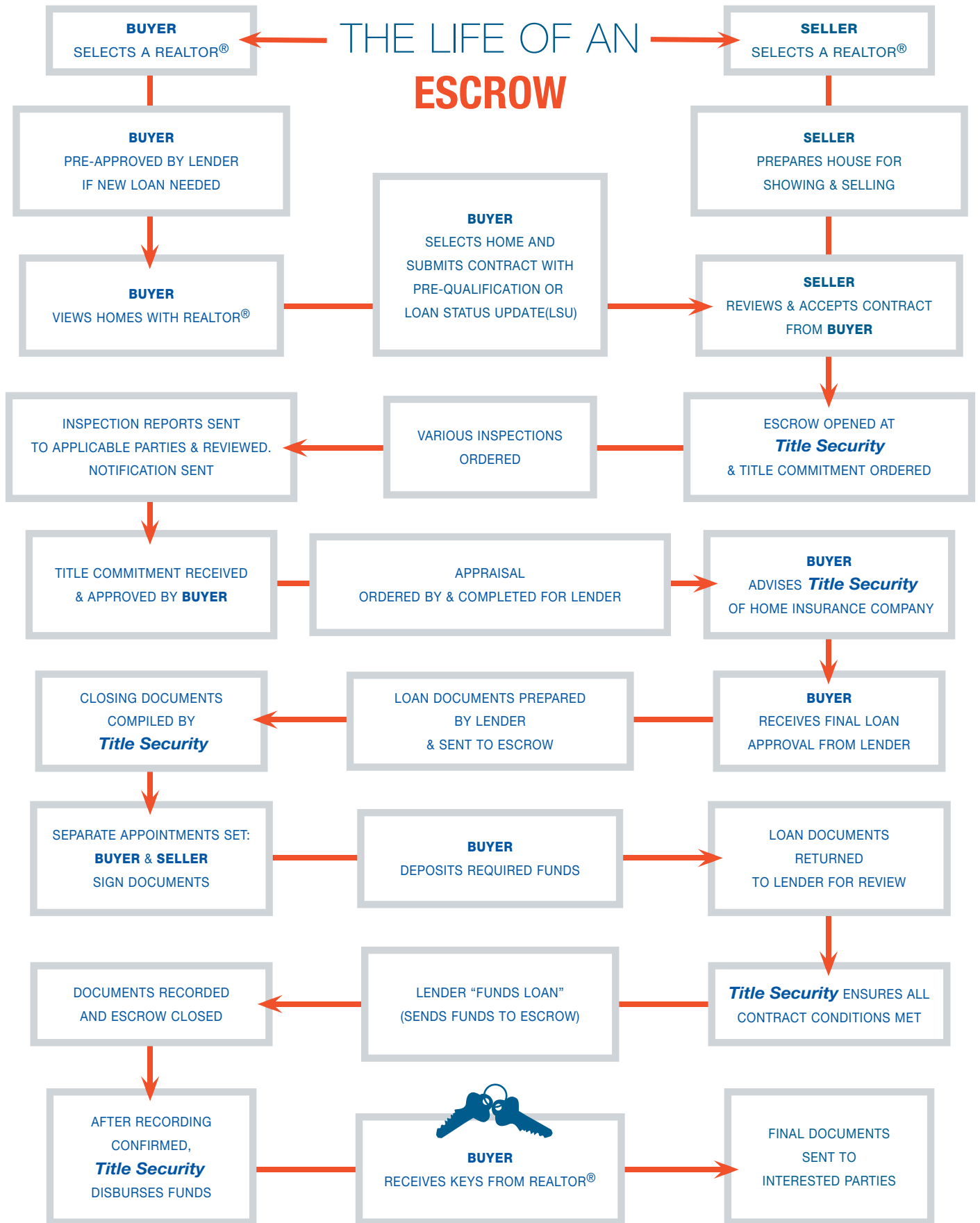
FIXED RATE LOAN: This loan has one interest rate that is constant throughout the loan.

GRADUATED PAYMENTS: This is a mortgage that has lower payments in the beginning that increase a pre-determined amount (not based on current rate fluctuations as with an adjustable) usually on an annual schedule for a specific number of years.

NO-QUALIFYING: A no-qualifying loan may be an option for those who can afford a larger downpayment, generally 25 to 30 percent or more. Since the risk for the lender is virtually eliminated, the borrower doesn't have to meet normal lender requirements such as proof of income.

VA LOAN: People who have served in the U.S. armed forces can apply for a VA loan which covers up to 100 percent of the purchase price and requires little or no downpayment. The Seller pays much of the closing costs, but those fees are added to the sales price of the home.

THE LIFE OF AN ESCROW



THE ESCROW PROCESS AT T.S.A

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 Arizona 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 Arizona, 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 completed contract (or Purchase Agreement) is fully signed and executed, and the Seller has accepted the offer, the Buyer's Agent will open the escrow. The earnest money deposit and the contract are placed in escrow. As a neutral party to the transaction, Title Security can respond only to those written instructions agreed to mutually by all "interested" parties (Seller and Buyer); Title Security cannot otherwise alter the contract or create instructions, and that protects all interested parties.

HOW TO HOLD TITLE. The Buyer should inform the escrow officer and lender as soon as possible of how they wish to hold title of their home and **exactly** how their name(s) will appear on all documents. This allows the lender and title company to prepare all documents correctly. **(Changes later, such as adding or deleting an initial in your name, can delay your closing.)** Buyers may wish to consult an attorney, accountant or other professional before deciding how to hold title.

WHAT HAPPENS AT TITLE SECURITY? During the escrow period, our title department begins researching and examining all historical records pertaining to the subject property. Barring any unusual circumstances, a commitment for title insurance is issued, indicating a clear title or listing any items which must be cleared prior to closing. The commitment is sent to the buyer for review.

The escrow officer follows instructions on the contract, coordinates deadlines, and gathers all necessary paperwork. For example, written requests for payoff information (called "demands") are sent to the Seller's mortgage company and any other lien holders.

AS PART OF OUR SERVICE, TITLE SECURITY WILL DO THE FOLLOWING:

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.

CONFIRM that the lender has determined the Buyer is qualified for a new loan.

ASK you to complete a beneficiary's statement if you are assuming the Seller's loan.

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: The Seller will sign documents; the Buyer will sign documents and deposit funds.

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

RECORD documents at the County Recorder to transfer the subject property from the Seller to the Buyer once all funds are deposited.

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

PREPARE and send final documents to parties involved.

EXPLANATION OF THE TITLE COMMITMENT

WHAT HAPPENS NEXT FOR THE BUYER?

IDENTITY STATEMENT You will be asked to fill out an Identity Statement that enables our title department to distinguish you from others with identical names during our search of County records. It also provides basic information that will be useful for your escrow officer.

HOME LOAN Unless you are paying cash, assuming a loan, or the Seller is financing, you will need to apply for a home loan if you have not already done so. Your Realtor® should be able to recommend several reliable sources for your loan. Apply as soon as possible to comply with the purchase contract and to avoid delaying the closing.

RESPONSE TO SELLER'S NOTICES If directed by the contract, you will receive the following items which require a response from you. Your Realtor® can help you with your responses.

- 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.

TITLE COMMITMENT You will receive a copy of the title commitment when we complete the title search. See across for an explanation of the title package you will receive from Title Security. If you have questions about the title commitment, contact your Realtor® or your escrow officer.



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, whenever possible, get you safely through to a successful closing.

This explanation may help you understand the contents of the Title Commitment you receive from Title Security.

SCHEDULE A

This is the information submitted to our Title Department by the escrow officer. It contains the basic information given to us by the Buyer or Realtor®, such as the legal description of the property, sale price, loan amount, lender, name, and marital status of Buyer and Seller.

SCHEDULE B

The Schedule B "exceptions" are items which are tied to the subject property. These include Covenants, Conditions and Restrictions (CC&Rs), easements, homeowners association by-laws, leases, and other items which will remain of record and transfer with the property. They are referred to as "exceptions" because the Buyer will receive a clear title "except" the Buyer's rights will be subject to conditions in the CC&Rs, recorded easements, etc. The Buyer is asked to sign a receipt for the Schedule B documents which states the Buyer has read and accepts the contents.

REQUIREMENTS

These are items that Title Security needs to delete and/or record in order to provide a clear title to the property. Items that need to be addressed may include the following:

- Current property tax status
- Any assessments that are owed such as those for a homeowners association
- Any encumbrances (or liens) on the property

Sometimes items show up against a property because another person has a name similar to an involved party. This is one reason we ask for an Identify Statement, to determine if items are inaccurate and can be deleted.

NOTE

This is merely information given us by the County Recorder's office that specifies the proper size, margins, and print type to be used on documents to be recorded.

If you have any questions, please do not hesitate to call your escrow officer for information and help.

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 has the unique distinction of being the only form of insurance invented in the United States. It is said that as early as 1853, title insurance existed in this country. Title insurance is a contract to protect an owner against losses arising through defects in the title to real estate owned. If the title is insurable, the company guarantees the owner against any losses due to defects in title or expenses in legal defense of the title up to the amount of the policy, which is the purchase price of the property.

The theory of title insurance is that, in the ideal instance, no risks are taken. This belief arises because a policy is not issued until careful examination of the title has been made. Title insurance, therefore, performs two functions: one, an efficient title search, and two, insurance against loss by reason of certain defects in the title. However, title insurance does involve risks.

Since the accuracy of the examination of title records is the keynote of a successful title insurance company, and since efficient examinations are the key to doing business, title insurance company operations have come to center on "title plants". These plants contain the records of the County Recorder's Office, which show the history of title to any parcel of land. In addition, the title plant contains a file containing a record of past searches and examinations of title. These serve as starting points for future searches and examinations of title. In brief, the title plant contains a concise record of pertinent information to enable skilled technicians to conduct short, efficient title examinations and issue its *Policy of Title Insurance*.

Why IS TITLE INSURANCE NEEDED?

Buyers of real property could face substantial financial loss if a serious cloud on the title goes undetected. An expert title search before the purchase of real property will identify the nature of title and fix most problems that might be present. An Owner's Policy offers protection against various hazards, including those even the most thorough search of the public records do not disclose, such as forgeries, missing heirs, or recording errors. And, the Owner's Policy will pay valid claims as well as defense costs against attacks on the title. For a one-time premium that is modest in relation to the value of property involved, the purchaser receives the protection of a title policy backed by the reserves and solvency of an insurance company.

Similarly, the Seller wants to be sure his or her title is marketable in order to sell the property. A title insurance commitment facilitates the flow of mortgage money by identifying title problems so they can be resolved whenever possible and also by insuring against title risks.

Financial organizations are acutely concerned when it comes to the security of the funds they lend for real estate investments. The Loan Policy provides the lender a high degree of safety against loss of capital from title hazards. By identifying risks and eliminating them whenever possible, the title industry is a major element in encouraging lending.

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.

WAYS TO TAKE TITLE IN ARIZONA

	TENANCY IN COMMON	JOINT TENANCY WITH RIGHT OF SURVIVORSHIP	COMMUNITY PROPERTY	COMMUNITY PROPERTY WITH RIGHT OF SURVIVORSHIP
PARTIES	Any number of persons. (Can be married couple*)	Any number of persons. (Can be married couple*)	Only married couple*.	Only married couple*.
DIVISION	Ownership can be divided into any number of interests, equal or unequal.	Ownership interest must be equal.	Ownership interest must be equal.	Ownership interest must be equal.
TITLE	Each co-owner has a separate legal title to his/her undivided interest.	There is only one title to the whole property.	Title is in the "community". Each interest is separate but management is unified.	Title is in the "community". Each interest is separate but management is unified.
POSSESSION	Equal right of possession.	Equal right of possession.	Equal right of possession.	Equal right of possession.
CONVEYANCE	Each co-owner's interest may be conveyed separately by its owner.	Each co-owner's interest may be conveyed separately by its owner.	Purchaser can only acquire whole title of community.	Purchaser can only acquire whole title of community.
PURCHASER'S STATUS	Purchaser will become a tenant in common with the other co-owners in the property.	Purchaser will become a tenant in common with the other co-owners in the property.	Purchaser can only acquire whole title of community.	On spouse's death, his/her interest ends and cannot be disposed of by will. Estate passes to survivor outside of probate.
DEATH	On co-owner's death, his/her interest passes by will to the devisees or heirs. No right of survivorship.	On co-owner's death, his/her interest ends and cannot be disposed of by will. Survivor owns the property by right of survivorship.	On spouse's death, 1/2 belongs to survivor in severalty, 1/2 goes by will to descendant's devisees or by succession to survivor.	On spouse's death, his/her interest ends and cannot be disposed of by will. Estate passes to survivor outside of probate.
CREDITOR'S RIGHTS	Co-owner's interest may be sold at execution sale to satisfy creditor. Creditor becomes a tenant in common.	Co-owner's interest may be sold at execution sale to satisfy creditor. Joint tenancy is broken, creditor becomes a tenant in common.	Spouse's interest cannot be seized and sold separately. The whole property may be sold at execution sale to satisfy creditors.	Spouse's interest cannot be seized and sold separately. The whole property may be sold at execution sale to satisfy creditors.
PRESUMPTION	Court will presume tenancy in common if not expressly stated married couple*.	Must be expressly stated in writing and accepted if married couple*. Court will not presume joint tenancy.	Strong presumption that property acquired by married couple* is community.	Must be expressly stated in writing and accepted. Court will not presume joint tenancy. Both halves of community property are entitled to "stepped up" tax basis as of the date of death of spouse.

Note: Arizona is a community property state. Property acquired by a married couple* is presumed to be community property unless legally specified otherwise. Title may be held as "Sole and Separate." If a married person acquires title as sole and separate, their spouse must execute a disclaimer deed to avoid the presumption of community property. Parties may choose to hold title in the name of an entity, e.g., a corporation; a limited liability company; a partnership (general or limited), or a trust. Each method of taking title has certain significant legal and tax consequences; therefore, you are encouraged to obtain advice from an attorney or other qualified professional.

*inclusive of the vesting terms "husband and wife", as well as "married couple" (for same-sex married couples)

Owner's Policy Comparisons

	ALTA STANDARD	ALTA RESIDENTIAL	HOMEOWNERS	
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 due to the following: (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 after policy date			✓
	17. Cloud on title occurs after policy date			✓
	18. Adverse possession occurs after policy date			✓
	19. Prescriptive easement occurs after policy date			✓
	20. No legal vehicular and/or pedestrian 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 the following: (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 after policy date			✓
	31. Neighbor builds encroaching structure (excludes wall/fence) after 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 after policy date; title extends to heirs and 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**

WHO PAYS CLOSING COSTS ?

Your contract and any applicable government regulations determine who pays which closing costs. Your Realtor® can explain these costs to you.

THE SELLER GENERALLY WILL PAY

- Owner's title insurance premium
- Realtor®'s commission
- Escrow fee, one half (except Seller pays all on VA)
- Any loan fees required by Buyer's lender, i.e., FHA, VA
- All loans in Seller's name (unless Buyer assumes existing loan)
- Interest accrued on loan being paid off, statement fees, recoveyance fees, prepayment penalties
- Home warranty premium per contract
- Homeowners Association transfer fee, one half
- Homeowners Association Disclosure Fee
- Any unpaid Homeowners Association dues
- Any judgements, tax liens, etc., against Seller
- Half of Recording charges
- Property taxes: pro-rated to the date the title is transferred plus any delinquent taxes
- Any bonds or assessments per contract
- Courier fee split with buyer except on VA loan if applicable
- Any property repairs per contract

THE BUYER GENERALLY WILL PAY

- Downpayment
- Property Appraisal
- Termite (Wood Infestation) Inspection (negotiable except on VA)
- Lenders title policy premium, if new loan
- Escrow fee, one half (except Seller pays all on VA)
- Half of Recording charges
- Homeowners Association transfer fee, one half
- All new loan charges (except those lender requires Seller to pay)
- Interest on new loan from date of funding to 30 days prior to first payment date
- Assumption/change of records fees for takeover of existing loan
- Beneficiary statement fee for assumption of existing loan
- Home warranty premium per contract
- Hazard insurance premium for first year
- All prepaid items, such as interest, or funds for an escrow account
- Courier fees split with the seller except on VA loan if applicable
- Professional home inspection

CLOSING

your escrow

The closing appointment:

Your escrow officer or escrow technician will contact you to schedule your closing appointment. The Buyer will sign separately from the Seller.

Don't forget your identification.

You will need valid identification with your photo on it. A driver's license is preferred. This is necessary so that your identity can be sworn to by a notary public. It's a routine step, but it's important for your protection.

What happens next?

If the Buyer is obtaining a new loan, the Buyer's signed loan documents will be returned to the lender for review. Title Security will ensure that all contract conditions have been met and will ask the lender to "fund the loan." If the Buyer's loan documents are satisfactory, the lender will send the check directly to Title Security, usually within 24 hours.

When the loan funds are received, Title Security will verify that all necessary funds are in. Then we will record the deed at the County Recorder's Office and disburse escrow funds to the Seller and other appropriate payees. The Realtor® will present the keys to the property to the Buyer.



ARIZONA'S good funds law

ARS 6-843 requires that "an escrow agent may only disburse money out of an escrow account if deposits are previously made that are at least equal to the disbursements." The legislation specifies which forms of payments are acceptable for deposit.

All availability dates are based on funds deposited in our bank, and the days are considered business days. A business day is defined as a calendar day other than Saturday or Sunday, and also excluding most major holidays.

same DAY

- Electronic Payment/Transfer or Wire: This is the preferred method for loan proceeds.

next DAY

- Official Checks: Must be In-State checks drawn on FDIC Insured Institution
- Cashier's, Certified, and Teller's Checks
- U.S. Treasury Checks
- Postal Money Orders (other Money Orders, see "Fifth Day")
- Federal Reserve, Federal Credit Union, and Federal Home Loan Bank Checks
- State and Local Government Checks: Must be In-State
- "On-Us" (Title Security) Checks^{**}: Must be Local or In-State^{***}

second DAY - SEE CAUTION *

- Other Checks: Personal, Corporate, Credit Union, Money Market, and Travelers Checks—Must be Local^{***}

fifth DAY - SEE CAUTION *

- Official Checks: Out-of-State and/or Not Drawn on FDIC-Insured Institution
- Money Orders (except Postal Money Orders—see "Next Day")
- State and Local Government Checks: Non-Local
- "On-Us"(Title Security Agency) Checks^{**}: Non-Local, Other
- Other Checks: Personal, Corporate, Credit Union, Money Market, and Travelers Checks—Non-Local, Other

* Caution

Because of the length of time it takes for us to receive notice from the banks on NSF and returned items—regardless of the information shown here—when disbursing funds from escrow based on a deposit of a personal check, if 10 days have not elapsed since the funds were deposited, telephone verification from the customer's bank that the check has been paid is required. Money Orders: Be very cautious when receiving money orders as they are known to be easily altered.

** "On-Us" (Title Security) Checks

Next-day availability is dependent on the check being drawn against the same bank or branch as our own depository bank, and both are located in the same state or check processing region. Disbursement availability will be dependent upon county administration, escrow administration, or legal department discretion.

*** Local Checks (Processing Region)

A check is considered "local" when it is drawn against a bank located in the same processing region as our depository bank. In Arizona, any ABA number beginning with a 12 (i.e., 1210, 1211) or 32 (i.e., 3221, 3222) is in our processing region.

DRAFTS:

No disbursements can be made against a draft until it has been submitted for collection to our depository bank, and we have confirmation that final payment has been received and credited to our account.

THIRD PARTY CHECKS:

It is company policy not to accept any third party checks: such as any check drawn on a non-financial institution account, made payable to a payee other than Title Security, and subsequently endorsed over to Title Security. The one exception: United States Treasury checks payable to Farmers Home Administration's borrower, endorsed over to Title Security. Any variance from this policy must be approved by escrow administration, or by the legal department.

FOREIGN CHECKS:

It is the policy of this company not to accept foreign checks into escrow.

SIGNING your documents

AFTER THE CLOSING

We recommend you keep all records pertaining to your home together in a safe place, including all purchase documents, insurance, maintenance and improvements.

LOAN PAYMENTS AND IMPOUNDS: You should receive your loan coupon book before your first payment is due. If you don't receive your book, or if you have questions about your tax and insurance impounds, contact your lender.

HOME WARRANTY REPAIRS: If you have a home warranty policy, call your home warranty company directly for repairs. Have your policy number available when you call.

RECORDED DEED: The original deed to your home will be mailed directly to you by the recording desk, generally within two to three weeks after recording.

TITLE INSURANCE POLICY: Title Security Agency will mail your policy to you in about two to three weeks after recording.

PROPERTY TAXES: You may not receive a tax statement for the current year on the home you buy; however, it is your obligation to make sure the taxes are paid when due. Check with your mortgage company to find out if taxes are included with your payment. For more information on your Pima County property taxes, contact the following:

- Pima County Tax Assessor: 520.740.8630
- Pima County Treasurer: 520.740.8341

ARIZONA PROPERTY TAXES

Arizona Property taxes are levied twice a year for 1/2 year periods and paid in arrears.

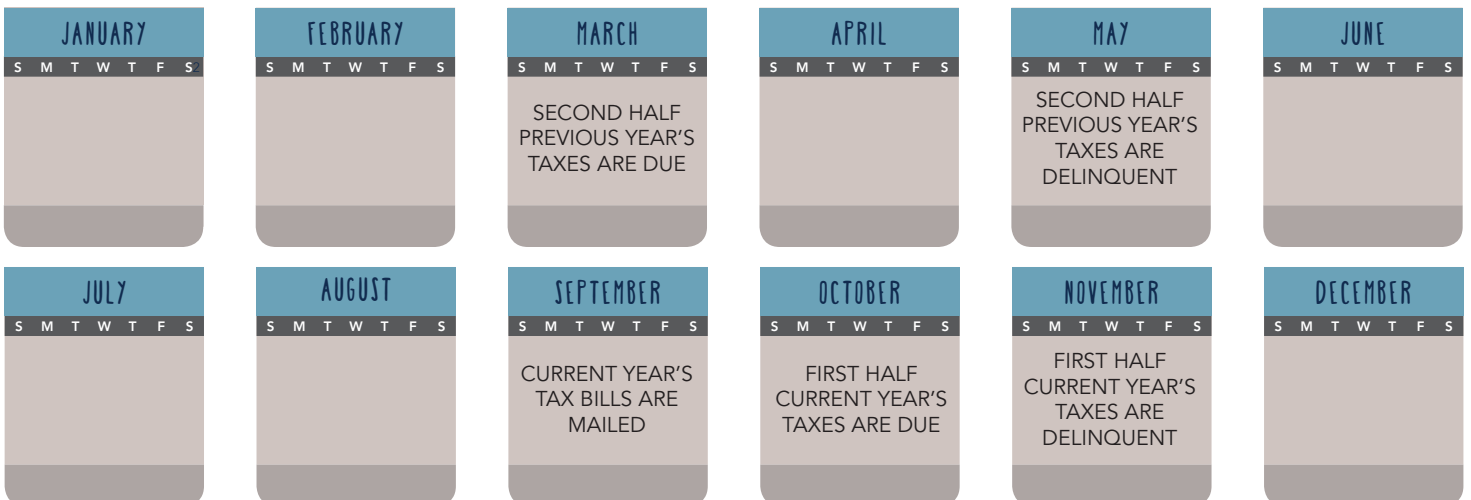
1st Half Jan-Jun taxes: due October 1st of that same year

2nd Half Jul-Dec taxes: due March 1st of the following year.

Property taxes are prorated at closing for taxes accrued but not yet due and payable, based on the yearly tax amount and the closing date.

For Cash transactions: Escrow will pay the full year's tax, if closing date occurs after tax bill information is available.

CALENDAR OF IMPORTANT TAX DATES



Voter Qualifications

- ▼ **An Arizona resident is qualified to vote if he/she is or will be:**
 - ▶ Must be a Citizen of the United States of America
 - ▶ Must be a resident of Arizona
 - ▶ Must be 18 years of age or more on or before the day of the next regular General Election
 - ▶ Must not be a convicted felony, unless your civil rights have been restored
 - ▶ Must not be adjudicated incompetent

How to Register

- ▼ **Online:** Service Arizona
<https://servicearizona.com/webapp/evoter/>
Note: In order to use this website you must have an Arizona Driver License and/or an Arizona non-operating Identification Card issued by the Motor Vehicle Division.
- ▼ **Print a Form:** Obtain a printable form online at:
www.azsos.gov/election/forms/VoterRegistrationForm.pdf
- ▼ Fill in the form, print the form, sign and date it, affix the proper postage and mail the form to the County Recorder of the county in which you are a legal resident.
- ▼ **By Mail:** You may request an Arizona Voter Registration form from the County Recorder in the county in which you are a legal resident.
- ▼ **In Person:** You may visit the County Recorder the county you are a legal resident and complete an Arizona Voter Registration form.

HOMESTEAD EXEMPTION

As of July 17, 1994, the Homestead Exemption is automatic in Arizona; you do not need to file for it. Only one exemption may be claimed per individual claimant or married couple. The homestead exemption allows any resident of Arizona, 18 years of age or older, to exempt from attachment, execution or forced sale \$150,000 of equity in a single dwelling unit. In other words, if someone wins a suit or judgment against you, \$150,000 of equity in your home can't be touched. Exceptions include (1) process and sale of a consensual lien, i.e. where a deed of trust or equity loan is foreclosed; (2) a forced sale resulting from a mechanic's lien, and (3) any equity beyond the \$150,000.

Note: This explanation is a summary of the Arizona homestead property exemption statutes. You should consult with an attorney to determine if this exemption offers you protection in the event of an attachment, execution or forced sale

SCHOOL IMMUNIZATIONS

Before children can attend private or public schools and preschools, parents must show proof of their children's immunizations. Requirements typically include multiple doses of Polio, Dip-theria/Tetanus/Pertusis, and Hepatitis B. Children may be admitted if they have received one dose of required immunizations and if parents provide a schedule for remaining requirements. For specific requirements and exemptions, call the County Health Department, 520-243-7770, your school administration office, or your physician. You may also want to inquire about free immunizations available at numerous locations throughout the Tucson area.

pets of arizona

The Pima County leash law states that no dogs (or cats) can run loose unless participating at a kennel club sanctioned event, or dogs are being used for livestock control or hunting. Dogs must be vaccinated for rabies and then licensed annually by the County. Licenses can be purchased at any Animal Control facility or through the mail. Call 520-724-5900 for more information.

Services provided by Animal Control include adoptions, vaccinations, tick dips, licenses, and pickup of stray dogs. Spaying and neutering are recommended for all pets!

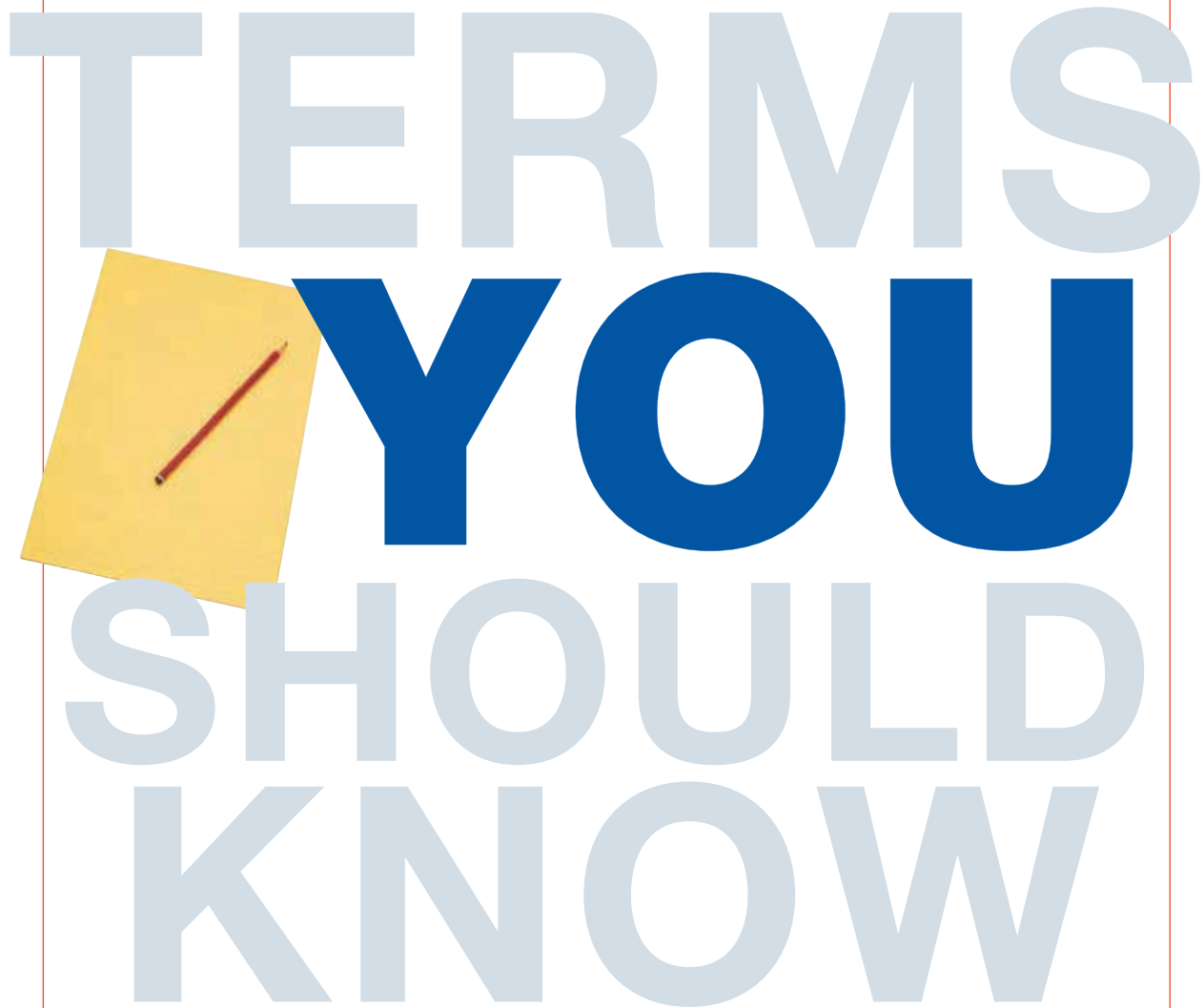
Don't forget to get new name tags for your pets and update registration information with local licensing offices. If your pet is lost and picked up by Animal Control, it will be held a maximum of only three days if it doesn't have tags, or six days if it has tags, before being destroyed. You are responsible for visiting the Animal Control facilities to look for your lost pet. Also, to report lost or found pets, call 520-243-5900.

The Arizona Humane Society picks up injured and roaming stray animals and will accept strays brought in by non-owners. All strays are transferred to Animal Control. Animals given up by owners may be offered for adoption by the Humane Society, but many are taken to Animal Control. For more information please visit Humane Society of Southern Arizona.

(520) 327- 6088
www.hssaz.org



TERMS YOU SHOULD KNOW



- > **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.
- > **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.
- > **BENEFICIARY:** The recipient of benefits, often from a deed of trust; usually the lender.
- > **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:** Sales that have similar characteristics as the subject property, used for analysis in the appraisal. Commonly called “comps.”
- > **CONVEYANCE:** An instrument in writing, such as a deed or trust deed, used to transfer (convey) title to property from one person to another.
- > **DEED OF TRUST:** An instrument used in many states in place of a mortgage.
- > **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.
- > **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.
- > **HOMESTEAD EXEMPTION:** Automatic in Arizona, it allows any resident of Arizona, 18 years of age or older, to be exempt from attachment, execution, or forced sale up to \$150,000 of equity in a single dwelling unit. Exceptions include (1) process and sale of a consensual lien, i.e. where a deed of trust or equity loan is foreclosed; (2) a forced sale resulting from a mechanic’s lien, and (3) any equity beyond the \$150,000. (You should consult an attorney to determine if this exemption offers you protection in the event of an attachment, execution, or forced sale.)
- > **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, or deeds of trust.
- > **MORTGAGE:** The instrument by which real property is pledged as security for repayment of a loan.
- > **PITI:** A payment that combines Principal, Interest, Taxes, and Insurance.
- > **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.”
- > **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.
- > **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).

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!



www.titlesecurity.com

Title Security Agency, LLC makes no express or implied warranty respecting the information presented and assumes no responsibility for errors or omissions.

AZ - 05/2018 da