



Title Security Agency
A First American Company

Home Buyer's Guide

to the Title &
Escrow Process
in Arizona

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Quick Reference



Your Escrow Number	
Your New Address	
City/State/Zip	

Real Estate Agent

Name		Email	
Assistant		Email	
Company		Phone	
Address		Fax	

Title Security Agency

Escrow Officer		Email	
Escrow Assistant		Email	
Address		Phone	
City/State/Zip		Fax	

Insurance

Previous Company		Phone	
Previous Agent		Policy No.	
New Company		Phone	
New Agent		Policy No.	
Home Warranty Company		Policy No.	

Utilities and Services

Southwest Gas
1.877.860.6020
www.swgas.com

Cox
866.206.9832
www.cox.com/arizona

Direct TV
1.800.494.4388
www.directv.com

Dish Network
1.800.333.3474
www.dishnetwork.com

CenturyLink
800.475.7526
www.centurylink.com

AT&T
1.800.222.0300
www.att.com

Verizon
1.877.300.4498
www.connecttoverizon.com

Trico Electric
520.744.2944
www.trico.coop

Tucson Electric Power
520.623.7711
www.tep.com



Count on **Title Security Agency**

Welcome to the home-buying process. Throughout this process, you can count on Title Security Agency to guide you smoothly through your transaction and provide expert answers to your questions. **We are happy to serve you.**



Count On Us For Service

Title Security Agency's professionals are proud to provide the title insurance that assures people's home ownership. Backed by First American Title Insurance Company, your transaction will be expertly completed in accordance with state-specific underwriting standards and state and federal regulatory requirements.

Count On Us For Convenience

Title Security Agency has several offices conveniently located throughout southern Arizona. We also have access to First American Title's extensive network of offices and agents throughout the United States.

Count On Us For Stability

Title Security Agency is part of the direct operations of First American Title Insurance Company. With roots dating back to 1889, First American Title is one of the largest suppliers of title insurance services in the nation and has served families for generations.

Count On Us To Meet Your Needs

First American Financial Corporation offers more than title insurance and escrow services through its subsidiaries. Our subsidiaries also provide property data, title plant records and images, home warranties, property and casualty insurance, and banking, trust and advisory services.



Benefits of Buying



Not sure if you should buy a home? The rent you pay could build equity in your own real estate. Do you realize how much you pay in rent over a period of years? The chart below gives you a total picture of what is happening to your money. The rent you pay adds up to a sizeable sum.

RENT	1 YR	3 YRS	5 YRS	10 YRS	15 YRS	RETURN
\$800	\$9,600	\$28,800	\$48,000	\$96,000	\$144,000	\$0
\$900	\$10,800	\$32,400	\$54,000	\$108,000	\$162,000	\$0
\$1,000	\$12,000	\$36,000	\$60,000	\$120,000	\$180,000	\$0
\$1,100	\$13,200	\$39,600	\$66,000	\$132,000	\$198,000	\$0
\$1,200	\$14,400	\$43,200	\$72,000	\$144,000	\$216,000	\$0
\$1,300	\$15,600	\$46,800	\$78,000	\$156,000	\$234,000	\$0
\$1,400	\$16,800	\$50,400	\$84,000	\$168,000	\$252,000	\$0
\$1,500	\$18,000	\$54,000	\$90,000	\$180,000	\$270,000	\$0
\$1,750	\$21,000	\$63,000	\$105,000	\$210,000	\$315,000	\$0
\$2,000	\$24,000	\$72,000	\$120,000	\$240,000	\$360,000	\$0
\$2,500	\$30,000	\$90,000	\$150,000	\$300,000	\$450,000	\$0

→ RENT

- No interest payment deductions
- Rental amount may increase at any time
- Landlord approval needed for any changes
- No capitalization; your money disappears forever
- Rental is temporary and is often subject to 30 day's notice

→ BUY

- Deductions for your mortgage interest paid
- Mortgage payments could be fixed
- Decorate and make changes without prior approval
- The value of your property may increase in time
- Your house will become a home, not a temporary living situation; you are not at the mercy of a landlord



Sample Mortgage Payment

30-Year loan / principal & interest only

HOW MUCH HOME CAN YOU AFFORD

This formula is only a guide and not to be construed as actual lending calculations.

Contact your loan officer to determine more accurately what price range you should consider. Lenders abide by certain ratios when calculating the loan amount their customers can qualify for and the ratios vary by lender and loan program. Many use 28% of your gross monthly income as the maximum allowed for your mortgage payment (principal/interest/taxes/insurance or PITI); for your total monthly debt, the ratio is 36%. Total monthly expenses means PITI plus long-term debt (such as auto loans) and revolving/credit-card debt. Do not include other expenses such as groceries, utilities, clothing, tuition, etc., to calculate this ratio.

LOAN AMOUNT	INTEREST RATE							
	3.50%	3.75%	4%	4.25%	4.50%	4.75%	5%	5.25%
\$80,000	359	370	382	394	405	417	429	442
\$100,000	449	463	477	492	507	522	537	552
\$120,000	539	556	573	590	608	626	644	663
\$140,000	629	648	668	689	709	730	752	773
\$160,000	718	741	764	787	811	835	859	884
\$180,000	808	834	859	885	912	939	966	994
\$200,000	898	926	955	984	1,013	1,043	1,074	1,104
\$220,000	988	1,019	1,050	1,082	1,115	1,148	1,181	1,215
\$240,000	1,078	1,111	1,146	1,181	1,216	1,252	1,288	1,325
\$260,000	1,168	1,204	1,241	1,279	1,317	1,356	1,396	1,436
\$280,000	1,257	1,297	1,337	1,377	1,419	1,461	1,503	1,546
\$300,000	1,347	1,389	1,432	1,476	1,520	1,565	1,610	1,657



Terms You Should Know

Appraisal

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

Annual Percentage Rate (APR)

The borrower's costs of the loan term expressed as a rate. This is not their interest rate.

Beneficiary

The recipient of benefits, often from a deed of trust; usually the lender.

Closing Disclosure (CD)

Closing Disclosure form designed to provide disclosures that will be helpful to borrowers in understanding all of the costs of the transaction. This form will be given to the consumer three (3) business days before closing.

Close of Escrow

Generally the date the buyer becomes the legal owner and title insurance becomes effective.

Comparable Sales

Sales that have similar characteristics as the subject real property, used for analysis in the appraisal. Commonly called "comps."

Consummation

Occurs when the borrower becomes contractually obligated to the creditor on the loan, not, for example, when the borrower becomes contractually obligated to a seller on a real estate transaction. The point in time when a borrower becomes contractually obligated to the creditor on the loan depends on applicable State law. Consummation is not the same as close of escrow or settlement.

Deed of Trust

An instrument used in many states in place of a mortgage.

Deed Restrictions

Limitations in the deed to a parcel of real property that dictate certain uses that may or may not be made of the real property.

Disbursement Date

The date the amounts are to be disbursed to a buyer and seller in a purchase transaction or the date funds are to be paid to the borrower or a third party in a transaction that is not a purchase transaction.

Earnest Money Deposit

Down payment made by a purchaser of real property 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.

Endorsement

As to a title insurance policy, a rider or attachment forming a part of the insurance policy expanding or limiting coverage.

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 parcel 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 parcel of real property the security for the payment of a debt or discharge of an obligation. For example, judgments, taxes, mortgages, deeds of trust.

Loan Estimate (LE)

Form designed to provide disclosures that will be helpful to borrowers in understanding the key features, costs and risks of the mortgage loan for which they are applying. Initial disclosure to be given to the borrower three (3) business days after application.

Mortgage

The instrument by which real property is pledged as security for repayment of a loan.

PITI

A payment that includes 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."

Recording

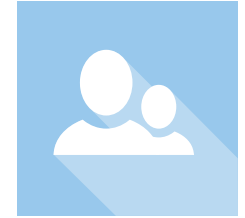
Filing documents affecting real property with the appropriate government agency as a matter of public record.

Settlement statement

Provides a complete breakdown of costs involved in a real estate transaction.

TRID

TILA-RESPA Integrated Disclosures.



Key Professionals Involved in Your Transaction

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 Association of REALTORS®.

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 has the professional designation of a REALTORS®.

LISTING AGENT

A key role of the listing agent or broker is to form a legal relationship with the homeowner to sell the property and place the property in the Multiple Listing Service.

BUYER'S AGENT

A key role of the buyer's agent or broker is to work with the buyer to locate a suitable property and negotiate a successful home purchase.

MULTIPLE LISTING SERVICE (MLS)

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

TITLE COMPANY

These are the people who carry out the title search and examination, work with you to eliminate the title exceptions you are not willing to take subject to, and provide the policy of title insurance regarding title to the real property.

ESCROW OFFICER

An escrow officer leads the facilitation of your escrow, including escrow instructions preparation, document preparation, funds disbursement, and more.

Benefits of using 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.

LESS LIABILITY.

You may 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.



Selecting a Home



The following home comparison chart is designed to help you remember the homes you visit and what you liked best and least about each one. Rate features or make notes that will help you determine what pleased or displeased you.

Remembering each home would appear easy, but it can quickly become confusing. Which home was near the school? Which one had the great pool? Did it have a family room? And how many bathrooms?

In the "Something Memorable" category, note something you think is unusual and memorable about each home, such as a stained glass window, fruit trees, a child's playhouse. This will make it easier for you to recall the property later and refer to a specific address. And, last but not least, maybe the most important question, does this house feel like home?

	Home 1	Home 2	Home 3	Home 4	Home 5
Address					
Asking price					
No. Bedrooms/baths	/	/	/	/	/
Square footage					
First impression					
Location					
Neighborhood					
Appealing style					
Living room					
Dining room					
Great room					
Kitchen					
Family room					
Bathroom					
Master bedroom					
Master bath					
Bedrooms					
Floor plan					
Patio					
Pool					
Landscaping					
Garage or carport					
Something memorable					
Does this feel like home?					



The Life Of An Escrow

THE BUYER	THE SELLER	THE ESCROW OFFICER	THE LENDER
Chooses a real estate agent	Chooses a real estate agent	Upon receipt of order and earnest money deposit, orders title examination.	Accepts buyer's application and begins the qualification process. Provides buyer with Loan Estimate.
Gets pre-approval letter from lender and provides to real estate agent.	Accepts buyer's offer to purchase.	Requests necessary information from buyers and sellers via opening packages.	Orders and reviews title commitment / preliminary report, property appraisal, credit report, employment and funds verification.
Makes offer to purchase. Upon acceptance, opens escrow and deposits earnest money.	Completes and returns opening package from Title Security Agency, including information such as forwarding address, payoff lender contact information and loan numbers.	Reviews title commitment / preliminary report.	Collects information such as title commitment / preliminary report, appraisal, credit report, employment and funds verification. Reviews and requests additional information for final loan approval.
Finalizes loan application with lender. Receives a Loan Estimate from lender.	Orders any work for inspections and/or repairs to be done as required by the purchase agreement.	Upon receipt of opening packages, orders demands for payoffs. Contacts buyer or seller when additional information is required for the title commitment/ preliminary report.	Underwriting reviews loan package for approval.
Completes and returns opening package from First American Title.	Escrow officer or real estate agent contacts the seller to schedule signing appointment.	All demands, invoices, and fees must be collected and sent to lender at least 10 days prior to loan consummation.	Coordinates with escrow officer on the preparation of the Closing Disclosure, which is delivered to buyer at least 3 days prior to loan consummation.
Schedules inspections and evaluates findings. Reviews title commitment/ preliminary report.	Documents are recorded and all proceeds from sale are received.	Coordinates with lender on the preparation of the CD.	Reviews all documents, demands, and instructions and prepares settlement statements and any other required documents.
Provides all requested paperwork to lender (bank statements, tax returns, etc.) All invoices and final approvals should be to the lender no later than 10 days prior to loan consummation.		Schedules signing appointment and informs buyer of funds due at settlement.	Delivers loan documents to escrow.
Lender (or escrow officer) prepares CD and delivers to buyer at least 3 days prior to loan consummation.		Once loan is consummated, sends funding package to lender for review.	Upon review of signed loan documents, authorizes loan funding.
Escrow officer or real estate agent contacts the buyer to schedule signing appointment.		Prepares recording instructions and submits docs for recording.	
Buyer consummates loan, executes settlement documents, & deposits funds via wire transfer.		Documents are recorded and funds are disbursed. Issues final settlement statement.	
Documents are recorded and the keys are delivered!			

Closing Costs: Who Pays What

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	BUYER	BUYER
7.	Credit Report		BUYER	BUYER	BUYER
8.	Appraisal or Extension Fee <i>(negotiable)</i>		BUYER	BUYER	BUYER
9.	Existing Loan Payoff	SELLER	SELLER	SELLER	SELLER
10.	Existing Loan Payoff Demand	SELLER	SELLER	SELLER	SELLER
11.	Loan Prepayment Penalty <i>(if any)</i>	SELLER	SELLER	SELLER	SELLER
12.	Next Month's PITI Payment		BUYER	BUYER	BUYER
13.	Prepaid Interest <i>(approx. 30 days)</i>		BUYER	BUYER	BUYER
14.	Reserve Account Balance <i>(Credit Seller / Charge Buyer)</i>		PRORATE	PRORATE	PRORATE
15.	FHA MIP, VA Funding Fee, PMI Premium		BUYER	BUYER	BUYER
16.	Assessments payoff or proration <i>(sewer, paving, etc.)</i>	SELLER			
17.	Taxes	PRORATE	PRORATE	PRORATE	PRORATE
18.	Tax Impounds		BUYER	BUYER	BUYER
19.	Tax Service Contract		SELLER	SELLER	BUYER
20.	Fire/Hazard Insurance	BUYER	BUYER	BUYER	BUYER
21.	Flood Insurance		BUYER	BUYER	BUYER
22.	Homeowners Association (HOA) Transfer Fee	BUYER or SELLER	BUYER or SELLER	BUYER or SELLER	BUYER or SELLER
23.	HOA/Disclosure Fee	SELLER	SELLER	SELLER	SELLER
24.	Current HOA Payment	PRORATE	PRORATE	PRORATE	PRORATE
25.	Next Month's HOA Payment	BUYER	BUYER	BUYER	BUYER
26.	Home Warranty Premium <i>(negotiable)</i>	BUYER or SELLER	BUYER or SELLER	BUYER or SELLER	BUYER or SELLER
27.	REALTORS® Commissions	SELLER	SELLER	SELLER	SELLER
28.	EAGLE Homeowners Title Policy	SELLER	SELLER	SELLER	SELLER
29.	Lenders Title Policy and Endorsements		BUYER	BUYER	BUYER
30.	Escrow Fee <i>(NOTE: Charge Seller on VA Loan)</i>	SPLIT	SPLIT	SELLER	SPLIT
31.	Recording Fees <i>(Flat Rate)</i>	SPLIT	SPLIT	SPLIT	SPLIT
32.	Reconveyance/Satisfaction Fee	SELLER	SELLER	SELLER	SPLIT
33.	Courier/Express Mail Fees	SPLIT	SPLIT	SELLER	SPLIT

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

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 Agency. 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 Agency, 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 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 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 last two years
- Last two months statements for all checking and savings account
- 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
- Letters of Explanation regarding credit inquires or special circumstances



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 true 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.

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% 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 a fixed rate or adjustable.

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. The seller will pay a portion of the closing costs that would typically be paid by the buyer in a conventional loan program.

FIXED RATE LOAN.

This loan has one interest rate that is constant throughout the loan.

VA LOAN.

People who have served in the U.S. armed forces can apply for a VA loan which covers up to 100% of the purchase price and requires little or no downpayment.

The Escrow Process

WHAT IS AN ESCROW?

The escrow is the process of having a neutral party manage the exchange of money for real property. The escrow holder is known as an escrow or settlement officer or agent. The buyer deposits funds and the seller deposits a deed with the escrow holder along with all of the other documents required to remove all "contingencies" (conditions and approvals) in the purchase agreement prior to closing.

HOW IS AN ESCROW OPENED?

Once a purchase agreement is signed by all necessary parties, the agent representing the party who will pay the fee selects an escrow holder and the buyer's earnest money deposit and contract are submitted to the escrow holder. From this point, the escrow holder will follow the mutual written instructions of the buyer and seller, maintaining a neutral stance to ensure that neither party has an unfair advantage over the other. The escrow holder also follows the instructions of the buyer's new lender, the seller's existing lender, and both parties' agents. The escrow holder ensures the transparency of the transaction, while carefully maintaining the privacy of the consumers.





Your Escrow Professional May:



- Open escrow and, if instructed to do so, deposit your good faith funds in a separate escrow account
- Order a title search to determine ownership and status of the subject real property
- Issue a preliminary report and begin the process of eliminating the title exceptions you and your lender are not willing to take title subject to
- Request payoff information for the seller's loans, other liens, homeowner's association fees, etc.
- Coordinate with the buyer's lender on the preparation of the Closing Disclosure (CD)
- Prorate fees, such as real property taxes, per the contract, and prepare the settlement statement
- Set separate appointments allowing the seller and you 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 with the County Recorder's Office to transfer the subject real property to you
- After the recordation is confirmed, close escrow and disburse funds, including seller's proceeds, loan payoffs, etc.
- Prepare and send final documents to all parties involved



Understanding **Title Insurance** The Title Industry & Title Insurance in Brief

Prior to the development of the title industry in the late 1800s, a home-buyer 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, home-buyers look primarily to title insurance to provide this protection. 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, for the most part, occurred prior to your ownership. 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 IS TITLE INSURANCE NEEDED?

Title insurance insures buyers against the risk that they did not acquire marketable title from the seller. It is primarily designed to reduce risk or loss caused by defects in title from the past. A loan policy of title insurance protects the interest of the mortgage lender, while an owner’s policy protects the equity of you, the buyer, for as long as you or your heirs (in certain policies) own the real property.

WHEN IS THE PREMIUM DUE?

You pay for your owner’s title insurance policy only once, at the close of escrow. Who pays for the owner’s policy and loan policy varies depending on local customs.



HOW TITLE INSURANCE DIFFERS

From Other Forms of Insurance

Unlike other forms of insurance, title insurance emphasizes loss prevention for the insured. Title professionals perform labor-intensive work to find and address title issues that could threaten your homeownership. This upfront analysis gives you, as a policy holder, the peace of mind that your title risk has been effectively reduced. In contrast, insurance based on loss assumption (such as auto or property and casualty insurance) requires little upfront work because claims cannot be predicted or prevented, and premium funds are needed only in the event of an accident or other covered issue. These types of insurance also require annual coverage payments, unlike title insurance which is paid for only once upon the purchase of your home or establishment of a new mortgage.

The Importance of Title Protection

There are many title issues that could cause you to lose your real property or your mortgage investment. Even the most careful search of public records may not disclose the most dangerous threat: hidden risks. These issues may not be uncovered until years later. Without title insurance from a reputable and financially solvent company, the ownership of your home could be jeopardized.

Here are some examples of title issues that may occur:

- Deeds by persons supposedly single, but secretly married
- Deeds in lieu of foreclosure given under duress
- Marital rights of spouse purportedly, but not legally, divorced
- Impersonation of the true owner of the land
- Deeds by minors
- Deeds by persons of unsound mind
- Deeds to or from defunct corporations
- Defective acknowledgments by notaries
- Duress in execution of instruments
- Erroneous reports furnished by tax officials
- Forged deeds, releases, etc.
- Mistakes in recording legal documents
- Surviving children omitted from will
- Administration of estate of persons absent but not deceased
- Birth or adoption of children after date of will
- Claims of creditors against real property sold by heirs or devisees
- Deed of community property recited to be separate property
- Deeds by foreign parties



Eagle Policy® for Owners

The Benefits of First American Title Insurance Company's Eagle Policy® for Owners the Standard ALTA Owner's Policy

First American Title's Eagle Policy® for Owners provides expanded title coverage for natural persons who purchase one-to-four family residences, including condominiums. Coverages included in the Eagle Policy® for Owners offer the highest levels of protection available to homeowners.

Eagle Policy® for Owners benefits you won't get with a Standard ALTA Owner's Policy:

- Post-policy Forgery
- Post-policy Encroachments
- Post-policy Adverse Possession
 - Coverage extended to homeowner when someone claims to have the insured's title arising out of someone else's continued use and occupancy
- Post-Policy Easement by Prescription
 - Coverage if another claims right to use a part of the insured's land as an easement because of continuous use over time
- Building Permit and Zoning Violation
 - Coverage for losses up to \$25,000, after a small deductible, for building permit violations and forced remediation of zoning violations, and up to the full policy amount for forced removal of structures due to zoning violations
- Expanded Access
 - Expanded to include both vehicular and pedestrian access to and from land, based upon legal right
- Encroachment of Improvements onto Easements and Set-backs
- Subdivision Violation
 - Homeowners are covered up to \$10,000, after a small deductible, for protection against subdivision violations prior to purchase
- Restrictive Covenant Violations
 - Coverage provided for violations of restrictive covenants, occurring before homeowner acquired land if the homeowner is forced to correct or remove the violation or if the homeowner's title is lost or taken because of the violation
- Structural Damage for Mineral Abstraction or Easement Use
- Encroachment of Boundary Walls and Fences
 - Protection of up to \$5,000, after a small deductible, for encroachments onto a neighbor's land, onto an easement, or over a building set-back line

Compare First American's Eagle Policy® for Owners		EAGLE	ALTA Standard or CLTA
Protection from:			
1	Someone else owns an interest in your title	✓	✓
2	A document is not properly signed	✓	✓
3	Forgery, fraud, duress in the chain of title	✓	✓
4	Defective recording of any document	✓	✓
5	There are restrictive covenants	✓	✓
6	There is a lien on your title because there is:		
	a) a deed of trust	✓	✓
	b) a judgement, tax, or special assessment	✓	✓
	c) a charge by a homeowner's association	✓	✓
7	Title is unmarketable	✓	✓
8	Mechanics lien	✓	
9	Forced removal of a structure because it:		
	a) extends on another property and/or easement	✓	
	b) violates a restriction in Schedule B	✓	
	c) violates an existing zoning law*	✓	
10	Cannot use the land for a Single-Family Residence because the use violates a restriction in Schedule B or a zoning ordinance	✓	
11	Unrecorded lien by a homeowners association	✓	
12	Unrecorded easements	✓	
13	Building permit violations*	✓	
14	Restrictive covenant violations	✓	
15	Post-policy forgery	✓	
16	Post-policy encroachment	✓	
17	Post-policy damage from extraction of minerals or water	✓	
18	Lack of vehicular and pedestrian access	✓	
19	Map not consistent with legal description	✓	
20	Post-policy adverse possession	✓	

Compare First American's Eagle Policy® for Owners		EAGLE	ALTA Standard or CLTA
21	Post-policy prescriptive easement	✓	
22	Covenant violation resulting in your title reverting to a previous owner	✓	
23	Violation of building setback regulations	✓	
24	Discriminatory covenants	✓	
Other benefits:			
25	Pays rent for substitute land or facilities	✓	
26	Rights under unrecorded leases	✓	
27	Plain language statements of policy coverage and restrictions	✓	
28	Compliance with Subdivision Map Act	✓	
29	Coverage for boundary wall or fence encroachment*	✓	
30	Added ownership coverage leads to enhanced marketability	✓	
31	Insurance coverage for a lifetime	✓	
32	Post-policy inflation coverage with automatic increase in value up to 150% over five years	✓	
33	Post-policy Living Trust coverage	✓	
* Deductible and maximum limits apply. Not available to investors on 1- to 4-unit residential properties. Coverage may vary based on an individual policy.			

As with any insurance contract, the insuring provisions express the coverage afforded by the title insurance policy and there are exceptions, exclusions and conditions to coverage that limit or narrow the coverage afforded by the policy. Also, some coverage may not be available in a particular area or transaction due to legal, regulatory, or underwriting considerations. Please contact a First American representative for further information. The services described above are typical basic services. The services provided to you may be different due to the specifics of your transaction or the location of the real property involved.

Vesting: Ways to Hold Title



COMMUNITY PROPERTY	JOINT TENANCY WITH RIGHT OF SURVIVORSHIP	COMMUNITY PROPERTY WITH RIGHT OF SURVIVORSHIP	TENANCY IN COMMON
Requires a valid marriage between two persons.	Parties need not be married; may be more than two joint tenants.	Requires a valid marriage between two persons.	Parties need not be married; may be more than two tenants in common.
Each spouse holds an undivided one-half interest in the estate.	Each joint tenant holds an equal and undivided interest in the estate, unity of interest.	Each spouse holds an undivided one-half interest in the estate.	Each tenant in common holds an undivided fractional interest in the estate. Can be disproportionate.
One spouse cannot partition the property by selling his or her interest.	One joint tenant can partition the property by selling his or her joint interest.	One spouse cannot partition the property by selling his or her interest.	Each tenant's share can be conveyed, mortgaged or devised to a third party.
Requires signatures of both spouses to convey or encumber.	Requires signatures of all joint tenants to convey or encumber the whole.	Requires signatures of both spouses to convey or encumber.	Requires signatures of all tenants to convey or encumber the whole.
Each spouse can devise (will) one-half of the community property.	Estate passes to surviving joint tenants outside of probate.	Estate passes to the surviving spouse outside of probate.	Upon death the tenant's proportionate share passes to his or her heirs by will or intestacy.
Upon death the estate of the decedent must be "cleared" through probate, affidavit or adjudication.	No court action required to "clear" title upon the death of joint tenant(s).	No court action required to "clear" title upon the first death.	Upon death the estate of the decedent must be "cleared" through probate, affidavit or adjudication.

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, his or her 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.



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 to 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. Apply as soon as possible to comply with the purchase contract and prior to insuring to avoid delaying the closing.

RESPONSE TO SELLER'S NOTICES

If directed by the contract, you may receive the following items which require a response from you:

- Seller's property disclosure statement listing any existing problems known to the seller
- Information pertaining to the Homeowners Association (HOA) or Planned Unit Development (PUD), such as Covenants, Conditions and Restrictions (CC&Rs), if applicable
- Flood hazard disclosure if the real property is in a flood area
- 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. If you have questions about the title commitment, contact your real estate agent or your escrow officer.

CONSIDER THIS

One escrow transaction could involve over 20 individuals, including real estate professionals, buyer, seller, attorney, 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. While your experienced real estate professional, escrow, and title team can't prevent unforeseen problems from arising, they can help to ensure as smooth a closing as possible.



Your Title Commitment

The information below is to help you understand the contents of the title commitment you will receive from Title Security Agency.

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 real estate professional, such as the legal description of the real 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, and the buyer's rights in the title will be subject to these exceptions. These may include easements, Homeowners Association by-laws, leases, Covenants, Conditions, and Restrictions (CC&Rs) and other items which will remain of record and transfer with the property. 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 Agency needs to delete and/or record prior to insuring title to the real property. Items that need to be addressed include:

- Current property-tax status
- Any assessments that are owed, such as those for a Homeowners Association
- Any encumbrances (or liens) on the real property

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

What to Avoid During the Closing Process

AVOID CHANGING 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.

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.

AVOID PAYING OFF EXISTING ACCOUNTS UNLESS YOUR 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 MAKING 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.



Closing Your Escrow

THE CLOSING DISCLOSURE

Once the loan is approved and all invoices and paperwork have been provided, the lender and escrow officer will collaborate on the preparation of the Closing Disclosure (CD). In order to close on time, all paperwork and invoices should be submitted at least 10 days prior to the expected close of escrow date. The borrower must receive the CD at least three days* prior to consummation of the loan (typically the signing date). The escrow officer will also prepare an estimated settlement statement and inform the buyer of the balance of the down payment and closing costs needed to close escrow.

**For purposes of the Closing Disclosure "business day" is defined as every day except Sundays and Federal legal holidays.*

THE CLOSING OR SIGNING APPOINTMENT

The escrow holder will contact you or your agent to schedule a closing or signing appointment. In some states, this is the "close of escrow." In some others, the close of escrow is either the day the documents record or that funds are disbursed. Ask your escrow holder if you would like clarification about your state's laws.

You will have a chance to review the settlement statement and supporting documentation. This is your opportunity to ask questions and clarify terms. You should review the settlement statement carefully and report any

discrepancies to the escrow officer. This includes any payments that may have been missed. You are responsible for all charges incurred even if overlooked by the escrow holder, so it's better to bring these to their attention before closing.



The escrow holder is obligated by law to have the designated amount of money before releasing any funds. If you have questions or foresee a problem, let your escrow holder know immediately.

DON'T FORGET YOUR IDENTIFICATION

You will need valid identification with your photo I.D. on it when you sign documents that need to be notarized (such as a deed). A driver's license is preferred. You will also be asked to provide your social security number for tax reporting purposes, and a forwarding address.

WHAT HAPPENS NEXT?

If you are obtaining a new loan, your signed loan documents will be returned to the lender for review. The escrow holder will ensure that all contract conditions have been met and will ask the lender to "fund the loan." If your loan documents are satisfactory, the lender will send funds directly to the escrow holder. When the loan funds are received, the escrow holder will verify that all necessary funds have been deposited. Escrow funds will be disbursed to the seller and other appropriate payees. Then, you'll receive the keys to your home!

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.

HOME WARRANTY REPAIRS

If you have a home warranty plan with First American Home Buyers Protection, please call them directly and have your home warranty number available.

RECORDED DEED

The original deed to your home will be mailed directly to you by the County Recorder, generally within four to six weeks.

TITLE INSURANCE POLICY

Title Security Agency will mail your policy to you in about two to three weeks.

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 property taxes, visit your County Auditor/Controller's web site.

Planning your move

SIX WEEKS BEFORE:

- Create an inventory sheet of items to move.**
- Research moving options.** You'll need to decide if yours is a do-it-yourself move or if you'll be using a moving company.
- Request moving quotes.** Solicit moving quotes from as many moving companies and movers as possible. There can be a large difference between rates and services within moving companies.
- Discard unnecessary items.** Moving is a great time for ridding yourself of unnecessary items. Have a yard sale or donate unnecessary items to charity.
- Packing materials.** Gather moving boxes and packing materials for your move.
- Contact insurance companies.** (Life, Health, Fire, Auto) You'll need to contact your insurance agent to cancel/transfer your insurance policy. Do not cancel your insurance policy until you have closed escrow on the sale.
- Seek employer benefits.** If your move is work-related, your employer may provide funding for moving expenses. Your human resources rep should have information on this policy.
- Changing Schools.** If changing schools, contact new school for registration process.

FOUR WEEKS BEFORE:

- Contact utility companies.** Set utility turnoff date, seek refunds and deposits and notify them of your new address.
- Obtain your medical records.** Contact your doctors, physicians, dentists and other medical specialists who may currently be retaining any of your family's medical records. Obtain these records or make plans for them to be delivered to your new medical facilities.
- Note food inventory levels.** Check your cupboards, refrigerator and freezer to use up as much of your perishable food as possible.
- Service small engines** for your move by extracting gas and oil from the machines. This will reduce the chance to catch fire during your move.
- Protect jewelry and valuables.** Transfer jewelry and valuables to safety deposit box so they can not be lost or stolen during your move.
- Borrowed and rented items.** Return items which you may have borrowed or rented. Collect items borrowed to others.

ONE WEEK BEFORE:

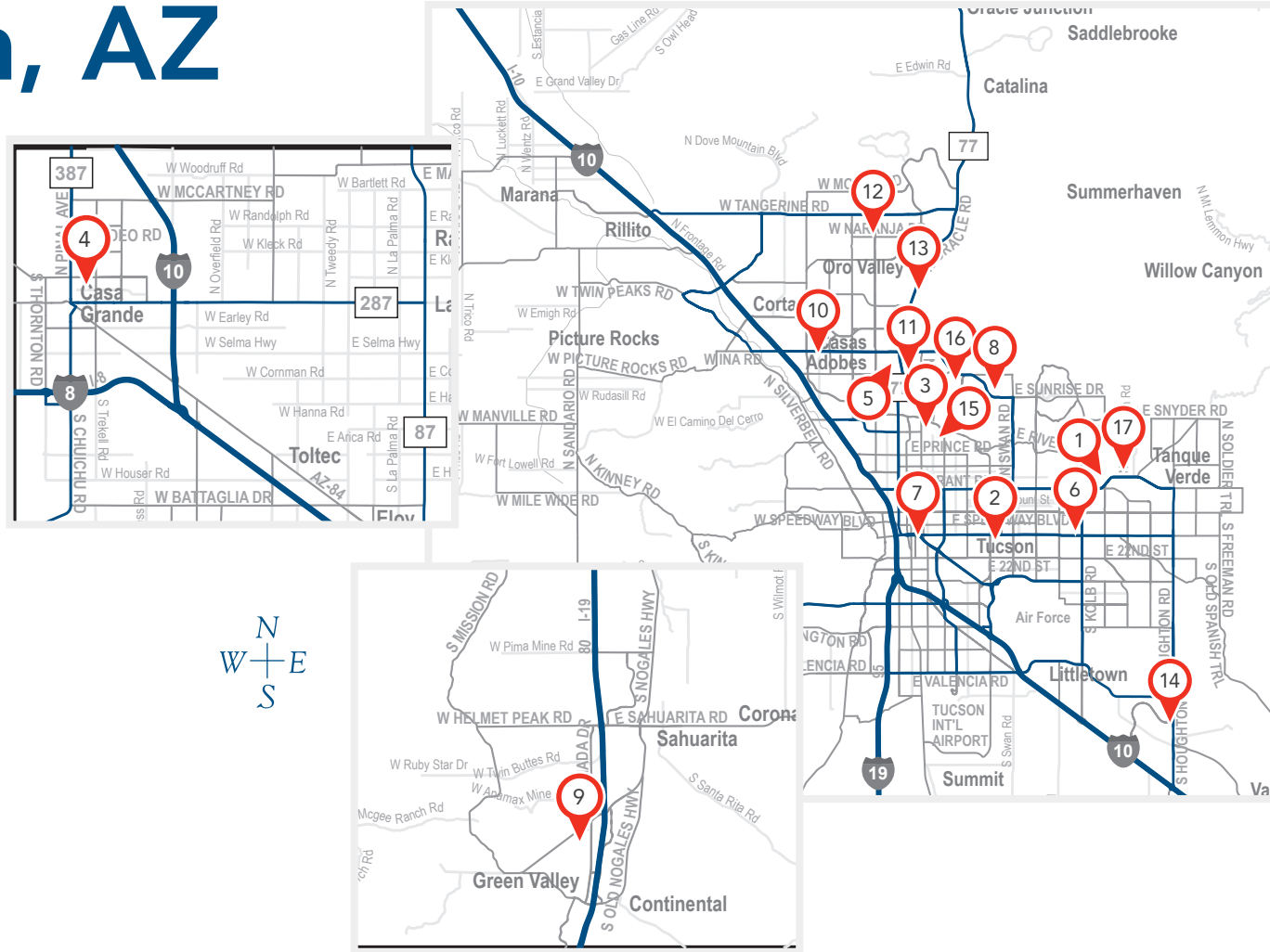
- Plan your itinerary.** Make plans to spend the entire day at the house or at least until the movers are on their way. Someone will need to be around to make decisions. Make plans for kids and pets to be at the sitters for the day.
- Change of address.** Visit USPS for change of address form.
- Bank accounts.** Notify bank of address change. Make sure to have a money order for paying the moving company if you are transferring or closing accounts.
- Service automobiles.** If automobiles will be driven long distances, you'll want to have them serviced for a trouble-free drive.
- Cancel services.** Notify any remaining service providers (newspapers, lawn services, etc) of your move.
- Start packing.** Begin packing for your new location.
- Travel items.** Set aside items you'll need while traveling and those needed until your new home is established. Make sure these are not packed in the moving truck!
- Scan your furniture.** Check furniture for scratches and dents before so you can compare notes with your mover on moving day.
- Prepare Floor Plan.** Prepare floor plan for your new home. This will help avoid confusion for you and your movers.

MOVING DAY:

- Review the house.** Once the house is empty, check the entire house (closets, attic, basement, etc) to ensure no items are left or no home issues exist.
- Sign the bill of lading.** Once you're satisfied with the mover's packing your items into the truck, sign the bill of lading. If possible, accompany your mover while the moving truck is being weighed.
- Double check with your mover.** Make sure your mover has the new address and your contact information should they have any questions during your move.
- Vacate your home.** Make sure utilities are off, doors and windows are locked and notify your real estate agent you've left the property.

Tucson, AZ

Title Security Offices



1 MAIN OFFICE

520.885.1600 | Fax 520.885.2309
6390 E. Tanque Verde Road
Tucson, AZ 85715

2 BROADWAY

520.747.1644 | Fax 520.747.1403
2730 E. Broadway Blvd., Suite 100
Tucson, AZ 85716

3 CAMBRIC

520.577.8707 | Fax 520.529.5034
1880 E. River Road, Suite 120
Tucson, AZ 85718

4 CASA GRANDE

520.426.4600 | Fax 520.426.4699
421 E. Cottonwood Lane
Casa Grande, AZ 85122

5 CASAS ADOBES

520.575.1900 | Fax 520.432.0168
6760 N. Oracle Road, Suite 100B
Tucson, AZ 85704

6 CENTRAL

520.319.9207 | Fax 520.319.1468
3777 E. Broadway Blvd., Suite 102
Tucson, AZ 85716

7 DOWNTOWN

520.740.0424 | Fax 520.740.0436
1 S. Church Avenue, Suite 1610
Tucson, AZ 85701

8 FOOTHILLS

520.299.4606 | Fax 520.577.6993
4051 E Sunrise Dr., Suite 155
Tucson, AZ 85718

9 GREEN VALLEY

520.625.1095 | Fax 520.958.9663
190 W. Continental Rd., Suite 226
Green Valley, AZ 85622

10 INA

520.572.6975 | Fax 866.841.8913
3275 W. Ina Road, Suite 115
Tucson, AZ 85741

11 NORTHWEST/ORACLE

520.219.6451 | Fax 520.219.6450
6640 N. Oracle Road, Suite 120
Tucson, AZ 85704

12 ORO VALLEY/LA CANADA

520.877.9200 | Fax 520.202.6348
11165 N. La Canada Dr., Suite 143
Oro Valley, AZ 85737

13 ORO VALLEY/ORACLE

520.229.9194 | 520.297.2576
Fax 520.229.9210 | 520.742.5866
8500 N. Oracle Rd., Suite 100
Oro Valley, AZ 85704

14 RITA ROAD

520.618.7790 | Fax 520.901.1720
10222 East Rita Road, Suite 190
Tucson, AZ 85747

15 RIVER

520.529.1944 | Fax 520.615.2945
1650 E. River Road, Suite 105
Tucson, AZ 85718

16 SKYLINE

520.529.0506 | Fax 520.529.8998
2890 E. Skyline Drive, Suite 200
Tucson, AZ 85718

17 TANQUE VERDE

520.202.2626 | Fax 520.495.6151
7479 E. Tanque Verde
Tucson, AZ 85715



Title Security Agency
A First American Company



LISA ERICKSON
SENIOR SALES EXECUTIVE

DIRECT 520.909.4022
lisa.erickson@titlesecurity.com

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