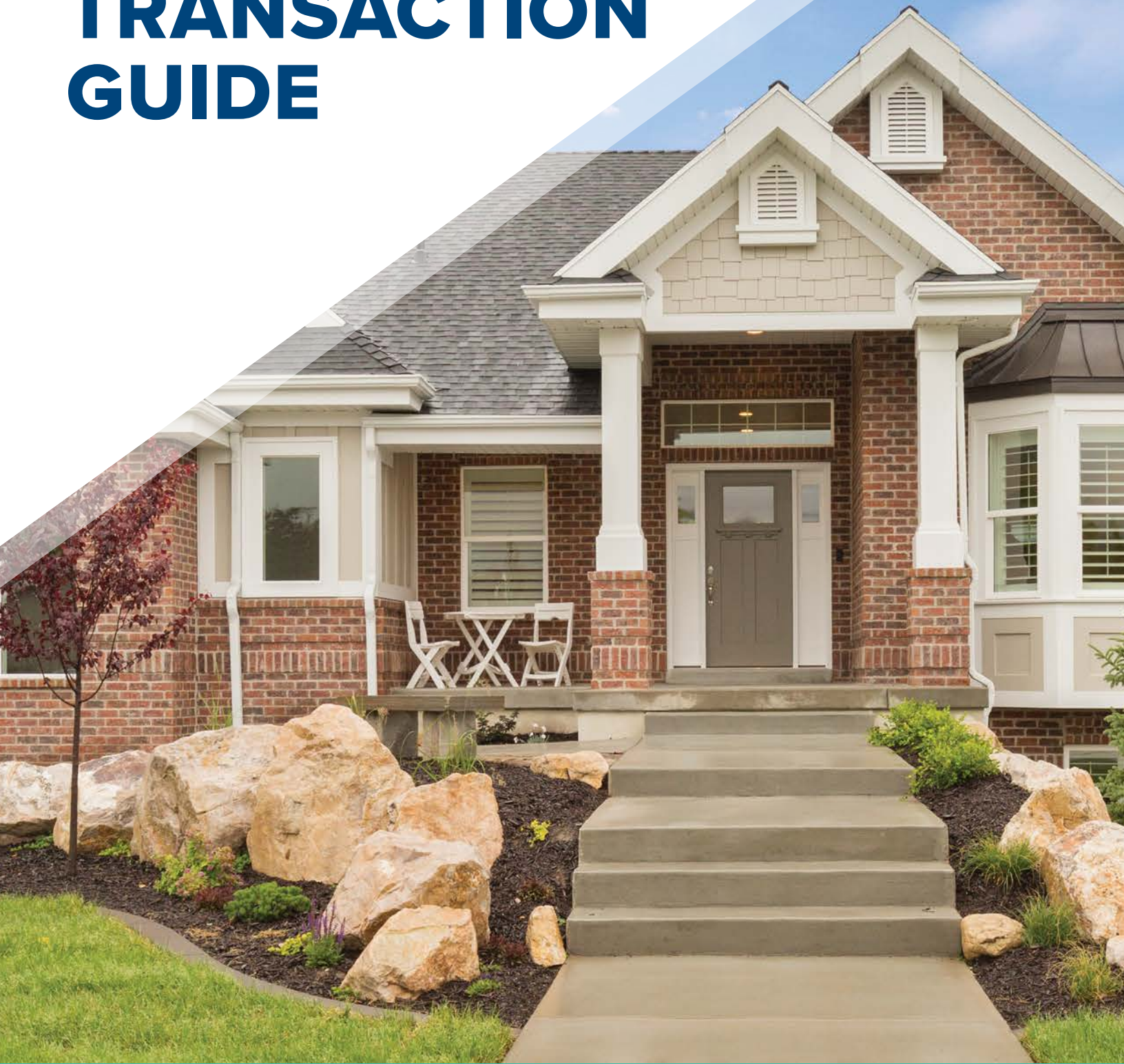


Colorado Buyers & Sellers

TRANSACTION GUIDE



GUARDIAN TITLE

Transaction Guide for Buyers & Sellers

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Welcome to the Guardian Title Agency Buyers and Sellers Transaction Guide

Your home is one of the largest investments you'll have in life. As a consumer, you have choices on who you trust to guide you through the real estate transaction while protecting your interest. Understanding key elements of the process from contract to closing will help give you peace of mind.

Guardian Title is here to help your closing go as smoothly as possible. Working mostly behind the scenes and in coordination with your realtor, lender, and other service providers, we strive to carry out this sometimes complex procedure of buying or selling your home in an efficient, courteous, and professional manner.

Each section in this handbook is designed to provide you with helpful information about the title and closing process. We hope you will find this guide a useful tool and choose Guardian Title to walk you through the process and protect your interests.

ABOUT

Guardian Title

Guardian Title is a full service title and escrow company in residential, relocation, commercial, new construction, refinance, and REO transactions. Trust us to provide you with the highest level of customer service and to be available to you now and in the future. While technology helps us deliver efficiency, it will never replace the value of our one on one personal service.

Our Mission:

We are a company dedicated to building exceptional real estate experiences for our customers.

Our Strength:

Guardian Title has been servicing Colorado since 1995. Our knowledgeable and professional associates average more than 15 years experience in the industry. Guardian Title is owned and operated by Anywhere Integrated Services, a driving force in title and settlement services throughout the Nation. Anywhere Integrated Services is licensed in 49 states and the District of Columbia, and provides closing services in all 50 states.

TITLE INSURANCE

This section will help you to better understand title insurance, including:

- What is the Importance of Title Insurance?
- What is the Basic Function of a Title Company?
- Who Needs Title Insurance?
- What is the Difference Between Title Insurance and Casualty Insurance?
- What does Title Insurance Insure?
- What if I am Buying Property from Someone I Know?
- 20 Reasons for Title Insurance.
- What are Some Common Title Clearance Problems to be Aware of?
- What is the Typical Life of a Transaction?

What is the Importance of Title Insurance?

The purchase of a home is usually the most expensive and long-term financial undertaking an individual or family ever makes, therefore it is very important to fully protect the investment. You and your mortgage lender will want to make sure the property is indeed yours and that no one else has any lien, claim or encumbrance on your property.

Safe, sound reliable Title Insurance provides the basic home ownership protection you need.

What is the Basic Function of a Title Company?

The basic function of a title insurance company is to take steps that will minimize the risk that a policyholder will suffer any loss, or be subject to any adverse claim, as well as to safeguard his ownership of, or claims in, the property. If title problems do arise in spite of this preventative work, title insurance will pay for the costs of defending against an attack on the title as insured, as well as any valid claims.

TITLE INSURANCE

(cont.)

Who Needs Title Insurance?

Buyers and lenders in real estate transactions need title insurance. Both want to know that the property they are involved with is insured against certain title defects. Title companies provide this needed insurance coverage subject to the terms of the policy. The seller, buyer and lender all benefit from the insurance provided by title companies.

What is the Difference Between Title Insurance and Casualty Insurance?

Title insurers work to identify and eliminate risk before issuing a title insurance policy. Casualty insurers assume risks.



Title insurance will indemnify you against loss under the terms of your policy, but title companies work in advance of issuing your policy to identify and eliminate potential risks and therefore prevent losses caused by title defects that may have been created in the past. Title insurance is the least expensive of various insurance types, and is issued for a one-time paid premium.

Title insurance also differs from casualty insurance in that the greatest part of the title insurance premium dollar goes towards risk elimination. Title companies maintain “title plants” which contain information regarding property transfers and liens reaching back to the time of “recordkeeping” by the County Recorder. Maintaining these title plants, along with the searching and examining of title, is where most of your premium dollar goes.

Casualty insurance companies work in a very different manner. Casualty insurance companies realize that a certain number of losses will occur each year in a given category (auto, fire, etc.). The insurers collect premiums monthly or annually from the policy holders to establish reserve funds in order to pay for expected losses.

What does Title Insurance Insure?

Title insurance offers protection against claims resulting from various defects, (as set out in the policy), which may exist in the title to a specific parcel of real property, effective on the recording date of the documents. For example, a person might claim to have a deed or lease giving them ownership or the right to possess your property. Another person could claim to hold an easement giving them a right of access across your land. Yet another person may claim that they have a lien on your property securing the repayment of a debt. That property may be an empty lot or it may hold a 50-story office tower, title companies work with all types of real property.

What if I am Buying Property from Someone I Know?

You may not know the owner as well as you think you do. People undergo changes in their personal lives that may affect title to their property. People get divorced, change their wills, engage in transactions that limit the use of the property and have liens and judgments placed against them personally for various reasons.

There may also be matters affecting the property that are not obvious or known, even by the existing owner, which a title search and examination seeks to uncover as part of the process leading up to the issuance of the title insurance policy.

Just as you wouldn't make an investment based on a phone call, you shouldn't buy real property without assurances as to your title. Title insurance provides these assurances.

The process of risk identification and elimination performed by the title companies, prior to the issuance of a title policy, benefits all parties in the property transaction. It minimizes the chances that adverse claims might be raised, and by doing so reduces the number of claims that need to be defended or satisfied. This process keeps costs and expenses down for the title company and maintains the traditional low cost of title insurance.



TITLE INSURANCE

(cont.)

20 Reasons For Title Insurance:

1. Title Insurance will protect you against a loss on your home or land due to a title defect.
2. Claims have risen dramatically over the last 30 years.
3. Claims constantly arise due to marital status and validity of divorces.
4. A deed or mortgage may have been made by an incompetent or under-aged person.
5. A deed or mortgage made under an expired power of attorney may be void.
6. A deed or mortgage may have been procured by fraud or duress.
7. A deed or mortgage may have been made by a person with the same name as the owner.
8. A child born after the execution of a will may have interest in the property.
9. Title transferred by an heir may be subject to a federal estate tax lien.
10. An heir or other person presumed dead may appear and recover the property or an interest.
11. A judgment regarding the title may be voidable because of some defect in the proceeding.
12. By insuring the title, you can eliminate delays when passing your title on to someone else.
13. Title Insurance reimburses you for the amount of your covered loss.
14. Title Insurance helps speed negotiations when you're ready to sell or obtain a loan.
15. A deed or mortgage may be voidable if signed while the grantor was in bankruptcy.
16. There may be a defect in the recording of a document upon which your title is dependent.
17. Title Insurance covers attorney fees and court costs.
18. Many lawyers protect their clients as well as themselves by procuring Title Insurance.
19. A title policy is paid in full by the first premium for as long as you own the property.
20. Conveyances and proceedings affecting rights of military personnel protected by the Soldiers' and Sailors' Civil Relief Act.

TITLE INSURANCE

(cont.)

What are Some Common Title Clearance Problems to be Aware of?

The following items may require added clearance and processing time for title and escrow.

Avoid delays by providing information on your current transaction to title and escrow regarding any of the items listed below:



- Establishing fact of death - i.e., Joint Tenancy or Tenancy in Common
- Power of Attorney
- Physical inspection results, encroachments, or off-record easements known to you
- Liens and judgments known to you
- Child/Spousal support liens known to you
- Probates affecting your property
- Bankruptcies affecting your property
- Transfer/Loans involving corporations/partnerships on your property
- Last minute changes in buyers
- Last minute changes in type of coverage
- Recent construction
- Family trusts affecting your property
- Business trusts affecting your property
- Property recently foreclosed

TITLE COMMITMENT

In this section you find out more detailed information about the following:

- What is a Title Commitment?
- What Role Does a Title Commitment Play in the Real Estate Process?
- When and How is the Title Commitment Produced?
- What Should I Look for When Reading my Title Commitment?
- How do I go about Clearing Unwanted Liens and Encumbrances?
- What Elements are Usually Contained in A Title Commitment?
- What are Supplements to a Title Commitment and What do the Reports Reflect?
- What are Potential Red Flags on a Title Commitment?

What is a Title Commitment?

A Title Commitment is a report prepared prior to issuing a policy of title insurance that shows the ownership of a specific parcel of land, together with the liens and encumbrances thereon which will not be covered under a subsequent title insurance policy.

What Role Does a Title Commitment Play in the Real Estate Process?

A Title Commitment contains the conditions under which the title company will issue a particular type of title insurance policy. The Title Commitment lists, in advance of purchase, title defects, liens and encumbrances which would be excluded from coverage if the requested title insurance policy were to be issued as of the date of the Title Commitment. The report should be reviewed by the parties of the real estate transaction to see if there are any adverse matters, if title can be clearly conveyed to the purchaser, or if there are any objectionable matters that impact the title.

TITLE COMMITMENT

(cont.)

When and How is the Title Commitment Produced?

Shortly after the real estate contract is mutually executed, an order will be placed and the title company will begin the process involved in producing the report. This process calls for the assembly and review of certain recorded matters relative to both the property and the parties to the transaction. Examples of recorded matters include a deed of trust recorded against the property or a lien recorded against the buyer or seller for an unpaid court award or unpaid taxes.

What Should I Look for When Reading my Title Commitment?

You will be interested, primarily, in the extent of your ownership rights. This means that you will want to review the ownership interest in the property you will be buying as well as any claims, CC&Rs (Covenants, Conditions & Restrictions) or interests of other people involving the property. The report will note in a statement of vesting the degree, quantity, nature and extent of the owner's interest in the real property. The most common form of interest is "fee simple" or "fee," which is the highest type of interest an owner can have in land.



A Schedule of "Requirements" will be listed numerically in the Title Commitment. This identifies terms and items that must be met at or prior to closing so that the final title policy may be issued. Among other things, this may include existing liens such as a Deed of Trust, judgment or unpaid taxes.

Restrictions and interests of others being excluded from coverage will be listed numerically on a Schedule of "Exceptions" in the Title Commitment. There may be recorded restrictions in place from a prior deed or contained in what are termed CC&Rs. In addition, a list of standard exceptions and exclusions (listing items not covered by your title insurance policy) may be included here. Unlike the exceptions which are property-specific, these are standard exceptions and exclusions appearing in all title policies of the type anticipated in the Title Commitment. The review of this section is important, as it sets forth matters which will not be covered under your title policy, but which you may wish to investigate further such as mineral rights or items that may impact future property development.

TITLE COMMITMENT

(cont.)

How do I go about Clearing Unwanted Liens and Encumbrances?

You will wish to carefully review the Title Commitment. You and your agents will work with seller and the seller's agents to clear the unwanted items and encumbrances prior to your taking title.

What Elements are Usually Contained in A Title Commitment?

1. The name of parties involved in the transaction.
2. Contact information for the Title Company, Closer and/or Closing Assistant who may answer questions about the report and transaction.
3. The address of the subject property.
4. The title company's file number.
5. Real estate disclosures required by the Colorado Division of Real Estate and Division of Insurance.
6. The most recent date and time that the public records have been researched.
In other words, a lien or Deed of Trust recorded after the date shown will not be disclosed on the Title Commitment.
7. The Amounts of consideration for insurance coverage, potential endorsements to the policy, and premiums to be collected through closing.
8. A legal description of the property.
9. A Schedule of Requirements to be met at or prior to closing so that the title policy may be issued.
10. A Schedule of Exceptions that the title policy will exclude from coverage.
11. A copy of the plat map and any existing Exceptions identified in the title search as reported on the Schedule of Exceptions.

The exceptions to each parcel of land are different due to the unique nature of real property.

Below is a discussion of some of the more common exceptions that you may see during your review of a Title Commitment.

1. **Property Taxes** - Annually property tax liens attach to the land.
2. **Easements** - Easements are a right to use the land of another for specific purposes.
3. **CC&Rs** - Covenants, Conditions and Restrictions may impose limitations on the uses that may be made of a parcel of land.
4. **Deed of Trust** - The Deed of trust is a security instrument for a lender. The Title Commitment shows the recorded information of the Deed of Trust.

TITLE COMMITMENT

(cont.)

5. **Mechanics Lien** - Workmen and suppliers who provide materials and/or labor to a property owner are entitled to use the real property to satisfy the debt. This type of lien also alerts the title company of the possibility of ongoing construction work, which may affect the priority of a new Deed of Trust.
6. **Abstract of Judgment** - This type of lien is issued pursuant to a court order for the repayment of a debt.



What are Supplements to a Title Commitment and What do the Reports Reflect?

When a Title Commitment is received it should be reviewed carefully. At times there may be additional matters that affect the real property that were not shown on the original Title Commitment. This could include any new documents that have recorded subsequent to the issuance of the Title Commitment, such as tax payments that were made after the report was issued, etc.

There may be additional matters found by the title company after the initial title search. These additional matters are added to the Title Commitment and sent to the closing office and parties of the transaction in the form of a "Supplemental Report" commonly referred to as a "C2" in the industry. Examples of this may include an additional Deed of Trust, Judgment, Reconveyance, or Notice of Foreclosure being added or removed from the Title Commitment.

There are a few other reasons why revisions may be made to the Title Commitment after the initial distribution resulting also in a "C2." C2s are issued if a purchase price or loan amount is changed prior to closing, or if an Amendment is made to the contract that modifies how a buyer selects to take title to the subject property.

TITLE COMMITMENT

(cont.)

What are some Potential Red Flags on a Title Commitment?

The following are Title Commitment Red Flags to look out for that might cause a problem if they are not addressed prior to closing:



Vesting:

If the names on title are different than the seller signatures in the purchase contract, you need to find out why.

Taxes and Assessments:

Look to see if payments are current. Be sure that all special assessments have been disclosed to the buyer.

Deed of Trust:

Deeds of Trust that are paid off but are not reconveyed require a full reconveyance from the trustee or a court order to remove it from the record. Are these the loans the seller understands affect his property?

Identity Matters:

Judgments and Liens may be eliminated with an identity affidavit or a Statement of Information/ Confidential Information Statement, if they do not affect the party in question. If they do affect the party, but have been paid and not satisfied, a release or satisfaction must be obtained and recorded or filed to eliminate these matters.

Pending Actions:

A civil action affecting real property will generally have to be dismissed or withdrawn before clear title to the land can be insured. A pending divorce may not need to be finalized for a sale or loan to close, however there may be special requirements. A probate may have specific requirements. Please check with your title sales representative or title officer for details.

Maintenance Agreements:

Roads, driveways, party walls, and access easements may be affected by joint maintenance agreements, which may require future payments for general maintenance purposes. The title report will show such agreements if one is of record. Be sure to request a full copy of the maintenance agreement and have the buyer read it.

Extended Coverage Matters:

If an extended coverage Owner's Policy is requested, an ALTA/ACSM (American Congress on Surveying & Mapping) survey of the property is required by a State Licensed Surveyor.

Legal Description:

The legal description should always be compared to the map attached to the Title Commitment. If you previously received a property profile, compare the legal description in the profile to the report. Be sure that all the property being conveyed has been included in the Title Commitment.

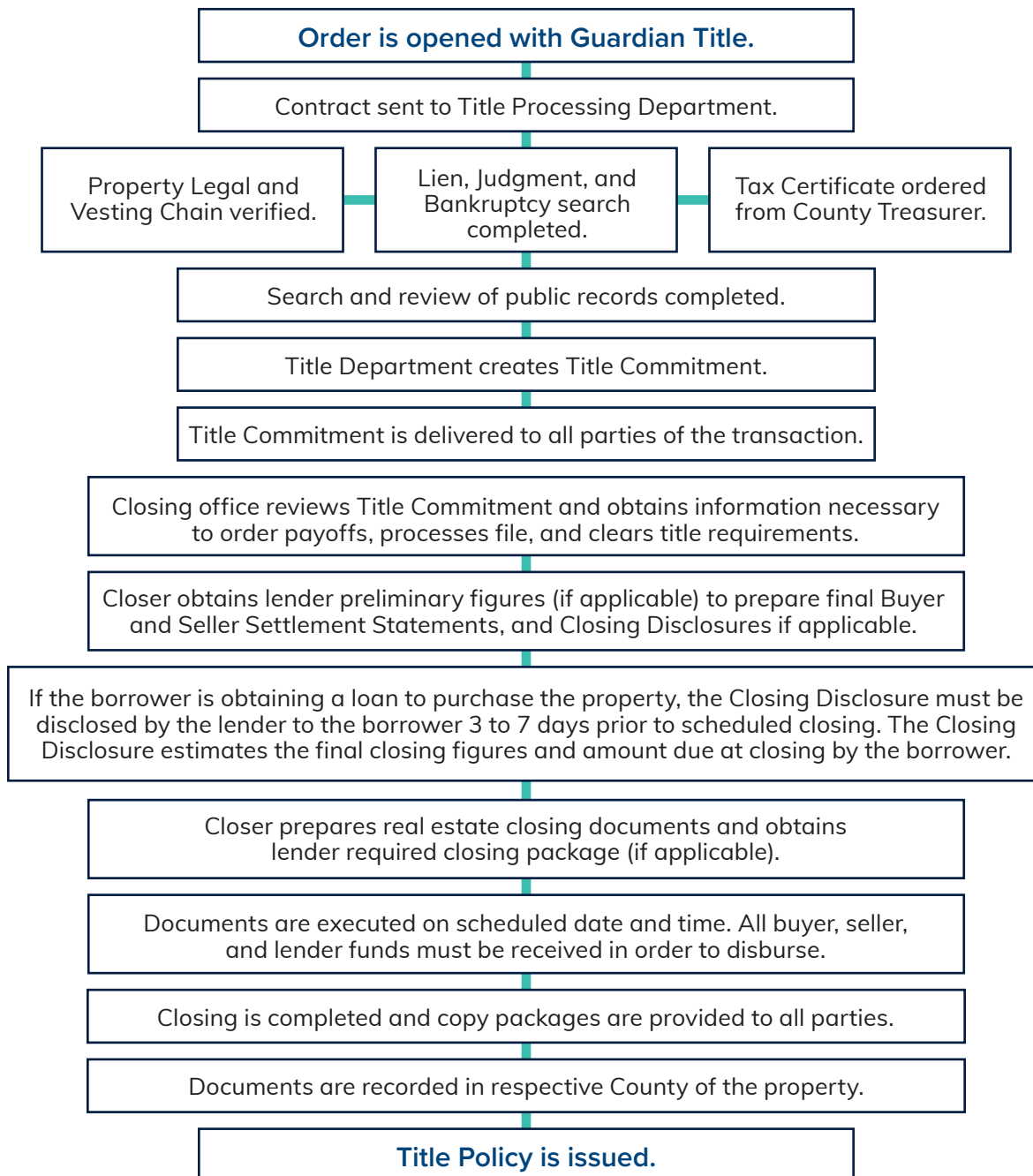
Notice of Default:

The seller/owner is behind in his payments and the foreclosure process has begun with the lienholder filing a Notice of Election and Demand through the Public Trustee's office. The sale date for residential property will be set 110-125 days from the filing, and a sale date for agricultural property will be set 215-230 days from filing.

LIFE OF A TRANSACTION

What is the Typical Life of a Transaction?

IMPORTANT NOTICE TO THE BUYER: If you are the buyer and planning to purchase the property by obtaining a loan, once you are under contract, contact your lender immediately and complete the loan application. The lender is then required to issue a Loan Estimate (LE) within 3 business days to estimate your closing costs. If you agree with the terms disclosed on the LE, you (buyer/borrower) must execute an Intent to Proceed (ITP) for the lender within 10 days in order to move forward. The sooner the ITP is completed, the more timely the lender can process your loan to close on time as needed per contract.



TITLE POLICIES

This section will help you to better understand:

- What Types of Policies are Available?
- How does a Hold Open Endorsement Work?
- What are Common Ways to Hold Title?
- What Protection am I Obtaining with My Title Policy?
- Summary of the Importance of Title

What Types of Policies are Available?

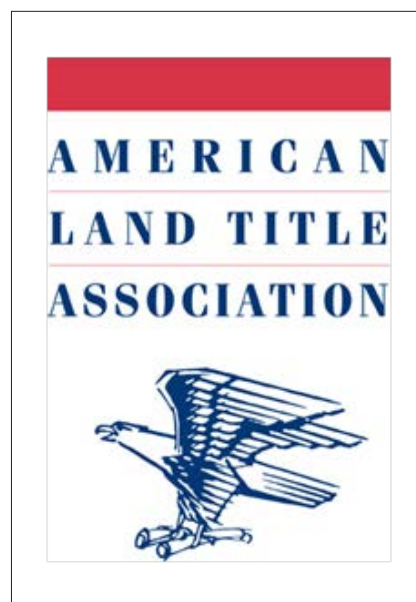
Title companies routinely issue two types of policies: An “owner’s” policy which insures you, the homebuyer for as long as you and your heirs own the home; and a “lender’s” policy which insures the priority of the lender’s security interest over claims that others may have in the property.

ALTA Owner’s Title Policy:

- Provides title insurance coverage to owners with insurable interests in real property.
- This is usually requested as an “extended coverage” policy.

Lender Title Policies (LTP):

- Provides title insurance coverage to lenders who finance real estate transactions.
- Responds to lender’s concern for protection of investment.
- Assures lender of the priority of their lien, and that the lien is valid and enforceable.



How does a Hold Open Endorsement Work?

For people buying property for investment or speculation, the Hold Open Endorsement is an important tool. When the property is purchased, a title policy is not issued to the buyer when the Hold Open Endorsement is requested. This endorsement binds the insurer to issue a policy within a specified period of time. By utilizing this endorsement, principals to the transaction can realize a substantial cost-savings in title insurance.

HERE'S HOW IT WORKS

COST	=	Either a flat fee (i.e., \$200.00) OR 110% of OTP Rate Note: Fees vary based on rate filing by title underwriter
TIME PARAMETERS	=	Must resell within a 12 month period. Hold Open may be extended for an additional 12 months upon request for an additional charge. If the sale is not completed within the 12 month period, the title policy will be issued to the vested owner.
SELLERS PAY	=	No additional cost to Seller
BUYERS/INVESTORS PAY	=	Flat fee or 110% of OTP Rate, based on underwriter filing

Note: At the time of purchase closing and no later, buyer/investor may be issued ONE concurrent loan policy.

*EXAMPLE FOR COST AT 110% OF OTP

Original price or liability \$500,000	
Owners Title Policy – paid by SELLER	\$1,678
Buyer/Investor pays an additional amount	<u>+ 200</u>
Total fees	\$1,878
Resale price within 12 months - \$600,000	
Owners Title Policy (Basic Rate)	\$1,853
Less the original rate on \$500,000	<u>-1,678</u>
Hold Open resale premium - paid by investor	\$ 175

The total cost to the Buyer/Investor is \$375, a sum of the Hold Open endorsement of \$200 plus the Hold Open resale premium of \$175. This realizes a cost-savings of several hundred dollars to the Buyer/Investor.

Title Insurance rates are filed with the Colorado Division of Insurance and vary by county. Rates are subject to change

TITLE POLICIES

(cont.)

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TITLE POLICIES

(cont.)

What are Common Ways to Hold Title?

	JOINT TENANCY	TENANCY IN COMMON	SEVERALTY	PARTNERSHIP	TRUST
PARTIES	Any number of persons (can be husband & wife or domestic partners)	Any number of persons	One	Any number of persons	Any number of beneficiaries of the trust
DIVISION OF INTERESTS	Equal	Any number of interests equal or unequal	Not Applicable	Partnership interests may be equal or unequal	Beneficial interests under trust may be equal or unequal
TITLE	In the names of the individual owners	In the names of the individual owners	In the names of the individual owners	In the names of the partnership	In the names of the trustee, "as trustee"
POSSESSION	Equal right of possession	Equal right of possession	Full possession	According to partnership agreement	According to trust agreement
CONVEYANCE	Conveyance by one co-owner breaks the joint tenancy	Each co-owner's interest may be conveyed separately	Individual conveys in entirety	Any general partner authorized by the partnership agreement may convey	Trustee may convey in accordance with the trust agreement
DEATH	Decedent's interest passes to the survivor(s)	Decedent's interest passes to decedent's estate	Interest passes to decedent's estate	Partnership agreement provides for either termination or continuance of the partnership	Trust agreement usually provides for distribution upon death of the settlor
SUCCESSOR'S STATUS	Last survivor owns entire interest	Devisees or heirs become tenants in common	Personal Representative(s) of the estate may convey interest on behalf of the estate	Heirs or devisees have rights in partnership interest but not in specific property	Trust agreement usually provides for distribution upon death of the settlor

TITLE POLICIES

(cont.)

What Protection am I Obtaining with my Title Policy?

A title insurance policy contains provisions for the payment of the legal fees in defense of a claim against your property which is covered under your policy. It also contains provisions for indemnification against losses which result from a covered claim.

Because we are risk eliminators, the probability of exercising your right to make a claim is low. However, claims against your property may not be valid, making the continuous protection of the policy all the more important. When a title company provides a legal defense against claims covered by your title insurance policy, the savings to you for that legal defense alone will greatly exceed the one-time premium.



Summary of the Importance of Title

“Title” is generally used to describe matters that affect the legal right to own, possess, use, control or sell your property. Many types of matters can adversely affect your property’s title, and it’s very important to identify, understand and obtain Title Insurance to protect your interest. Title Companies provide the research, assistance to clear adverse matters, and insure your ownership interests with a clean title record.

THE CLOSING PROCESS

This section will provide you with a better understanding of the escrow process, including the following information:

- What is Escrow?
- What Does the Title Company Do?
- What is the Title Company Prohibited from Doing?
- Who Pays What?
- Consumer Financial Protection Bureau and TRID regulations
- Documentation Your Lender May Need for Loan Approval
- Help Us Stay on Top of your Transaction!



What is Escrow?

Escrow is a process that provides for a fair and equitable transfer of property between a buyer and a seller whereas both parties to the real estate transaction entrust legal documents and various funds to the escrow holder. The escrow holder in turn has the responsibility of seeing that all the terms and conditions of escrow are carried out before the transfer of any funds or property are exchanged.

Using escrow as a neutral third party, both buyer and seller are assured that all mutually agreed to terms are met before the transaction is completed therefore minimizing the risk. In the State of Colorado, title and escrow functions are typically handled by the same title company.

What Does the Title Company Do (also known as Closing Agent)?

Escrow is a neutral third party that carries out written instructions given by the principals.

This includes:

- Receiving funds and documents necessary to comply with the instructions.
- Completing or obtaining required forms.
- Handling final delivery of all items to the proper parties upon the successful completion of escrow.

THE CLOSING PROCESS

(cont.)

The Title Company must be provided with all the necessary information to close the transaction.

This information may include, but is not limited to, the following:

- Mutually executed contract and addendums
- Deed of Trust and/or Lien Payoff Information
- Personal information necessary to clear title requirements
- Loan documents
- Tax statements
- Invoices for vendors and service providers to be paid on the closing settlement statements

The following items represent a typical list of what a Title Company will do:

- Serves as a neutral third party and vehicle by which the terms of the contract are carried out
- Performs both title and escrow functions in the real estate transaction
- Coordinates title search and Title Commitment delivery to parties of the transaction
- Complies with lender requirements necessary for sale or purchase of the property
- Prorates taxes, interest, homeowner association dues and fee, water utilities and rents (if applicable) between buyer and seller
- Secures releases and documents required to clear title Requirements
- Prepares final buyer and seller Settlement Statements, including a HUD-1 or Closing Disclosure (CD) if a loan is involved in the purchase, accounting for the funds collected and disbursed in the transaction
- Prepares real estate closing documents and executes lender required documents accordingly
- Receives all funds necessary from buyer, seller and lender to complete closing and disbursements
- Provides copies of executed documents to all parties of the transaction
- Disburses funds as required to service providers in the transaction
- Records necessary documents in the County Recorder's office
- In cooperation with the Title Department, issues the title insurance policy

What is the Title Company Prohibited from Doing?

- Offer legal advice
- Negotiate the transaction
- Offer investment or tax advice

THE CLOSING PROCESS

(cont.)

Who Pays What?

The **SELLER** Closing Costs may include:

- Owner's title policy
- Deletion of standard exceptions (per contract)
- 1st Mortgage payoff
- 2nd Mortgage payoff
- Outstanding property taxes due
- Credit buyer for property taxes paid in arrears (January 1 to date of closing)
- Real estate closing fee (per contract)
- Water, sewer, and storm drainage utilities (commonly escrowed, based on closing date)
- Transaction coordination fee
- Processing and recordation of release of liens (i.e. trust deed or others as applicable)
- Shipping & Handling or Overnight fees for payoff/s or other packages as applicable
- Closing cost allowance or Down-payment Assistance (per contract)
- Survey (per contract or underwriting requirement)
- Association Documents (per contract)
- HOA status letter fee/s (per contract)
- HOA transfer fee/s (per contract)
- HOA special assessments (per contract)
- Property Taxes due

The **BUYER** Closing Costs may include:

- Mortgagee's title policy and endorsements
- Owner's title policy
- Deletion of standard exceptions (per contract)
- Recordation of warranty deed
- Recordation of trust deed
- State document fee
- Tax Certificate
- Real estate closing fee (per contract)
- Loan closing fee
- First year homeowner's insurance premium
- 2 - 3 months hazard insurance reserve
- Property tax reserve (1 - 12 months dependent on closing date and lender requirement)
- Interest on new loan (number of days collected depends on closing date)
- Loan fees as required by lender (i.e. Discount, Origination, Appraisal, Inspection, Tax service or flood service, Credit report, Underwriting, Document prep, or other fees)
- Survey (per contract or underwriting requirement)
- Mortgage Insurance Premium (MIP)
- Electronic receipt or delivery of documents
- HOA status letter fee/s (per contract)
- HOA transfer fee/s (per contract)
- Transaction coordination fee

Please Note: All of the buyers and sellers closing costs listed are negotiable and are defined by the contract between the two parties.

THE CLOSING PROCESS

(cont.)

Documentation Your Lender May Need for Loan Approval

Income Verification

- Most recent 30 days of pay stubs
- W-2s for most recent two years (1099s or K1s if self employed)
- Full tax returns, with all pages and schedules, for the last two years
- If you have a variable component to your pay such as commissions, overtime or bonus, the lender will need you authorization to complete a written verification of employment to be certain they are obtaining accurate averages

Asset verification

- All pages of the last two months of bank statements for checking, savings, non-retirement investment accounts, and retirement accounts
- If you have had unusual “large” deposits into your bank accounts over the last two months which cannot be traced to payroll, IRS refund, etc., please provide a copy of the check that was deposited and an explanation of the deposit



Property Documentation

- If you own any residential properties, which will not be sold prior to the closing of the subject property, provide a copy of the mortgage statement, showing taxes and insurance as part of the monthly payment. If you waive escrows, provide a copy of the homeowner's insurance declaration pages
- If you own property free and clear, provide a copy of the homeowner's insurance declarations page
- Choose the homeowner's insurance agent you will use to insure the new home and provide contact information to your lender

CFPB Tips

- Voluntarily provide documentation to your lender up front to help shorten closing timeline
- Respond promptly to your lender. The new regulations require the lender to note when certain documents are received by the consumer
- Check out the step-by-step guide, “Home Loan Toolkit” on the CFPB website: <http://1.usa.gov/1NEvbs0> - or contact us for more information

STAY ON TOP OF YOUR TRANSACTION

Help us Stay on Top of your Transaction!



Will any of these situations affect your transaction?

- Is this a short sale?
- Is this a bank-owned property, aka REO?
- Will a mail-out or mobile notary be necessary?
- Are your principals exchanging (1031) this property?
- Will your principals be using a power of attorney?
- Are any of the parties on title deceased?
- Has there been a change in marital status?
- Is there, or will there be a new entity formed?
 - i.e., Partnership, LLC or any other type of corporation
- Are the sellers of this property non-resident of Colorado?
(Note: 2% state tax withholding may apply)
- Is the seller(s) a non-resident of the United States?
(Note: FIRPTA may apply)
- Is the property held in a trust?
- Will the property be sold within 2 years?
- Has a bankruptcy and/or a discharge been filed?
- Are there loans showing on the Title Commitment that should have been released?

If you answered “ YES” to any of these questions, please call your Guardian Title Representative.

- Do all parties signing documents have valid photo ID or drivers license?
(Note: If “ NO,” now is the time to apply for a valid ID.)

Note: This is a “Short List.” Call your Guardian Title Representative if you have additional information that you think may be important, or if you have any questions.

CONGRATULATIONS

Congratulations!

We hope that this handbook has provided you with the information you needed to guide you through the title and escrow process of buying or selling a property.



