

AMHERST MADISON  
LEGACY REAL ESTATE



# Legacy

The Informed Buyers Book

[www.AmherstLegacy.com](http://www.AmherstLegacy.com)

## THE BIRTH OF “AMHERST MADISON”

The “Birth” of Amherst Madison was focused on two ideals: the creation of a distinguished brand that supported our Agents and making a difference in the lives of others. It was apparent to the founders that there was a void in the real estate world. A void that needed to be filled with a brokerage that could solve the issues existing in the current models.

As exciting as this new way of doing business was to the founders, and as much as they saw its potential for success, they understood that business cannot exist for the sake of business alone. It is important to “make a difference” in the world and serve others. The opportunity to make a difference has been both magnified by events surrounding their lives and the deadly disease itself - Cancer. They, like so many of us, have lost several family members to this deadly disease. They share a passion for helping those in need and doing their part to help limit the effects of cancer, specifically in children. In college, one of the Founders had a life-changing experience while volunteering for a children’s cancer organization. He was introduced to two children, a boy and girl, battling leukemia. The founder became absorbed in their lives & was blessed enough to watch them beat the odds (after years of struggle) and stay alive. It is truly a life changing experience to watch an innocent person grapple with something they do not understand and do not deserve.

It was during one of the many conversations about building a company that would “Make A Difference” that the founders casually discussed the story of children. It resonated and it was decided that Amherst Madison would, thereafter, donate a portion of its annual proceeds to various charity groups that support the less fortunate. So, how did they arrive at the name Amherst Madison? That was an easy decision... the boy who survived cancer was named Amherst; while the little girl’s name was Madison. It seemed very fitting that a proud and distinguished company carry the name of these brave children.

## COMPANY TAG LINE

“Distinctive Real Estate”

## “DISTINCTIVE” DEFINED

Distinctive means “*Possessing characteristics that distinguishes from all others*”. The word is more than our tagline. It embodies the values we hold dear – those characteristics that are unique in real estate. Distinctive is not a price point or zip code. It is the standard we hold ourselves to and represents the discipline, experience, and execution to deliver a first-class experience with every client. We remain distinctive by affiliating with real estate professionals who are committed to delivering superior service, high productivity, and an unparalleled level of personal responsibility.

## MISSION STATEMENT

*“Amherst Madison will always be distinctive and exist to support our Agents in building successful businesses and fulfilling lives, while being a force of positive change in the communities we serve.”*

Amherst Madison’s mission statement is backed with our promise—*Maintain Image, Build Brand, Maximize Process, and Focus on Strategy*. We are driven to continuously improve our operations and enhance our agents’ experience.

### IMAGE | BRAND | PROCESS | STRATEGY

Amherst Madison’s mission statement is aligned with our core values—*Maintain Image, Build Brand, Maximize Process, and Focus on Strategy*. We are driven to continuously improve our operations and enhance our Partners’ experience.

Amherst Madison is committed to maintaining the best available tools, systems, and talent while consistently expanding market share and impressions in the creation of a respected and distinguished real estate brand.



# Amherst Madison Overview

## IDENTITY

With the majority of real estate companies, the operating objectives and economic models of the individual agent and the brokerages they work for are “Opposition”. Agents want to take home the largest percentage of commission income while still demanding services that cost their brokerages substantial amounts of expense and overhead.

In an attempt to solve the above conundrum on the “Agent Side”, a proliferation of transaction fee brokerages have emerged in the last ten years. While these shops can be more advantageous for the Agent, it is challenging for the brokerages themselves to remain profitable. (*Recruiting standards must be kept low and high numbers of agents are necessary to remain in business*). The solution on the “Brokerage Side” is to stay traditional and keep the high commission splits and fees that in our current business environment are not good economic models for self-starting, high producing agents.

Amherst Madison’s real-world model addresses the above mentioned “Agent-to-Brokerage” paradox. We have developed a solution that takes the best from both sides of the brokerage model. Amherst Madison Agents (called “Partners” or “Associates”) receive some of the most needed support functions found at traditional brokerages yet receive the compensation advantages of a transaction fee concept. Our operating and economic models deliver where most others fall short. Our Agents are rewarded for their fine efforts.

## WORLD-CLASS IMAGE

From our name itself to the very document you are reading right now countless measures have been taken to build Amherst Madison’s “World Class” image. We believe the key to success is establishing a strong brand from the start and then having the discipline to maintain it over time. This core belief reflects positively on every person in the company.



## ATTENTION TO BRAND

The Amherst Madison name and logo are Registered Trademarks. We pay strong attention our brand through all media channels.



## COMPANY DESCRIPTION

Amherst Madison represents the highest standards of service in the real estate industry. Our success comes from a culture of personal integrity, a strict code of business practices, proven track record in all price ranges, and an unwavering commitment to our clients and community. Our unique business model and systems are based on a core belief that we exist to support our Agents by providing a corporate branding platform, superior productivity tools, and a supportive culture centered on personal accountability.

Amherst Madison's documented *Career Path* and *Profit Sharing Plan* encourages all Agents to become vested in their own success, and is a key element of the company's fast growth. With a passion for the communities in which they live and work, Amherst Madison Agents are proud to "give back" through our company foundation, *The Black Door*, which donates a percentage of the brokerage fee from every closing to support numerous charitable and non-profit organizations.

AMHERST  
MADISON

# *What Makes a Successful Agent?*

The first thing is always **Passion**. Real estate is a hard business and takes attention to detail, discipline, and a commitment to great customer service. Top agents also share the following attributes:

**They return calls and emails at lightning speed**—These are the people that get a lead and do not let it go. They immediately make contact and they follow up. They answer any questions and are happy to stay on the phone with nervous clients. They are the warriors of email, text, and phone and they keep that rhythm right up through the whole transaction. Their clients feel like they are very important to the agent. They also switch their communication style to match the client. If the client prefers text, they text, if the client wants a phone call, they call.

**They are up on the latest technology**—They are iPad users and smartphone addicts. They do everything from anywhere. They don't just have a tablet and a smartphone; they make sure they have great data plans so they are never stuck without an internet connection. They try to go paperless as much as possible. They read a lot of information both about the real estate industry but also about general trends regarding technology.

**They ask for the business**—Many new agents believe that their brokerage is responsible for giving them leads. Moreover, a large percentage of these agents are reluctant to ask for business from their sphere of influence. Unless these agents master how to generate their own leads, they are almost always doomed to failure. In contrast, agents who understand that real estate is a sales profession that requires sales skills, marketing, prospecting, and strong negotiation skills are much more likely to succeed.

**They explain everything they are doing**—Like "Straight A" students doing math homework, successful agents show their work. When they meet with the client for the first time they explain the process, the potential roadblocks, and a few scenarios that could occur. They let the client know that they are negotiating, they keep in regular communication, and they adjust their strategy as needed. Clients need to feel that their agent is engaged in every step of the process.

**They get leads any way they can**—Leads are how agents get clients. A lead is an introduction to someone the agent hasn't met yet. Smart agents are experimenters, they try out different types of lead sources, they explore different types of ad campaigns, and they take notes on what works and what doesn't. They understand that having a social presence is important and that staying top of mind means being active with their clients through social media, through advertising, and also through more traditional methods such as postcard mailings.

**Full-time commitment to the real estate profession**—Occasionally a new agent who works part time eventually has a successful transition into the business. Nevertheless, failure to work a full 40 hours per week greatly diminishes the agent's probability of success. Many agents get into real estate wanting flex time. In other words, no one is going to call you and tell you to come into work. Rather than putting in 40-50 hours of actual work like they may have on another job, they come in at 10, go to lunch at 12, pick up their kids at 3, and do an open house on Saturday for two hours and say they worked six days. Most new agents don't get this and even if they do, they're not willing to put in the hours that it takes to succeed. The second secret to success is you have to **WORK** when you show up!

Dear Customer/Client,

Purchasing a home can be a challenging and stressful time in your life. Or, it can be a wonderful and exciting time as you move on to your next adventure! At Amherst Madison Legacy, we see no reason why your experience should not mirror the latter and not the former. It is our intent to do what we can so that you do have a memorable purchasing experience... in a good way!

We seek to make your real estate transaction as seamless as possible. Our attention to detail starts with the first contact we make, and lasts through your closing. Perhaps most importantly; our service lasts beyond your property closing in terms of follow up, future information on the home/neighborhood, and being a life-long resource to you and those you would refer to us. When it comes to providing you service in the purchase of your home; We strive to embody Knowledge, Passion, and Excellence.

At this point, we don't know all of your particular needs and objectives, nor do we know your detailed financial or familial situation. We do know that purchasing a home can be an extremely emotional time, with many ups and downs along the way! Our job is to provide you with accurate information so you can make a sincere, informed decision based upon facts & not speculation or hype.

At **Amherst Madison Legacy**, we strive to create lasting partnerships with our Clients & Customers. Partnerships that are defined by Trust, Success, and Understanding.

We look forward to the opportunity to earn your business!

Nick Schlekeway  
Broker

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## Client Questions

1. What is/are current Market Conditions?

2. What is "Market Value"?

3. What is a Short Sale?

4. What is a bank-owned or REO sale?

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# Legacy



**Buyer's Agency**

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## The Buyer-Realtor Relationship

First, we just want to say how happy we are that you have chosen to buy a home. Home ownership is one of the most valuable investments you can make into you and your families future. The benefits of it cannot be overstated both in terms of financial well-being, and social well-being. Secondly, we want you to know how pleased we are at having the opportunity to work with you. It is our sincere promise to you; that we will do everything in our power to see to it that you end up with the home you Need, the home you Want, and the home you Love.

We also want to take this opportunity, from the start, to give you some insight into our Job as a Professional in Real Estate Sales. In the most basic of terms and understanding; our job is to assist you in the purchase of a piece (or pieces) of real estate. This takes the form of helping you search for homes; showing you these homes via the internet and in person; inquiring as to the status of the real estate; assisting you with making an offer; negotiating the purchase to acceptance; assisting you with any inspections of the property; helping you with any pre-closing issues; and basically everything in between our first meeting, and when you get the keys (and beyond!!).

Now that you know a little bit about our role, let me tell you our number one Value to You. Our number one value to you, as a buyer, is our Knowledge. This Knowledge covers a broad array of topics including (but not limited to): building construction, real estate law, negotiation, and most of all our Market knowledge. We work in and around our market every single day. We do not know everything... there is so much that we don't know and that we learn about this business every day. However, it is our sincere desire to put our knowledge to work for you. In order for us to do this, our advice should be considered and weighed accordingly; especially if asked for! If you have no intention of doing this, you render our most valuable tool useless and we become a taxi driver with a fancy pen. Also, please trust that if we do not know the answer to something, we do know someone who does! It is our desire to combine our knowledge and resources, with active listening to your needs, in order to find your New Home.

“There is no such thing as the Perfect house”. There never has been and there never will be! People with millions to spend on custom build jobs have regrets and things about their homes they do not like as they live in them. There are many reasons for this. The fact is that none of us can anticipate everything we like and need; and certainly none of us can anticipate what we will like and need in the future. Your needs and your desires will change over time. The fact is that a HOME is so much more than a HOUSE because of the memories and experiences we carry with us through them. This thought should in no way discourage you or make you hesitate to buy a house, just the opposite. This thought should embolden you and make you comfortable with the fact that although a house may not be “perfect”; it has everything you want, everything you need, and everything to make you happy. It is our intention to help you go out there and GET that home. I hope you are excited, because we are very excited for you!



## Steps to Home Ownership

- Find an Agent!
- Discuss your wants & needs with your Amherst Madison Agent.
- How much can I afford to buy? This is often driven by your desired monthly payment!
- Find a Loan Officer/Lender. Your agent would be happy to refer you to a lender.
- Get Pre-Approved
- Start Shopping!
- Offer to Purchase
- Negotiations
- Offer Acceptance by both buyer and seller
- Home Inspection, for your protection!
- Appraisal, for the banks protection!
- Title Commitment to ensure there are no Outstanding Liens on the Property
- Final Walk Through just prior to signing papers.
- Closing. Sign your documents at the title company.
- Funding & Recording: The Title Company moves funds and puts your name on Title! You get the Keys!
- **Move in to your new home!**

## Customer Duties-No Representation

- Perform Ministerial Acts to assist Parties to a sale
- Perform Customer Duties with Honesty, Good faith and Reasonable skill.
- Properly Account for money or property placed in the care/control of brokerage
- Disclose adverse material facts

## Client Duties - Representation

- Perform all the terms of the Rep. Agreement
- Exercise Reasonable Care
- Be available to timely present all written offers and counter offers
- Have the best interests of the client in good faith, honesty and fair dealing
- Disclose all adverse material facts known or reasonably should have known
- For a seller client, seek a buyer for the seller's property at a price and for terms acceptable to the seller and assist in negotiations
- For a buyer client, seek a property for a price and terms acceptable to the buyer and assist in negotiations
- Advise a client, when appropriate, to obtain professional inspections and seek tax, legal or other professional advice or counsel
- To benefit a seller client, when requested by the seller, obtain reasonable proof of the buyer's financial ability to buy the property
- Properly account for all money and property placed in the care and responsibility of the brokerage
- Maintain documentation of specific client information
- Keep all client information confidential forever... even if agent switches firms.
- If the interests of a former client conflicts with the interests of a current client, the brokerage shall inform the current client of the conflict and that no confidential information can be disclosed without permission given from the former client.

## **WHAT IS MY PRICE LIMIT?**

When we talk about what your price limit is, we are not talking about the ultimate dollar amount you may be approved for via a mortgage lender. We are talking about the price at which you would be willing to pay for the home that you want, need, and love. In other words, if we walk into that house that meets all of your criteria, and the house is priced within the range you are willing to spend, are you willing to write the seller of that house a strong offer and BUY that house? If the answer to that question is “no”; then we have made a wrong turn somewhere in the process. Either the house is not up to your expectations, or the price limit we have been looking at is set to high.

The reality is that you will find homes that have everything you want and need, are priced at the market value, and are priced within the range that we set out to find. These are fantastic finds that likely will not be around the market for long. These are opportunities that we cannot pass on!

We will also run across homes that may have everything you want and need, but are not priced at their market value. They may be priced either low or high and for a variety of reasons. The homes priced below their value will sell even faster than the appropriately-priced homes. The properties priced above their market value, will likely not sell at all. The reality is that there are so many properties at any one time that are priced correctly; it makes it virtually impossible to “sneak one over” on buyers and get them to pay too much for a house. However, the opposite of this scenario is also true. The sellers know very well what the market value for their home is, and it is very difficult to convince them to accept less than this price for their home. By giving them a low-ball offer, you are saying the following: “Yes, I know that other buyers (the market) are willing to pay X for your home, but I am only going to give you Y”. Sellers are not very likely to accept this proposition.

It is our job and our intention to put the information in your hands that you need to decide if a house is priced fairly. All you need to worry about is how much you LOVE it!

## **WHAT IS “MARKET VALUE”?**

Simply Put, Market Value is the Price that a given basket of buyers has Proven that they will pay for a piece of real estate. Market Value is not set by individuals, but by groups and the overarching “Market” as a whole. Individual Sellers do not set value nor do Individual Buyers.

Almost all real estate has a value that can be proven and quantified. It is one of our primary jobs, as your Agent, to show you that Value so that you can make informed decisions.

# FORECLOSURE

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## What is a Foreclosure?

Foreclosure is the legal process by which a mortgagee, or other lien holder, usually a lender, obtains a termination of a mortgagor's equitable right of redemption, either by court order or by operation of law (after following a specific statutory procedure). Usually a lender obtains a security interest from a borrower who mortgages or pledges an asset like a house to secure the loan. If the borrower defaults and the lender tries to repossess the property, courts of equity can grant the borrower the equitable right of redemption if the borrower repays the debt. While this equitable right exists, it is a cloud on title and the lender cannot be sure that he can successfully repossess the property. Therefore, through the process of foreclosure, the lender seeks to foreclose the equitable right of redemption and take both legal and equitable title to the property in fee simple. Other lien holders can also foreclose the owner's right of redemption for other debts, such as for overdue taxes, unpaid contractors' bills or overdue homeowners' association dues or assessments.

The foreclosure process as applied to residential mortgage loans is a bank or other secured creditor selling or repossessing a parcel of real property (immovable property) after the owner has failed to comply with an agreement between the lender and borrower called a "mortgage" or "deed of trust". Commonly, the violation of the mortgage is a default in payment of a promissory note, secured by a lien on the property. When the process is complete, the lender can sell the property and keep the proceeds to pay off its mortgage and any legal costs, and it is typically said that "the lender has foreclosed its mortgage or lien". If the promissory note was made with a recourse clause then if the sale does not bring enough to pay the existing balance of principal and fees the mortgagee can file a claim for a deficiency judgment.

## Foreclosure auction

When the entity (in the US, typically a county sheriff or designee) auctions a foreclosed property the note-holder may set the starting price as the remaining balance on the mortgage loan. However, there are a number of issues that affect how pricing for properties is considered, including bankruptcy rulings. In a weak market the foreclosing party may set the starting price at a lower amount if it believes the real estate securing the loan is worth less than the remaining principal of the loan.

In the case where the remaining mortgage balance is higher than the actual home value the foreclosing party is unlikely to attract auction bids at this price level. A house that went through a foreclosure auction and failed to attract any acceptable bids may remain the property of the owner of the mortgage. That inventory is called *REO (real estate owned)*. In these situations the owner/servicer tries to sell it through standard real estate channels.



## Further borrower's obligations

The mortgagor may be required to pay for Private Mortgage Insurance, or PMI, for as long as the principal of his primary mortgage is above 80% of the value of his property. In most situations, insurance requirements are sufficient to guarantee that the lender gets some pre-defined percentage of the loan value back, either from foreclosure auction proceeds or from PMI or a combination thereof.

Nevertheless, in an illiquid real estate market or following a significant drop in real estate prices, it may happen that the property being foreclosed is sold for less than the remaining balance on the primary mortgage loan, and there may be no insurance to cover the loss. In this case, the court overseeing the foreclosure process may enter a deficiency judgment against the mortgagor. Deficiency judgments can be used to place a lien on the borrower's other property that obligates the mortgagor to repay the difference. It gives lender a legal right to collect the remainder of debt out of mortgagor's other assets (if any).

If the lender chooses not to pursue deficiency judgment—or can't because the mortgage is non-recourse—and writes off the loss, the borrower may have to pay income taxes on the un-repaid amount if it can be considered "forgiven debt." However, recent changes in tax laws may change the way these amounts are reported.

Any liens resulting from other loans taken out against the property being foreclosed (second mortgages, HEL-OCs) are "wiped out" by foreclosure, but the borrower is still obligated to pay those loans off if they are not paid out of the foreclosure auction's proceeds.

## Purchasing a Foreclosure

There are a few important points to keep in mind when purchasing a property that has been taken back by a Lender.:

1. The Entire Process, from offer to closing, is very similar to a "Normal" sale in that it takes about 30-45 days from offer to closing; depending on your lender and negotiated terms.
2. The initial offer & acceptance process takes several business days longer than a Private Seller. Banks operate on their own response time.
3. Negotiating with a Bank is not like Negotiating with a private seller. They are motivated by Financial Factors alone. Not Job Changes, Children, Lifestyle, ETC. This factor can make them very difficult to negotiate with.
4. The purchase is almost always "As-Is". That is, the bank will not make any repairs to the property.  
A Home Inspection is for your information alone.
5. Banks mandate that we use their addenda/documents when making the purchase. These are lengthy.

# SHORT SALE

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## What is a short sale?

A short sale is a sale of real estate in which the proceeds from selling the property will fall short of the balance of debts secured by liens against the property and the property owner cannot afford to repay the liens' full amounts, whereby the lien holders agree to release their lien on the real estate and accept less than the amount owed on the debt. Any unpaid balance owed to the creditors is known as a deficiency. Short sale agreements do not necessarily release borrowers from their obligations to repay any deficiencies of the loans, unless specifically agreed to between the parties.

A short sale is often used as an alternative to foreclosure because it mitigates additional fees and costs to both the creditor and borrower; however both will often result in a negative credit report against the property owner.

## Process

Often creditors require the borrower to prove they have an economic or financial hardship preventing them from being able to pay the deficiency.

Creditors holding liens against real estate can include Primary Mortgages, Junior lien holders—such as second mortgages, Home Equity Lines of Credit HELOC lenders, Home Owners Association HOA (special assessment liens)—all of whom will need to approve individual applications for a short sale, should they be asked to take less than what is owed.

Most large creditors have special loss mitigation departments that evaluate borrowers' applications for short sale approval. Often creditors use pre-determined criteria for approving the borrowers and the terms of the sale of the properties. Part of this process typically includes the creditor(s) determining the current market value of the real estate by obtaining an independent evaluation of the property from an appraisal, a Broker Price Opinion (abbreviated BPO), or a Broker Opinion of Value (abbreviated BOV). One of the most important aspects for the borrower in this process is putting together a proper real estate short sale package. The package should be well organized along with a hardship letter telling the creditor why a short sale is needed.

Depending on each creditor's policy and the type of loan, creditors may accept applications from borrowers even if the borrower is not in default with their payments. Due to the overwhelming number of defaulting borrowers due to mortgage failures and other causes as part of the financial crisis of 2007–2011, many creditors have become adept at processing such short sales applications; however, it can still take several months for the process from start to finish, often requiring multiple levels of approval.

## Additional Parties with an Interest in the Real Estate

Some junior lien holders and other with an interest in the property may object to the amounts other lien holders are receiving. It is possible for any one lien holder to prevent a short sale by refusing to agree to negotiate a reduction in their payoff to release their lien. If a Creditor has mortgage insurance on their loan, the insurer will likely also become a third party to these negotiations as the insurance policy may be asked to pay out a claim to offset the Creditor's loss. The wide array of parties, parameters and processes involved in a short sale can make it a complex and highly specialized form of debt renegotiation. Short sales can have a high risk of failure from inability to obtain agreement from all parties or they might not be approved in time to prevent a scheduled foreclosure date.

## Credit Implications

A short sale negotiation resulting in a reduction of the amount a borrower owes towards a debt acts as a type of settlement or renegotiation of a borrower's debt. Should the creditor report the debt reduction to credit reporting agencies it can adversely affect a person's credit report.

As of 2014, National and State laws and industry standards for both real estate sales and lending are in an ongoing and rapid state of change. Borrowers interested in pursuing a short sale should consult first with a HUD approved mortgage counselor for up-to-date and specific advice as it applies to their situation. Also, borrowers need to obtain up to date information from multiple professionals, including an accountant, an attorney, and a real estate broker - all of who specialize in loss mitigation and are licensed to practice in the state where the real estate is located.

## Purchasing a Short Sale

There are a few important points to keep in mind when purchasing a short sale Property.

1. Short Sales are not short. They take a MINIMUM of 3 months to complete there is no maximum. They can take YEARS to complete, in extreme circumstances.
2. A bank is under no obligation to accept an offer to purchase that is Short of the Borrower's Lien Amount. It is feasible to wait the 3 Months and have the sale fall at any point.
3. Do not enter a contract to purchase a short sale if you have any type of timeline on your purchase.
4. A bank will always order a BPO or Appraisal of the property before accepting (or countering) your purchase offer. You cannot "sneak" a low ball offer past the lender.
5. A short sale is always sold As-Is with the seller and bank making no repairs to the home.
6. The Success Or Failure of the Short Sale is Highly Dependent upon the Skill of the Listing Agent and the willingness of the Seller to Co-Operate.







# Legacy



Lending

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## TIPS FOR A SUCCESSFUL CLOSING

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### **What do I need to bring to closing?**

- Prior to closing verify with your Realtor and Loan officer that all conditions have been met.
- All parties signing the documents must bring proper identification. Bring a valid driver's license, state identification card or current passport with you to the title company. This item is needed to verify your identity by a notary public. This is a routine, but necessary step for your protection.
- If funds are required to close, be prepared to bring the monies in the form of a cashier's check or wire transfer.

### **More details regarding your closing**

- The signing process typically takes one hour for Buyers and about 30 minutes for Sellers. These may vary, so be sure to allow for travel time and additional questions that may arise if you are a first-time home buyer.
- The transaction funds and records 1-2 days after you have signed all documents. If you are on a strict timeline make sure to work with all parties involved to consider Holidays and potential bank closures.
- On closing day, the property will be transferred from the seller to the buyer. In most parts of the country, you will sign a number of documents that will be explained by your settlement agent.

*Congratulations on achieving the American Dream!*

*Enjoy your new Home.*



**AMHERST MADISON**  
LEGACY REAL ESTATE



# THE JOURNEY...

## Understand the Home Buying Journey

The path to homeownership can be complex and confusing, but it doesn't have to be. This guide will help demystify the process.

### Step 1: Talk with a Loan Officer to get Pre-Qualified.

Fill out Application online, over the phone or in person. We will review Credit and Application and Pre-Qualify you based on the information provided & Credit Report.

### Step 2: Get Pre-Approved.

We will send you a list of documentation required from you, once we receive these items and review you will be Pre-Approved and we can provide a Pre-Approval Letter. A mortgage Pre-Approval states that your information has been reviewed and you can qualify for a certain loan amount. It can give you an advantage over competing buyers.



### Step 3: Contact your Real Estate Professional and start shopping.

A real estate agent can help you define and prioritize your home requirements, learn about neighborhoods, search for homes and make offers. We will provide your Agent with your qualifications and type of loan you are using.

### Step 4: Once you find a home, have it inspected.

During the inspection, a trained professional will examine the home's structure, exterior and interior to uncover any areas of concern. Your real estate agent may be able to help you locate a home inspector. Or use the [American Society of Home Inspectors' online search engine](#).

### Step 5: While your Inspection is being done.

We will send a list of any updated items we will need, send Closing Costs Worksheet, go over Rate options, lock your loan and send out your Initial Disclosures outlining your loan and submit your fill into Processing.

Once the Processor reviews your file they might ask for additional documents that they feel the Underwriter will require, if so we will be in touch and let you know what these items are. The Processor during this time will also be ordering Transcripts from IRS to verify your Tax Returns, Social Security Number verification, Title on Property, etc.

### Step 6: Once your Inspection is complete.

We will order your Appraisal, an appraisal essentially reassures your lender of the home's value. Once we receive the Appraisal back we will be ready to submit your full file to Underwriting. Once the Underwriter reviews they could ask for any additional documentation which at that time will inform you of. Once the Underwriter signs off on all requirements we will be ready to send your Final Paperwork to the Escrow Company for you to sign.

### Step 7: You and the seller sign closing documents.

Your Agent or Loan Officer will schedule the closing, you will sign final paperwork and pay closing costs at this time which should be in line with your Closing Costs Worksheet your Loan Officer provided.

### Step 8: The loan funds, the title is recorded...and you can get ready to move in!

Information provided by Sam Newell, Branch Manager/Sr. Loan Officer NMLS9027 Branch 9040, Evergreen Home Loans

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# SECRETS TO A SMOOTH LOAN APPROVAL

## DO:

- ◆ Email or call lender to discuss any checks you are thinking of depositing
- ◆ Continue making your mortgage or rent payments
- ◆ Stay current on all existing accounts
- ◆ Keep working at your current employer
- ◆ Call your lender if you have any questions

## DON'T:

- ◆ Deposit any cash or other check besides payroll
- ◆ Max out or overcharge your credit card accounts
- ◆ Make any major purchase (car, boat, jewelry, furniture, etc.)
- ◆ Open or close any new credit
- ◆ Pay off charges/collections without discussing with us first
- ◆ Close any credit card accounts or change bank accounts
- ◆ Start major home improvement projects

Information provided by Sam Newell, Branch Manager/Sr. Loan Officer NMLS9027 Branch 9040, Evergreen Home Loans

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# TITLE INSURANCE EXPLAINED

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## **Why do I need title insurance?**

Owning real estate is one of the most precious values of freedom in this country. Get the assurance that the property you are buying will be yours. Other than your mortgage holder, no one else should have any claims or restrictions against your home. Title insurance eliminates any risks and losses caused by faults in title from an event that occurred before you owned the property.

## **How does title insurance differ from other types of insurance?**

Title insurance is different from other types of insurance in that it protects you, the insured, from a loss that may occur from matters or faults from the past. Other types of insurance such as auto, life or health cover you against losses that may occur in the future. Title insurance does not protect against any future faults.

Another difference is that you pay a one-time premium. A title insurance policy will protect you from risks or undiscovered interests.

*There are two principal forms of title insurance:*

1. The lender's policy
2. The homeowner's policy

## **What is a lender's policy?**

A Lender's policy protects the mortgage holder. If there is a fault in title that results in a loss, the mortgage holder will be paid back.

## **What is a homeowner's policy?**

A homeowner's policy protects you, the purchaser, against a loss that may occur from fault in your ownership or interest you have in the property. You should protect the equity in your new home with a title policy.

## **What does a homeowner's policy provide?**

- Protecting from financial loss due to demands that may be charged against the title to your home, up to the cost of the title policy.
- Payment of legal costs if the title insurer has to defend your title against a covered claim.
- Payment of successful claims against the title to your home covered by the policy, up to the cost of the policy.



## What "hidden risks" are protected under a title policy?

- False impersonation of the true owner of the property by the seller or other persons previously in title.
- Forged deeds, releases and other documents.
- Deeds by persons of unsound mind.
- Deeds by minors
- And many more

## How long does my coverage last?

Once purchased, title insurance remains in effect for as long as you own your property. Title insurance adds security and peace of mind to homeownership.



## WHAT DOES A TITLE OFFICER DO?

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The Title Officer investigates real property and produces the preliminary title report also known as the commitment. The Title Officer will do the following on your purchase and sale transaction:

1. Review County recorded documentation on the property in question to determine who owns the property, what the legal description is and if there are any irregularities that may affect the use of the property.
2. Determine if any outstanding liens affect the property including outstanding taxes, liens, easements and restrictions.
3. Make requirement for further documentation if needed in Schedule B – Section I of the title report.
4. Reflect “exceptions” to coverage in Schedule B – Section II of the title report.
5. Work with the Escrow Officer for fulfillment of the requirements.
6. Once the original documents have been recorded, we prepare the final title policies. The Owner’s policy is mailed to the buyers with the original Warranty Deed and the Lender’s policy is mailed to the lender with the original Deed of Trust.



## WHAT IS ESCROW?

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An escrow is a deposit of funds, a deed or other instrument by one party for the delivery to another party upon completion of a specific condition or event. It is an independent neutral account by which the interests of all parties to the transaction are protected.

When opening an escrow, the buyer and seller of a piece of property establish terms and conditions for the transfer of ownership of that property. These terms and conditions are given to a third, impartial party known as the escrow holder. The escrow holder has the responsibility of seeing that the terms are carried out.

The escrow is a "storehouse" for all monies, instructions and documents necessary for the sale of your home. This includes the buyer providing funds for a down payment, and the seller depositing the deed and any other necessary papers.

### **Why Do I Need an Escrow?**

An escrow will provide you with a guarantee that no funds or property will change hands until ALL of the terms and conditions have been followed. The escrow holder has the responsibility to watch over the funds and/or documents and then pay out the funds and/or transfer the title only when all requirements of the escrow have been completed.

### **How does the Escrow Process Work?**

The buyer, seller, lender and/or borrower cause escrow instructions to be created, signed and delivered to the escrow officer. The escrow officer will then process the escrow, in accordance with the escrow instructions. When all conditions required in the escrow are met, the escrow is "closed".

Prior to close of escrow, the buyer deposits the funds required with the escrow holder. The buyer instructs the escrow holder to release the money to the seller when:

- The deed records
- A policy of title insurance will be prepared and delivered to the buyer

The escrow holder acts for both parties and protects the interests of each within the power of the escrow instructions. Escrow cannot be completed until the instructions have been fully satisfied and all parties have signed escrow documents. The escrow holder takes instructions based on the terms of the purchase agreement and the lender's requirements.

## **The duties of the escrow holder include:**

- Managing the funds and/or documents in accordance with instructions
- Paying all bills as authorized
- Responding to requests from the principals
- Closing the escrow only when all terms and conditions have been met
- Distributing the funds accordingly

## **What's the Next Step After I've signed the Closing Escrow Papers?**

After both parties have signed all the necessary instructions and documents, the escrow officer will return the buyer's loan documents to the lender for final review. After the review is completed, the lender is ready to fund the buyer's loan and informs the escrow officer.

## **What is an "Escrow Closing"?**

An escrow closing is the climax of the transaction. It signifies legal transfer of title from the seller to the buyer. Generally, the Grant Deed is recorded within one working day of the escrow holder's receipt of loan funds. This completes the transaction and signifies the "close of escrow." Once all the conditions of the escrow have been satisfied, the escrow officer informs you or your agent of the date escrow will close and takes care of the technical and financial details. The final closing papers are disbursed upon close of escrow, when the escrow officer verifies with the County Records Office that the documents have recorded and legal transfer has occurred.



## WHAT DOES AN ESCROW OFFICER DO?

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1. The Escrow Officer is the neutral third party that acts as a liaison between the buyer and the seller and the lender (if one is being used). The Escrow Officer, or closer as they are commonly called, will do the following on your purchase and sale transaction:
2. Once the Purchase and Sale agreement has been received, the Escrow Officer will open escrow and order the preliminary title report from the Title Officer.
3. Review the Purchase and Sale agreement, along with the title report to see if any issues need to be cleared up.
4. Order the payoffs and any assessments (e.g. sewer, water, trash, homeowner's association dues, etc.) that are recorded against the property to bring them all current or paid-in-full as of the day of closing.
5. Communicates with the Listing Agent, Selling Agent and Lender throughout the entire transaction.
6. Will draw up closing documents, once the loan package has been received from the lender.
7. Set up closing appointments with both Agents for the buyer and seller. The buyer and seller sign at separate times and sometimes different days.
8. Explain all required paperwork to the Buyer and Seller on the documents to be signed.
9. Return Loan package and any additional documents that the Lender requires in order to fund the loan and issue an approval to record.
10. Record the Warranty Deed and Deed of Trust with the County, once the approval from the lender and all funds have been deposited into the Escrow Trust Account.
11. Fund the file for all assessments, payoffs, seller proceeds and any refund to the buyer.
12. Call the Listing and Selling Agent and let them know the file funded so they can let their buyer or seller know that the transaction is complete.
13. Original recorded documents go back to the Title Officer so they can prepare the Final title report that will be sent to the Lender. The original recorded Deed of Trust and the owner's title report to be sent to the buyer with the original recorded Warranty Deed.