CHICAGO TITLE

Strength | Expertise | Service

FOREIGN BUYER INFORMATION PACKAGE

Customary for the State of Washington

Information provided in this package are for informational purposes only and are not or may not be construed as legal advise. Please consult with an attorney to embark upon any specific course of action. Chicago Title makes no express or implied warranty respecting the information presented and assumes no responsibility for errors or omissions.

CONTENTS:

OTHER RESOURCES:

www.ClickandMove.com - Directory of over 1,000,000 moving and relocation related services

www.Lowes.com/Moving - Special Savings for new home buyers, to-do-checklists and moving tips

www.greatschools.org - The premier online guide to K-12 schools

www.homefacts.com/schools

www.ipx1031.com - Investment Property Exchange Services and Information

CHICAGO TITLE
COMPANY OF WASHINGTON

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WIRING INSTRUCTIONS

Our wiring instructions for the transaction referenced herein are as follows:

To:

Bank:

Routing No.:

Account Name:

Account No.:

Please reference Escrow#:

For Reference Purposes:

Property Address:

Funds to close <u>must</u> be in the form of a Cashier's Check or Wire Transfer.

Please take this form with you to your bank.

Official Checks are not the same as Cashier's Checks.
Cashier's Checks will have funds available within 24 hours; Official Checks will have funds available in 3-5 business days.

PLEASE NOTE: OUR OFFICE DOES NOT ACCEPT ACH TRANSFERS. THESE INSTRUCTIONS ARE FOR THE PURPOSE OF SENDING WIRE TRANSFERS ONLY.

Why Do You Need Title Insurance?

A lender goes to great lengths to minimize the risk of lending you the money you need to buy a home. First, your credit is checked as an indication of your ability to pay back your loan.

Then your lender goes a step further. He or she makes sure that the quality of the title to the property you are about to buy and which you will pledge as security for the loan is satisfactory. The lender does this by obtaining a lender's policy of title insurance.

The Lender's Policy Doesn't Protect You.

The lender's policy protects the lender against loss due to unknown title defects. It also protects the lender's interest from certain matters which may exist but not be knowable at the time of sale.

But this policy only protects the lender's interest. It does not protect you. That's why you need an owner's policy, which can be issued at the same time as the lender's policy for a nominal one-time fee.

What Danger Of Loss Can You Face?

If a lender has title insurance protection and you don't, what possible danger of loss can you face?

As an example, let's say you've bought a home for $100,000. You've made a $20,000 down payment, and your lender holds a $80,000 mortgage lien or beneficial interest. Your lender has title insurance coverage protecting the lender's interest up to $80,000. But your $20,000 is not covered.

What if some matter arises affecting past ownership of the property? The title insurance company would only defend and protect the interest of the lender. You would have to assume the financial burden if your own legal defense. If your defense is not successful, the result could be a total loss of title.

The title insurance company pays the lender's loss and is entitled to take assignment of your debt. You are out of your down payment, other equity in the property which you have accumulated, and your home. And you still owe the remaining balance on your note.

How Can There Be A Title Defect If The Title Has Been Searched And A Loan Policy Issued?

Title insurance is issued after a careful examination of copies of the public records. But even the most thorough search cannot absolutely assure that no title hazards are present, despite the knowledge and experience of professional title examiners. In addition to matters shown by public records, other title problems may exist that cannot be disclosed in a search.

WHAT TITLE INSURANCE PROTECTS AGAINST

Here are just a few of the most common hidden risks that can cause a loss of title or create an encumbrance on title:

- False impersonation of the true owner of the property
- Forged deeds, releases or wills
- Undisclosed or missing heirs
- Instruments executed under invalid or expired power of attorney
- Mistakes in recording legal documents
- Misinterpretations of wills
- Deeds of persons of unsound mind
- Deeds by minors
- Deeds by persons supposedly single, but in fact married
- Liens for unpaid estate, inheritance, income or gift taxes
- Fraud

What Protection Does Title Insurance Provide Against Defects And Hidden Risks?

Title insurance will pay for defending against lawsuits attacking your title as insured, and will either clear up title problems or pay the insured's losses. For a one-time premium, an owner's title insurance policy remains in effect as long as you, or your heirs, retain an interest in the property, or have any obligation under a warranty in any conveyance of it. Owner's residential title insurance, issued simultaneously with a lender's policy, is the best title insurance value you can get.

By combining the expertise in risk elimination at the time of issuing a policy, and protection against hidden risks as long as the policy remains in effect, your title insurer protects against title loss.

What This Means To You.

The peace of mind in knowing that the investment you've made in your home is a safe one.

If you have any questions concerning title insurance coverage, please call a Chicago Title office. We are here to assist you.

CHICAGO TITLE

Strength | Expertise | Service

165 Years & Beyond

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Chicago Title's ALTA Homeowner's policy

Chicago Title is pleased to offer the most comprehensive coverage policy that benefits all three parties in a real estate transaction: Buyer, Seller, and the Real Estate Agent. Our ALTA Homeowner's Policy offer the most comprehensive title insurance coverage available.

HOMEOWNER'S POLICY

Coverage is for Single Family1-4 Units

- Someone claims an interest in the title of your property
- Improperly signed documents
- Forgery, Fraud in Mortgages, and Duress in execution of wills, deeds and instruments conveying or establishing title
- Defective public recorded documents
- Restrictive Covenant Violations
- Liens on the title of your property because there are:
  - (a) Open deed(s) of trust
  - (b) Judgement, Tax or Special Tax Assessment
  - (c) Charge by HOA
- Unmarketable Title
- Lack of Right of Access to and from the Land
- Protection againist any or all Mechanic's Liens
- Forced removal of structure because it:
  - (a) extends onto other land or other easement(s)
  - (b) violates a restriction in Schedule B
  - (c) violates an existing zoning law
- Cannot use land for SFD due to zoning or restrictions
- Unrecorded Lien by the HOA
- Unrecorded Easement(s)
- Interests arising by deeds of fictitious parties
- Pays rent for Substitute Land or Facilities
- Pre-existing violations of CC&Rs which someone is trying to force you to correct or remove.
- * Building Permit Violations - Forced Removal
- * Subdivision Map Act Violations
- * Zoning Violations - Forced Encroachment
- * Boundary Wall or Fence Encroachment
- Post-Policy Defect in Title
- Post-Policy Contract or Lease Rights
- Post-Policy Forgery
- Post-Policy Easement
- Post-Policy Limitation on use of land
- Post-Policy Damage from minerals or water extraction
- Post-Policy Living Trust Coverage
- Post-Policy Encroachment by Neighbor other than wall or fence
- Enhanced Access - Vehicular and Pedestrian
- Damage to Structure from use of easement
- Post-Policy Automatic increase in value up to 150%
- Post-Policy Correction of existing violation of covenant
- Post-Policy Prescriptive easement
- Street Address shown in policy not being located on the land described
- Map not consistant with Legal Description
- Violations of Building Setbacks
- Discriminatory Covenants
- Insurance Coverage lasts as long as you, the policyholder – or your heirs – has an interest in the insured property. This may even be after you have sold the property.

* Subject to deductible and policy and maximum liability, which is less than the policy amount.

Why Chicago Title

Chicago Title is a member of the Fidelity National Financial family of companies and the nation's largest group of title companies and title insurance underwriters - Chicago Title Insurance Company, Commonwealth Land Title Insurance Company, Fidelity National Title Insurance Company and Alamo Title Insurance - that collectively issue more title insurance policies than any other title company in the United States. With assets of more than $5.76 billion and $1.64 billion in claims reserves, our financial strength gives you the security and protection you deserve.

For Absolute Assurance of your Title & Escrow Needs, Always insist on Chicago Title. Give us a call today!

Understanding the Escrow Process

for the State of Washington

What is Escrow?

Buying or selling a home (or other piece of real property) usually involves the transfer of large sums of money. It is imperative that the transfer of these funds and related documents from one party to another be handled in a neutral, secure and knowledgeable manner. For the protection of buyer, seller and lender, the escrow process was developed.

As a buyer or seller, you want to be certain all conditions of sale have been met before property and money change hands. The technical definition of an escrow is a transaction where one party engaged in the sale, transfer or lease of real or personal property with another person delivers a written instrument, money or other items of value to a neutral third person, called an escrow agent or escrow holder. This third person holds the money or items for disbursement upon the happening of a specified event or the performance of a specified condition.

Neutral Third Party

Using the escrow holder as a common depository, the buyer and seller can proceed simultaneously in providing funds, deeds, inspection reports, insurance information and other documents. Both parties give written instructions, the requirements of which must be met before the transaction is complete, to an experienced escrow officer. Lenders also specify their conditions for completing the loan process. Provided that the instructions are clear and mutually consistent, the escrow officer, as a limited agent for all parties, saves time in the closing process.

Protection

The authority given to an escrow holder is strictly limited by instructions provided by the buyer and seller. The escrow officer is authorized by instructions to allocate funds for the items during the escrow period, such as real estate commissions, title insurance, liens, recording fees and other closing costs. Instructions also specify the method of collecting funds, proration of insurance and taxes and time limitations on settling transactions. The escrow process protects all parties involved by retaining money and documents until the mutual instructions are met.

Confidentiality is another important aspect of escrow. To effectively handle a transaction, your escrow officer must be instructed as to the required terms necessary to close. The officer will discuss escrow matters only with the parties directly involved, specifically the buyer, seller, lender and real estate agent. No one else has access to the information, except through proper legal procedures. The escrow officer retains impartiality and confidentiality concerning the real estate process.

Closing Escrow

Upon closing, the escrow holder causes the required documents to be recorded and disburses funds according to the instructions given to the escrow officer. Escrow fees are included in these costs and are based on the sale price of the property, the loan amount and services required.

"Let Chicago Title protect your most valuable asset - your home, from future claims or future losses of title due to the defects created by past events. Your owner's title insurance policy should remain in effect as long as you, or your heirs, retain an interest in the property. Chicago Title brings you the peace of mind knowing that your investment is a safe one. We are here to defend and protect your title for many years to come."

Understanding the Escrow Process

for the State of Washington

Responsibilities of Each Party to an Escrow Transaction

The Buyer

Deposit funds to pay for the purchase price and funds for property and closing costs. Provide deed of trust or mortgages needed to secure the loan. Arrange for borrowed funds to be deposited in escrow. Provide, if required, documents such as inspections reports, insurance policies and lien information to verify compliance to the instructions.

The Seller

Deposits the deeds to the buyer with the escrow holder. Provides evidence to meet the buyer's condition of sale, such as proof of repair work and inspections. Submits other documents, such as tax receipts, mortgage information, insurance policies and warranties.

The Lender

[When applicable)

Deposits loan funds, lender instructions and other loan documents with the escrow holder.

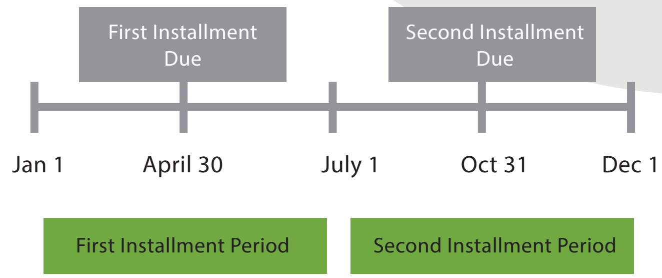
The Escrow Holder

Serves as a central depository for funds and documents. Obtains a title insurance policy, when required. Fulfills the lender's requirements if applicable. Secures approval from buyer on requested documents. Prorates insurance, taxes, and rents, as instructed. Fulfills buyer and seller instructions. Allocates funds for closing costs and verifies that required funds from each party are deposited into escrow. Once all conditions are met, the escrow holder causes the necessary documents to be recorded. Executed loan documents are forwarded to the lender.

Informational Sheet of Property Tax Payments for the State of Washington

Tax Year: Jan 1st – Dec 31st

Tax Payments Due: Apr. 30 – First Installment due
Oct. 31 – Second Installment due



"Escrow is a process by which a complex sale exchange or loan transaction involving real property is brought to completion."

What You May Not Know About Escrow

The Word "Escrow" Defined

Black's Law Dictionary repeats the ancient precedent: "...and deliver the deed unto a stranger, an escrow.' The word derives from the Middle French escroue (scroll), the form of most documents in those early times.

Webster's Seventh New Collegiate Dictionary defines it this way: "escrow

1. a deed, a bond, money, or a piece of properly delivered to a third person to be delivered by him to the grantee only upon the fulfillment of a condition
2. a fund or deposit designed to serve as an escrow."

A simplified definition is commonly used in the escrow industry: **Escrow is a deposit of money and instruments by two or more persons with a third person, which are held by him until certain conditions are met.**

The third person is the escrow agent. He or she is the stakeholder. Although the main function of escrow is to provide a safe place for the stake (the collection of documents and funds until the deal can be concluded), it is also the place where many arrangements and accounting details are cleared up. The escrow agent does these things, but first he or she writes down the exact instruction of the principals (who are the buyers and sellers but who may also be others), making a new instrument called the escrow instructions. These instructions tell the escrow officer how to make the arrangements for completing the transaction, and he or she must not deviate from them.

What is an Escrow For?

Escrow is a process by which a complex sale, exchange or loan transaction involving real properly is brought to completion.

Once parties reach an agreement, they arrange for a neutral third party to hold their funds and documents of transfer, such as deeds, until after all the required elements of the deal have been fulfilled. While the funds and documents are held pending conclusion of the deal, they are said to be "in escrow," the transaction is said to be "in escrow," and there is "an escrow." It is ephemeral, existing only as long as necessary. It could be said that escrow is the "gestation period" of a real property transaction.

Why is There an Escrow Time Line?

There are several reasons why most real property transactions must have a period of time between the agreement and the final handing over of the money to the seller and the deed to the buyer.

1. Buyers or borrowers usually need time to gather funds or apply for and qualify for loans.
2. Buyers want sellers to provide proof or guarantee that the deed is good, that there are no unknown legal owners or financial obligations against the property. Such a guarantee is usually provided in the form of a policy of title insurance, which gives the buyer protection against a wide variety of problems arising from faulty deeds.
3. Other persons who hold loans for which the property is already pledged as collateral may want to be paid off when the property changes hands.
4. New lenders need enough time to examine the credit ratings and financial backgrounds of potential borrowers and to ascertain the value of the property before agreeing to lend.
5. Some buyers, such as ranchers or developers, must be reassured that the land can be used for their intended purposes. Such things as water percolation testing and geological examination or preparation of environmental impact studies can take a long time.

"Excise tax must be paid at the time of transfer of title and is based on the monetary consideration of the transfer. "

How Title Matters Are Cleared

Title will generally be cleared during the escrow process by the escrow agent with the assistance of the sellers, buyers, real estate agents, loan processors and lien holders. In most instances, all special exceptions dealing with physical encumbrances (easements, restrictions, etc.) will remain. Most monetary encumbrances will be removed by being paid and released of record during the closing process. If you have a transaction that calls for handling other than as stated above, you should discuss this with your Escrow Agent. Physical encumbrances can sometimes be removed from title. Monetary liens may remain on title in certain instances. There will be special steps you need to perform to make sure title is cleared in accordance with your requirements.

It is always a good idea to contact your escrow agent early on in the closing process. This way, you may discuss what needs to be done to ensure a smooth closing, particularly when there are unique aspects to your sale. Escrow Agents will likely appreciate your efforts to do a thorough job for your customer or client and be happy to assist you in your efforts.

Clearing Physical Encumbrances

This category includes easements, use restrictions and agreements. These will remain on title unless very specific steps are taken. In order to obtain a release of these items, you must obtain a written release in recordable form from the parties who currently benefit from the encumbrance. An easement may be released by all parties to the agreement. Plat restrictions (CC&Rs) may contain specific requirements within the document regarding release but may prove impossible to release if they were a requirement of the initial platting process you need to remove any of these types of items from title, be sure to contact your Escrow Agent and Title Officer early on in the transaction. It would be wise to contact your Title Officer even before your Purchase and Sale Agreement is signed if you anticipate removal of physical encumbrances as a condition and may require the involvement of attorneys for both the buyer and seller.

Paying Excise Tax

Excise tax must be paid at the time of transfer of title and is based on the monetary consideration of the transfer. King County will not record a deed until the tax is paid and the deed is stamped with an excise receipt number Excise tax payment may not be required in a few circumstances, as provided by statute: transfer for love and affection only, assumption with no proceeds to the seller and court ordered transfers being some possible tax-free transfers. These exemptions are currently under review by the legislature and may be waived in the future.

Clearing a Deed of Trust

When a Deed of Trust is paid off, the original note (marked paid), original Deed of Trust (with signed request for reconveyance) and trustees fee (usually about $85) must be forwarded to the trustee named in the Deed of Trust. The trustee checks for partial reconveyances and assignments of interest before executing and recording the Full Reconveyance. Sometimes the original Note or Deed of Trust may be lost prior to reconveyance. Contact your Trustee for the requirements in this situation. They may accept a Lost Note and Deed of Trust Affidavit. They may also require additional fees be paid. Many trustees will resign in such situations, in which case the beneficiary appoints another trustee.

In regards to clearing a mortgage, the beneficiary of a mortgage will execute and record a Satisfaction of Mortgage upon final payment.

Dealing With a Contract of Sale

When paid in full, the contract seller will execute a Warranty Fulfillment Deed which transfers title to the contract purchaser. This should be recorded by the purchaser. Sometimes these deeds are executed at the time of the original sale and held in "true escrow." Paying off a string of contracts may be one of an Escrow Agent's most challenging tasks. If one of the parties has died, the original deed may not be sufficient.

Collected Funds Statute RCW 18.44.400

(3) An escrow agent, unless exempted by RCW 18.44.021 (2), shall not make disbursements on any escrow account without first receiving deposits directly relating to the account in amounts at least equal to the disbursements. An escrow agent shall not make disbursements until the next business day after the business day on which the funds are deposited unless the deposit is made by interbank electronic transfer, or in a form that permits conversion of the deposit to cash on the same day the deposit is made. The deposits shall be in one of the following forms:

a. Interbank electronic transfers such that the funds are unconditionally received by the escrow agent or the agent's depository;

b. Checks, negotiable orders of withdrawal, money orders, cashier's checks and certified checks that are payable in Washington state and drawn on financial institutions located in Washington state;

c. Checks, negotiable orders of withdrawal, money orders and any other item that has been finally paid as described in RCW 62A 4-213 before any disbursement; or

d. Any depository check, including any cashier's check, certified check, or teller's check, which is governed by the provisions of the Federal Expedited Funds Availability Act, 12 U.S.C. See 4001 et seq.

For purposes of this section, the word "item" means any instruments for the payment of money even though it is not negotiable, but does not include money.

Understanding the Escrow Process

for the State of Washington

What is the Life of an Escrow?

An escrow agent acts as a neutral third party who processes documents and monies necessary to close a real estate transaction. The agent acts only upon instructions agreed to by the principals to the transaction.

1. Completed Purchase and Sales Agreement deposited with the Escrow Agent by the selling real estate agent or by a principal to the transaction.

2. Escrow Agent places order for Preliminary Title Commitment with Chicago Title Insurance Company. The Escrow Agent requests a commission disbursement form if not received with the Purchase and Sale Agreement. Earnest money in excess of the commission due is requested by the Escrow Agent.

3. The Escrow Agent prepares and distributes applicable notices and instructions necessary to be disclosed at the opening of an escrow. These might include, among others, the A PR. 12 notification. Please note that the transfer of utilities and responsibility for the final utility bills is not always handled by the Escrow Agent.

4. Upon receipt of the Chicago Title Insurance Preliminary Title Commitment, the Escrow Agent verifies that the information in the Purchase and Sales Agreement matches the public record information. This includes ownership and legal description of the property.

5. Using information in the Preliminary Title Commitment, the Escrow Agent orders payoffs of any existing liens. These include mortgages, deeds of trust, judgments, tax liens, homeowners association dues and leased equipment payoffs. If the Agreement calls for an assumption of an existing loan, an assumption package is requested from the current lender.

6. If any extraordinary circumstances are disclosed by the Preliminary Title Commitment, the Escrow Agent determines what steps must be taken in order to close the escrow as instructed. This might include bankruptcies, probates, divorces or other Superior Court cases which involve the property in question. The Escrow Agents will work with the attorneys involved in the court cases and with the principals to the Agreement to determine the appropriate course of action to clear title.

7. The Escrow Agent reviews the Lender's instructions. If so requested, the Escrow Agent will order a Hazard Insurance Binder Policy. This binder will show the new lender as an additional insured party.

8. The Escrow Agent prepares all documents necessary to close the transaction as instructed. The most commonly required documents are as follows: Seller Documents—Escrow Instructions, Limited Practice Officer Disclosure (A.PR. 12) Settlement Statement, Statutory Warranty Deed, Excise Tax Affidavit, Sale Reporting Form for Internal Revenue Service. Purchaser Documents-Escrow Instructions, Limited Practice Officer Disclosure (APR. 12) Settlement Statement, Statutory Warranty Deed (for review only). Excise Tax Affidavit, Lenders documents as required.

9. The Escrow Agent schedules appointments for all parties to sign closing documents. This signing date is generally 3-5 days prior to the actual closing date of the transaction. At this time, the purchaser is given the final amount of funds to be deposited at closing. As described in the Washington Stated Collected Funds Bill (SSB 5340), monies may only be disbursed the same day if they are in the form of cash, electronic wire or a cashier's check drawn on the financial institution used by the Closing Agent, in Chicago Title's case. Bank of America. Any other funds, including non Bank of America cashier's checks, may not be disbursed for at least 24 hours.

10. The Escrow Agent oversees the signing of the documents, generally serving as a Notary Public.

11. The Escrow Agent packages the loan documents according to the specific lender's requirements and returns to the lender for review. Most lenders require a 48 hour review period after signing and before the documents may be recorded and funds disbursed.

12. The Escrow Agent sends the original Deed, Excise Tax Affidavit, Deed of Trust and any other required documents to Chicago Title Insurance Company to hold for recording.

13. When the Escrow Agent has satisfied all conditions of the Purchase and Sale Agreement and Escrow Instructions (including Lender's Instructions), the Escrow Agent authorizes Chicago Title to record the documents.

14. Some lenders will send funds to the Escrow Agent prior to recording, but many will not wire the funds until verification of recording is received. For this reason and because of the Collected Funds Act mentioned earlier, proceeds may not be available to the seller until the business day after the transaction is recorded. The funds will be held in a trust account with no interest accruing.

15. The Escrow Agent disburses funds for payoffs and agreed upon fees. The Escrow Agent calls principals and agents to inform them of closing. Final settlement statements are forwarded to the parties. Federal notices are processed as required.

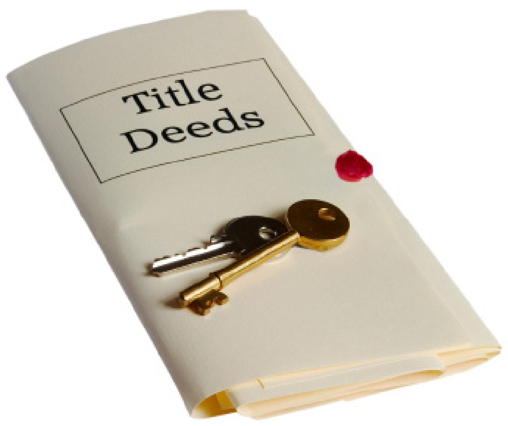
16. The original deed will be forwarded to the purchaser by the county. This can routinely take four to six weeks for processing.

17. The final Policy of Title Insurance will be sent directly to the Lender and Purchaser from Chicago Title Insurance Company upon instructions of the Escrow Agent.

18. The Escrow Agent verifies that releases or reconveyances are recorded as appropriate.

19. The Escrow Agent verifies a zero balance in the trust account and closes the escrow file. The escrow file is stored for seven years.

"The Escrow Agent oversees the signing of the documents generally serving as a Notary Public."



Understanding the Escrow Process

for the State of Washington

Life of an Escrow

Buyer Selects a realtor

Start

Seller Selects a Realtor

Buyer Gets pre-approved by Lender if new loan needed

Seller Reviews and accepts contract from Buyer

Buyer Views home with Realtor

Buyer Selects home and submits contract with Loan Status Report (LSR)

Escrow opened and preliminary report ordered

Inspection reports sent to applicable party, reviewed and notification sent

Various inspections ordered

Seller completes SI form, FIRPTA & Tax Withholding form

Preliminary report received and approved by **Buyer**

Appraisal ordered by & completed for Lender

Buyer Advises Escrow Company of home insurance company

Closing documents compiled by Escrow Company

Loan documents prepared by Lender & sent to Escrow

Buyer Receives final loan approval from Lender

Separate appointments set: Buyer & Seller sign documents

Buyer Deposits required funds

Loan documents returned to Lender for review

Documents recorded and escrow closed

Lender "funds loan" (sends funds to escrow)

Escrow Company ensures all contract conditions have been met

After recording, confirmed Escrow Company disburses funds

Buyer Receives keys from Realtor

Final documents sent to interested parties

"The Escrow Agent oversees the signing of the documents generally serving as a Notary Public."

CHICAGO TITLE

Closing Terms

Overview

When you sell or purchase a home, closing (also known as "settlement") on a home sale means legally transferring ownership from one party to another. This process can take 30 to 60 days, and culminates in the signing of contracts and passing over the keys from the seller to the buyer.

The Players

A number of different parties are involved in the process of refinancing or transferring ownership of real estate.

Your Real Estate Agent — Acts as an intermediary between you and the seller. Generally assists in helping you purchase property for the lowest possible price and best terms.

Seller — Signs the deed over to the buyer and presents the keys to the home.

Seller's Real Estate Agent — This real estate agent represents the seller (who may not be present at the closing itself). Generally assists in helping the seller get the highest possible price and best terms for the property.

Escrow Officer — An objective third party who processes and disburses funds in accordance to the instructions provided by the seller and buyer. The escrow officer is often a representative from Chicago Title.

Settlement Agent — A representative from Chicago Title, this person is responsible for facilitating the closing by preparing and recording documents.

Lender/Bank — The institution (usually a bank or mortgage company) that lends the money to the buyer. The lender is often called the "mortgagee", while the borrower is referred to as the "mortgagor".

Loan Servicer — The institution that will receive and process your mortgage payments and manage your escrow account. This is often the lending institution, but not always.

The Documents

You will be asked to initial or sign a number of documents during the closing. Among the most important are:

Good Faith Estimate — A written estimate provided by the lender of all charges — including closing costs and pre-paid and escrowed items—which you are likely to pay at closing. You should receive this within three days of submitting your loan application. You'll want to compare your estimate with the HUD-1 (see below) before your closing date.

Mortgage Note — A promissory note that states your intention to pay a specific sum of money at a specified rate of interest within a fixed period of time.

Mortgage — A legal document that gives the lender the right to take possession of the property if the borrower fails to pay off the loan. In some states, this is known as a "deed of trust".

Certificate of Occupancy — A document issued by a local municipality stating that the home meets all building codes and is suitable for habitation. You'll see this document if you're purchasing a newly built or renovated home.

HUD-1 — Also called the "settlement statement". This document provides an itemized breakdown of all costs and disbursements associated with the sale of the home. You are entitled to review this document a day before closing, so you should compare it with your Good Faith Estimate and resolve any issues before settlement.

Final TILA statement — Your "Truth In Lending Act" statement. This will disclose the full cost of your mortgage and annual percentage rate (APR). It will show any modifications such as rates and points that may have been made since applying for the loan.

Closing Costs

Sale or Refinancing of property. These charges will vary widely from state to state and lender to lender, but will likely include:

Points — Money paid by a borrower to the lender in exchange for a lower interest rate. Each point equals 1% of the loan amount.

Mortgage Application Fees — Charged by the lender to cover the costs of processing a loan application. It's sometimes paid up front at time of application; otherwise, it's included in the closing costs.

Cont'd...

Closing Terms

Appraisal Fees — The cost of paying a professional to assess the fair market value of the property. Usually required as a condition of the loan.

Inspection Fees — The fees charged for home, pest and other inspections. Lenders sometimes require inspections to verify that the property is in good condition and will retain its collateral value.

Survey Fee — The charge for confirming the lot size and shape and to check for any encroachments.

Title Search Fee — Paid to Chicago Title to verify that the home's title is "in the clear", (i.e. that there are no liens or outstanding claims on the property).

Title Insurance Premium — The lender's policy covers only the lender and is required in most cases. An Owner's Policy is optional but highly recommended, and is usually very affordable if purchased at the same time as the lender's policy.

Recording Fees — Charged by the local register of deeds to make the transfer of property a matter of public record.

Pre-paid Property Insurance — The first full year's property insurance premium, paid in advance, directly to the homeowners insurance company.

Pro-rata Property Taxes — An adjustment to ensure that both the seller and the buyer pay their share of the annual property tax, proportionate to the percentage of the year that each has ownership of the property.

Pro-rata Interest — An adjustment to cover the interest on the loan for the number of days until the first payment is due.

The Process

Even though "closing" or "settlement" often refers to the actual day that the transaction is finalized, it's actually a process that begins as soon as a purchase contract is signed.

PRE-CLOSING

Inspection — You'll want to be sure the home you're purchasing doesn't have any major flaws. Hire a professional inspector to walk you through the property and point out any issues. You should also receive a written summary of his/her findings.

Appraisal — Your lender will require an appraisal of the property's fair market value to ensure that they're not lending you more than the house is actually worth. Your real estate agent can help you find a licensed appraiser, but most lenders have their own and will take care of scheduling this directly with the realtor, or homeowner.

Title Insurance — It's a good idea for you to take out title insurance before you purchase the home, to protect you against any unforeseen claims that may arise.

Fmkcmulcp%qGIqsp_lac—Because your new home will be used as collateral against your loan, your lender will require that you secure homeowner's insurance. Be sure to take care of this well in advance of the closing date. You will likely be required to show proof of purchase, so ask your insurance company for a binder.

Walk-Through – Within 24 hours before your closing meeting, be sure to conduct a walk-through of the property to ensure that it's in good condition and that any issues and/or contingencies have been resolved.

While you're handling all of the above, Chicago Title will be conducting a search on the property's title. We pore through property records looking for potential problems that might prevent a smooth transfer of ownership, such as old liens, tax liability, and housing code violations.

We may also physically inspect the property to verify the lot size and check for unrecorded easements. Once our work is complete, we offer title insurance to the lender, to protect the bank from any undiscovered issues surrounding the title. (Because the lender's policy protects only the lender, you'll want to be sure you're covered by a title insurance policy of your own.)

Meanwhile, one of our settlement agents is hard at work coordinating a lot of details. First, he/she looks over the purchase contract to make sure it's complete and accurate. If you've paid a deposit or "earnest money," the agent places the funds into an escrow account. He/she also coordinates the payoff of an existing mortgage, making sure the payoff figure is available for the final closing.

If there are any problems with the property, we bring them to the attention of all parties involved. In short, we coordinate many behind-the-scenes activities and gain the cooperation needed to ensure a smooth transaction.

CLOSING

When "closing day" finally arrives, you'll meet with several parties to finalize the transfer of property. Generally, the steps are:

Sign Documents — You'll be asked to initial or sign a number of documents.

Pay Closing Costs and Escrow — You should arrive at closing with a cashier's check to pay for closing costs.

Handing Over the Keys — Once all the papers are signed, money has changed hands and documents are recorded, you'll receive the house keys from the seller.

POST-CLOSING

After the settlement meeting, we officially record the mortgage and deed at your local Recording Office or Register of Deeds. Funds held in escrow, such as broker commissions and money owed to the seller, are disbursed after the transaction is recorded at the county office.

Pro-rata Interest — An adjustment to cover the interest on the loan for the number of days until the first payment is due.

Information contained herein is for general purpose only. Please contact your local Chicago Title Escrow Officer for consultation and details.

Closing Cost Check List

The cost of buying a property goes beyond simply by paying the price negotiated between the buyer and seller. Below are some of the common fees included in a typical settlement, which will comprise your closing costs:-

Title & Escrow Related Closing Costs:

- Closing fee for the settlement agent
- Document preparation
- Notary fees
- Escrow Fee (based on Purchase Price)
- Courier Fees
- Loan-Tie-In Fee if financing is involved
- Electronic Document Delivery Fee
- Owner's Title Insurance Policy Coverage (based on Purchase Price)
- Lender's Title Insurance Policy Coverage (based on Loan Amount)

Loan Related Closing Costs:

- Loan Origination Fee
- Loan Discount Points (optional)
- Appraisal Fee
- Credit Report Fee
- Interest Payment
- Underwriting Fee

Goverment Related Closing Costs:

- Fee to record the deed, deed of trust and any releases
- County and possible city transfer taxes

Escrow Impound Account:

- Homeowner's Insurance premium for the year
- Mortgage Insurance (if any) - the number of months varies
- Property Taxes - usually 2 months in advance

Additional Settlement Fees may include:

- HOA Documents, Termite Inspection, Home Inspection, Land surveys, Flood certification, Lead-paint Inspection , Roof Inspection, etc. please check with your real estate agent in regards to these fees.

Always ask your Escrow Officer if you have any questions on any of the fees disclosed.

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Who Pays What - A Guide to Closing Costs

The SELLER can generally be expected to pay for:

- Real Estate commission
- Documentation preparation fee for deed
- Documentary transfer tax, if any
- Any city transfer/conveyance tax (according to contract)
- Payoff of all loans in Seller's name
- Interest accrued to lender being paid off
- Statement fees, reconveyance fees and any prepayment penalties
- Termite inspection (according to contract)
- Termite work (according to contract)
- Home warranty (according to contract)
- Any judgments, tax liens, etc., against the Seller
- Tax proration (for any taxes unpaid at time of transfer of title)
- Any unpaid homeowner's dues
- Recording charges to clear all documents of record against Seller
- Any bonds or assessments (according to contract)
- Any and all delinquent taxes
- Notary fees
- Homeowner's transfer fee
- City transfer/conveyance tax (according to contract)

The BUYER can generally be expected to pay for:

- Title insurance premium for Lender's policy
- Escrow fee
- Document preparation (if applicable)
- Notary fees
- Recording charges for all documents in Buyer's name
- Termite inspection (according to contract)
- Tax proration (from date of acquisition)
- All new loan charges (except those required by Lender for Seller to pay)
- Interest on new loan from date of funding to 30 days prior to first payment date
- Assumption/change of records fees for takeover of existing loan
- Beneficiary statement fee for assumption of existing loan
- Inspection fees (roofing, property inspection, geological, etc.)
- Home Warranty (according to contract)
- Fire insurance premium for first year
- Title insurance premium for Owner's policy

YOURS or THEIRS - The Personal vs. Real Property Dilemma

The distinction between personal property and real property can be the source of difficulties in real estate transaction. A purchase contract is normally written to include all real property, that is, all aspects of the property that are fastened down or an integral part of the structure. For example, this would include light fixtures, drapery rods, attached mirrors, trees and shrubs in the ground. It would not include potted plants, free- standing refrigerators, washer/dryers, microwaves, bookcases, swag lamps, etc.

If there is any uncertainty whether an item is included in the sale or not, it is best to be sure that the particular item is mentioned in the purchase agreement as being included or excluded.

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Common Ways of Holding Title

	SOLE OWNERSHIP	JOINT TENANCY	COMMUNITY PROPERTY	TENANCY IN COMMON	PARTNERSHIP/ LLC
PARTIES	Individual home buyer	Any number of persons	Married persons or registered domestic partners	Any number of persons	Related or unrelated parties
DIVISION	Individual holds all interest in the property	Ownership interests must be equal	Ownership interests are equal	Ownership can be divided into any number of interests, equal or unequal	Partnership/LLC holds title
CONVEYANCE	Owner has sole right to use and dispose of property	All owners must agree on use and disposition of property	Both owners must agree on use and disposition of property, the interests cannot be sold separately	Individual co-owners do not need the consent of others to use or dispose of individual interests	Partnership/LLC sets parameters for use and disposition of property
DEATH	Property passes to heir(s) or devisee(s) through probate	Property passes to survivor(s) without going through probate	Half interest retained by the survivor and half to heir(s) or devisee(s) through probate	Individual's interest passes to heir(s) or devisee(s) through probate	Interest of the individual passes to heir(s) or devisee(s) which would become partner(s)/ members(s)

Remember there are many different ways in which owners can hold title. Don't hesitate to call your title officer to discuss the best option for your circumstance.

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Tips for a Smooth Escrow Closing

Courtesy of Chicago Title's Escrow Department

- Make sure the Purchase and Sale Agreement is fully executed with names, marital status of all parties, addresses and contact phone numbers. Also, make sure the Purchase and Sale Agreement is legible since this is Escrow's main source of information.
- Is there a Power of Attorney needed? If so, make sure the client has the original or it has been recorded. Have Escrow or Title review it as soon as possible to confirm form, dates and notary are correct.
- Are the buyers or sellers out of state? Let the Closer know early to allow adequate time for delivery of documents.
- Are the buyers or sellers out of the country? If so, the client must have the documents notarized at an American Consulate or Embassy.
- If any divorces, deaths or trusts appear on title, we will need copies of divorce decrees, death certificates or trust agreements (not necessarily available through public record).
- Are utilities addressed on the Purchase and Sale Agreement? Is the addendum attached? Make certain your Closer has a list of the utilities that need to be paid.
- If the property is a condominium or PUD, please furnish Escrow with the name and address of the Homeowner's Association.
- Are there any specific or special needs of your buyer or seller? The Escrow Officer can help you with schedules, physical limitations or other needs.
- Is the buyer receiving a home-buyer's warranty? If so, let the Closer know who is ordering it and who is paying for it.
- Did you specify Chicago Title for your Title and Escrow?

Request a copy of the Preliminary Title Report and review it!

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Understanding Property Taxes in Escrow

Paying Property Taxes in an escrow account are among one of the most confusing issues for both Buyers and Borrowers. Whether you are buying a home or refinance your existing mortgage, taxes are applied in several ways in your escrow. Below are a few that you will find often on your escrow instruction:

Taxes to be paid:

Property taxes are generally divided so that the buyer and the seller each pay taxes for the part of the property tax year they owned the home. The fiscal tax year commences on Jan 1 of each year. and ends on December 31 of the following year.

Tax Impounds:

An Impound Account, also known as an Escrow Impound Account, is an account set up and managed by mortgage lenders to pay property taxes and insurance on behalf of the home buyer. The lender may collect 2-6 months of tax payment with each month's amount equal to about 1/12 of the total sum of the annual property taxes along with their mortgage payment. When the time comes to pay the annual property taxes, the lender makes the payment from the funds accumulated in the account on behalf of the buyer.

Tax Prorations:

At time of closing, the escrow agent will sometimes required to determine what portion of the next tax installment is the seller's responsibility, they will then charge the seller and credit the buyer with said amount. When the next installment is due, the buyer will pay the total amount since the buyer was already reimbursed with the seller's portion at closing. Likewise, if the seller had already prepaid his taxes, the prepaid portion will then be charged to the buyer and serves as credit to the seller.

PROPERTY TAX DUE DATES

April 30th (1st Installment)	DUE
May 1st	DELINQUENT
Oct. 30th (2nd Installment)	DUE
Nov 1st	DELINQUENT

Secured property taxes can be paid in two installments. The first installment is due April 30th and delinquent May 1st. The second installment is due October 30th and delinquent November 1st. See next page for other important tax dates.

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Important Real Property Tax Dates - Washington

TAX TIME

JANUARY

1* Existing real and personal property is valued as of January 1 of the assessment year for taxes due and payable in the following tax year (RCW 84.36.005 and RCW 84.40.020)

15* County assessor delivers tax roll to county treasurer and provides county auditor with an abstract of the tax rolls showing total amount of taxes collectible in each taxing district. (RCW 84.52.080)

FEBRUARY

29 Assessor submits the following reports to the Department of Revenue (DOR) Research and Legislative Analysis Division:

- XXXX Assessments and Levies Due in YYYY (XXXX is Assessment Year and YYYY is the Tax Year)
- County Senior Citizen Relief
- Final State Property Tax Levy Values
- Taxing District Levy Computation Worksheets (form REV 64 0007)

29 Treasurer submits the following report to DOR Research and Legislative Analysis Division:

- County Property Tax Collections (Calendar Year)

MARCH

1 Counties' new revaluation plans are due. (RCW 84.41.041, WAC 458-07-025)

15 Utility company annual returns are due. Penalties apply. (RCW 84.12.230 and 260)

15 PUD Privilege Tax Annual Reports are due. (RCW 54.28.030)

31* Nonprofit property tax exemption applications are due. Penalties apply. (RCW 84.36.815; 825)

31* Property tax assistance claims for widows/widowers of qualified veterans are due. (RCW 84.39.020)

APRIL

30 Personal property listing forms are due to the county assessor. Penalties apply. (RCW 84.40.020, 040, 060 and 130)

30 Taxes are due. If taxes are less than $50, full payment is due. If taxes are $50 or more, one half of the payment is due. Second half payment is due October 31. (RCW 84.56.020)

30 (Prior to May 1) PUD Privilege Tax billings are issued. (RCW 54.28.040)

MAY

1 Prior year applications for forest land designation are considered approved unless assessor has notified the owner otherwise. (RCW 84.33.130)

1 Prior year current use farm and agricultural land applications are considered approved unless assessor has notified owner otherwise. (RCW 84.34.035)

31 County assessors complete and list valuation on all property. Property may be added later (new construction and mobile homes) after giving written notice to the taxpayer. (RCW 84.40.040)

JUNE

1 Three percent penalty assessed on the current year's delinquent taxes. (RCW 84.56.020)

1 PUD Privilege Tax is due. (RCW 54.28.040)

30* (On or before) DOR prepares stumpage values for July through December 2012. (RCW 84.33.091)

30* DOR determines value of state assessed property and sends Tentative Value Notices. (RCW 84.12.270)

JULY

1* Appeals to the county Board of Equalization must be filed by today or within 30 days of notification. County legislative authority may extend the deadline up to 60 days by adoption of local ordinance/rule. (RCW 84.40.038)

9 (On or before the second Monday) County officials and local taxing districts begin preparing estimated budgets for submission to county auditor or chief financial officer, if in a charter county, on or before the second Monday in August. (RCW 36.40.010)

15* Assessor certifies the assessment roll to the county board of equalization. (RCW 84.40.320)

15* Assessor's Certificate of Assessment Rolls to County Board of Equalization (RCW 84.40.320) submitted to DOR Property Tax Division.

15* County Boards of Equalization meet in open session. Minimum session is three days; maximum session is four weeks. (RCW 84.48.010)

16 (On or before) Requests for hearings on state assessed public utility values must be received. (RCW 84.12.340)

17 (Eleven business days after June 30) Hearings on state assessment of public utility property begin, continuing through July 30. (RCW 84.12.340)

31 Assessment date for new construction. (RCW 36.21.080)

AUGUST

1 Most taxing district boundaries, including school districts, established for levy collection next year. (RCW 84.09.030)

1 Nonprofit property tax exemption determination completed by DOR. (RCW 84.36.830)

13 (On or before the second Monday) Estimated budgets from county officials must be submitted to county auditor or, if in a charter county, chief financial officer. (RCW 36.40.010)

20 (On or before) Final values of state assessed properties issued. [WAC 458-50-070(4)]

30 DOR estimates the number of acres of public forest land available for timber harvest for each county and for each taxing district. (RCW 84.33.089)

30 Treasurer submits End of Fiscal Year Recap for the State Levy Report to DOR Business and Financial Services Division.

31 (On or before) DOR notifies county assessors of properties exempt from property tax. (RCW 84.36.835)

31 New construction placed on current assessment roll at the valuation assessed July 31. (RCW 36.21.070 through 36.21.090)

31 Assessors submit Taxing District Boundary Report (Tax Code Area Changes) to DOR Property Tax Division. (WAC 458-12-140)

SEPTEMBER

1* Applications for limited income deferrals are due. (RCW 84.37.040)

1* Boundaries for Mosquito Districts must be established for levy collection next year. (RCW 17.28.253)

3 (Prior to the first Monday) DOR determines the indicated ratio for each county. (RCW 84.48.075)

4 (On or before the first Tuesday) County auditors' preliminary budgets are due to Boards of County Commissioners. (RCW 36.40.050)

15* Assessor submits the following reports to DOR Property Tax Division:

- Certificate of New Construction Value (form REV 64 0059)
- Real Property Sales Study

15* Designated forest land composite tax rate is due to DOR Forest Tax Division.

28 (Prior to October 1) Timber Assessed Value (TAV) calculated for each county. (RCW 84.33.035)

OCTOBER

1 Applications for special valuations on historic properties for 2013 are due. (RCW 84.26.040)

1 Newly incorporated port and fire boundaries set. [RCW 84.09.030(1)(b)]

1 (First Monday in October) Boards of County Commissioners begin hearings on county budgets. (RCW 36.40.070) However, budget hearings may be held on first Monday in December. (RCW 36.40.071)

12 (Prior to October 15) Counties' annual reports on revaluation progress are due. (RCW 84.41.130)

31 Second half of property taxes due. (RCW 84.56.020)

31 Assessor submits Abstract of Assessed Values Report to DOR Research and Legislative Analysis Division.

NOVEMBER

30 City and other taxing district budgets are due to the county legislative authority. (RCW 84.52.020)

30 Tax certifications and the amount levied per taxing district are due to county assessors. (RCW 84.52.070)

30 The governing body of each taxing district authorized to levy taxes directly shall certify to county assessor amount of taxes levied for district purposes. (RCW 84.52.070)

Also in November

– Treasurer submits Refund Fund Levy Report to DOR Research and Legislative Analysis Division.

DECEMBER

1* Eight percent penalty assessed on the current year's delinquent taxes. (RCW 84.56.020)

3 (First Monday in December) Boards of County Commissioners may meet to hold budget hearings provided for in RCW 36.40.070. (RCW 36.40.071)

31 (On or before) DOR prepares stumpage values for January through June 2013. (RCW 84.33.091)

31 Application due date for senior citizen and disabled person property tax exemption for coming year. (RCW 84.36.385)

31 Current Use Program applications are due for classification in the next assessment year. (RCW 84.34.030)

This information is brought to you by:

*If a due date falls on a Saturday, Sunday, or legal holiday, that due date becomes the next business day. (RCW 1.12.070)

Source: Washington State Dept. of Revenue, for info contact:
Phone: (360) 534-1400 • http://dor.wa.gov

Understanding Escrow Impound Account

An Impound Account, also known as an Escrow Impound Account, is an account set up and managed by mortgage lenders to pay property taxes and insurance on behalf of the home buyer. These accounts are set up with the lender during escrow to ensure that the home buyer's property taxes and insurance are paid on time and in full. The biggest misconception with the Impound Account is that it is managed by the escrow company. However, after escrow collects the initial deposit for the Impound Account and after the transaction is closed, the escrow company is no longer involved.

How It Works:

Each month, an amount equal to about 1/12 of the total sum of the annual property taxes and insurance due is collected from the buyer, along with their mortgage payment, and placed inside the account. When the time comes to pay the annual property taxes and insurance, the lender makes the payment from the funds accumulated in the account on the behalf of the buyer.

Setting up an Account

The account is set up by the mortgage lender during escrow. Escrow collects an Escrow Impound Deposit, which is typically a deposit of 2-6 months worth of taxes and insurance. Due to the fact that property taxes can be adjusted and insurance rates can change, this deposit ensures there are sufficient funds to make the payments in full when they are due.

Common Questions Regarding an Escrow Impound Account:

Is it mandatory to have an Escrow Impound Account?
No. The buyer may elect to pay property taxes on their own, and there is usually a small fee when waiving the account. However, based on the type of loan, the lender may require the buyer to have one.

Is it a good idea to have an Escrow Impound Account?

Since the property taxes and home insurance bills only come about twice a year, many average Americans have a hard time saving for them, and gladly give their money to the loan company interest free. This is one less thing to worry about, as the lender makes the payments for the buyer.

Do I have to decide now whether or now I wish to set up an account?

If it is not a condition of the loan, the buyer does not have to make an immediate decision. However, depending on the lender, there may be a cost to set it up at a later date. The purpose of impound accounts is to help home owners pay their annual property taxes and insurance on time. For more information on your account, payments and more information on how they are managed, contact your mortgage lender.

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Real Estate Tax Impound / Payment Schedule

Closing/Funding Month	First Payment Due Date	Reserve for Taxes & Insurance (Taxes Paid 4/30 & 10/30)	Escrow Instruction for Real Property Taxes
January	March 1	6 months	Previous year must be paid in full
February	April 1	7 months if current year's tax amount is not available	Previous year must be paid in full
		1 month if current year's tax amount is available	Pay first 1/2 of the year
March	May 1	2 months	Pay first 1/2 of the year
April	June 1	3 months	Pay first 1/2 of the year
May	July 1	4 months	Pay first 1/2 of the year
June	August 1	5 months	First 1/2 taxes should be paid
July	September 1	6 months	First 1/2 taxes should be paid
August	October 1	1 month	Pay second 1/2 of the year
September	November 1	2 months	Pay second 1/2 of the year
October	December 1	3 months	Pay second 1/2 of the year
November	January 1	4 months	Full year taxes should be paid
December	February 1	5 months	Full year taxes should be paid

This information is brought to you by:-

Understanding FIRPTA - Foreign Investment in Real Property Tax Act

The disposition of a U.S. real property interest by a foreign person (the Seller) is subject to the Foreign Investment in Real Property Tax Act of 1980 (FIRPTA) income tax withholding. FIRPTA authorized the United States to tax foreign sellers on dispositions of U.S. real property interests.

Foreign Sellers are subject to a 10% withholding of the sales price unless the following exemptions are met:

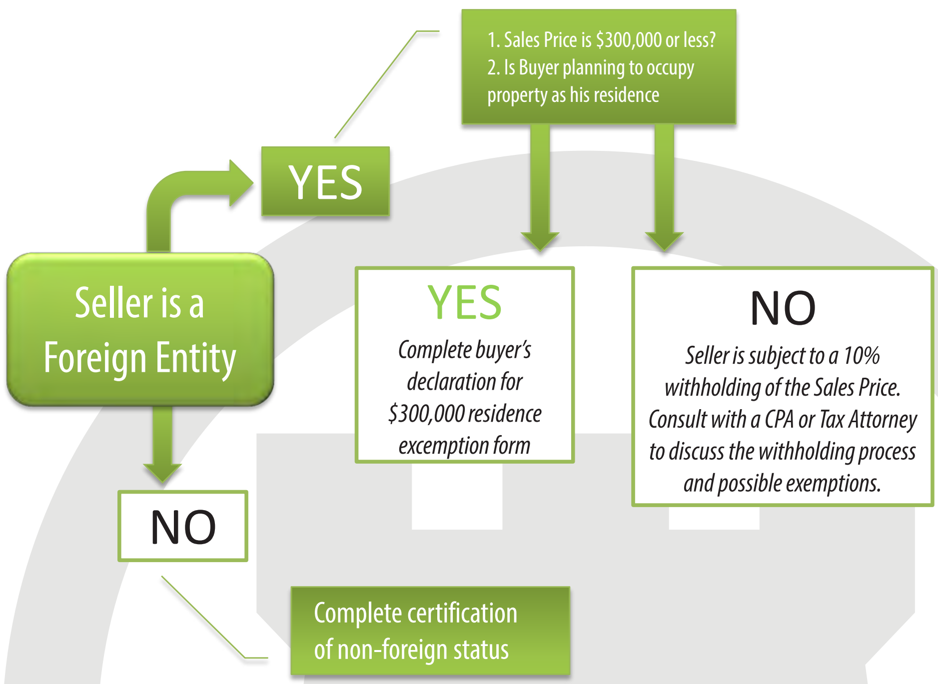
- Sales Price is not more than $300,000.
- The buyer or a family member of the buyer must have definite plans to reside at the property for at least 50% of the number of days the property is used by any person during each of the first two 12-month periods following the date of transfer.
- The seller provides a certification stating that the seller is not a foreign person.
- The buyer receives a withholding certificate from the IRS that excuses withholding.
- The Seller provides a written notice that no recognition of any gain or loss on the transfer is required because of a nonrecognition provision in the Internal Revenue Code or a provision in a U.S. tax treaty. The buyer must file a copy of the notice by the 20th day after the date of transfer with the IRS.
- Seller is a resident alien.

Other Important Facts:

- Foreign citizens doing business and earning income in the United States are required to have taxpayer identification numbers (TINS), this TIN is required for remitting payment to the IRS.
- The IRS rules place the responsibility for withholding potential income tax due in the amount of 10% of the purchase price on the buyer of the real property from a foreign entity. The real property becomes the security for the IRS to ensure that they receive taxes that are due to them. If the payment is not made by the buyer, the IRS can seize the real property (or other assets of the buyer).

Chicago Title has always assisted our sellers or buyers in obtaining the signature on any form or document presented to us. If FIRPTA does apply, Chicago Title will follow the instructions of the principals in withholding and remitting the payment to the IRS on their behalf. Contact us to learn more about how we can help you with your next FIRPTA transaction.

Additional information, other exemptions, forms and publications can be found at www.irs.gov, enter "FIRPTA" in the search box.



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EB-5 Visa

The **EB-5 Visa** for Immigrant Investors is a United States visa created by the Immigration Act of 1990. This visa provides a method of obtaining a green card for foreign nationals who invest money in the United States. To obtain the visa, indi-viduals must invest $1,000,000 (or at least $500,000 in a "Targeted Employment Area" - high unemployment or rural area), creating or preserving at least 10 jobs for U.S. workers excluding the investor and their immediate family.

Initially, under the first EB-5 Visa program, the foreign investor was required to create an entirely new commercial enterprise; however, under the Pilot Program investments can be made directly in a job-generating commercial enterprise (new, or existing - "Troubled Business"), or into a "Regional Center" - a 3rd party-man-aged investment vehicle (private or public), which assumes the responsibility of creating the requisite jobs. Regional Centers may charge an administration fee for managing the investor's investment.

If the foreign national investor's petition is approved, the investor and their dependents will be granted conditional permanent residence valid for two years. Within the 90 day period before the conditional permanent residence expires, the investor must submit evidence documenting that the full required investment has been made and that 10 jobs have been maintained, or 10 jobs have been created or will be created within a reasonable time period.

In 1992, Congress created a temporary pilot program designed to stimulate economic activity and job growth, while allowing eligible aliens the opportunity to become lawful permanent residents. Under this pilot program, foreign nationals may invest in a pre-approved regional center, or "economic unit, public or private, which is involved with the promotion of economic growth, including increased export sales, improved regional productivity, job creation, or increased domestic capital investment". Investments within a regional center provide foreign nationals the added benefit of allowing them to count jobs created both directly and indirectly for purposes of meeting 10 job creation requirement.

Disclaimer: Information contained herein is for informational purposes only, we do not assume any liability whatsoever for the accuracy and completeness of the above information. For more information on the process and status of the EB-5 Visa please contact the U.S Department of Commerce or the U.S Citizenship and Immigration Services Department.

Understanding the Language of Title and Escrow

To the unfamiliar, it can often confuse and bewilder. Fannie Mae and Freddie Mac. ARMS and APR. Clear title and Clouded title. Though these terms have special meaning to real estate professionals, they may often be meaningless to the consumer. To help you better understand the language of real estate, the Washington Land Title Association has defined some of today's most common title, escrow, real estate and lending terms.

Abstract of Judgement: A summary of the essential provisions of a court judgement. When recorded, an abstract of judgement creates a general lien on all of the real property of the judgement debtor in the county in which it is recorded.
Acknowledgment: A formal declaration made before a duly authorized officer (usually a notary public) by a person who has executed an instrument that such execution is his or her act and deed.
Adjustable Rate Mortgage (ARM): A mortgage in which the interest rate is adjusted periodically according to a preselected index. The terms, adjustment schedule and index to be used can vary based on the particular lender.
Agency: A relationship created when one person (the principal) delegates to another (the agent) the right to act on his or her behalf in business transactions.
All-inclusive Trust Deed (wrap-around mortgage): A financing technique which involves the creation of a new trust deed which includes the balance due on the existing note plus any new funds advanced.
American Land Title Association (ALTA): A national association of title insurance companies, abstractors, and agents. The association adopts standard title policy forms.
Amortization: The process of paying off a debt in installments over a given period of time without a final balloon payment.
Annual Percentage Rate (APR): An expression of the percentage relationship of the total finance charges to the total amount to be financed, as required under the federal Truth-in-Lending Act.
Appraisal: An opinion of the value of property resulting from an analysis of facts affecting market value.
Assessed Valuation: The value that a taxing authority places upon real or personal property for the purpose of taxation.
Assumable: A mortgage loan which can be transferred to another person without a change in the terms of the loan.
Balloon Payment: The unpaid principal amount of a loan due on a specific date in the future. Usually the amount that must be paid in a lump sum at the end of the term.
Beneficiary: The person who is entitled to receive funds or property under the terms and provisions of a will, trust, insurance policy or security instrument. In connection with a mortgage loan the beneficiary is the lender.
Beneficiary's Statement: The statement of a lender which gives the remaining principal balance due on a note and other information concerning the loan. It is usually obtained in escrow when the owner wishes to sell or refinance.
Bill of Sale: An instrument by which title to personal property is transferred or conveyed.
Bona Fide Purchaser (BFP): One who buys property in good faith, for fair value, and without notice of any adverse claim or right of third parties.
Broker: A person licensed to act as an agent for another in negotiating the sale, purchase, of real property in return for a fee or commission.
Buydown: A financing technique used to reduce the monthly payment for the home buying borrower during the initial years of ownership. Under some buydown plans, a residential developer, builder, or the seller will make subsidy payments (in form the of points) to the lender that "buydown," or lower, the effective interest rate paid by the home buyer, thus reducing monthly payments for a set period of time.
Washongton Land Title Association (CLTA): A statewide association of title insurers and underwritten title companies. The association adopts standard title policy forms.
CC and Rs (Covenants, Conditions and Restrictions): Limitations placed on the use and enjoyment of real property. These are found most often in condominiums and planned unit developments.
Chain of Title: A chronological list of recorded instruments tracing title to land, from the original owner to the present owner.
Cap: The maximum which an adjustable rate mortgage may increase, regardless of index changes.
Clear Title: Title to property which is free from liens, defects of other encumbrances.
Closing: The process of completing a real estate transaction during which the seller delivers title to the buyer in exchange for payment of the purchase price. Called a "settlement" in some areas.
Closing Costs: Expenses, beyond the selling price, such as loan fees, title fees, etc. Paid when documents are executed and/or recorded and the sale is complete.
Closing Statement: A summary, in the form of a balance sheet, showing the amounts of debits and credits to which each party to a real estate transaction is entitled upon closing.
Cloud on Title: Any document, claim, unreleased lien or encumbrance, which, if valid, would affect or impair title to a property.
Commission: Compensation due a real estate broker for acting on behalf of the principal.
Community Property: Property acquired during a marriage by either a husband or wife, or both, which is not separate property.
Comparables (comps): An abbreviation for comparable properties used for comparative purposes in the appraisal process.
Consideration: A required element in all contracts by which something of value, including a promise, is exchanged for the act or promise of another.
Contingency: Action conditioned upon a certain event. Acceptance of the terms of a contract based on something else happening or certain conditions being met.
Conveyance: The transfer of title or an interest in real property by means of a written instrument such as a deed of trust.
Deed of Trust: A security agreement creating a lien by which title to real property is transferred to a third-party trustee as security for an obligation owed by the trustor (borrower) to the beneficiary (lender).
Demand: The lender's statement of the amount due to pay off a loan.
Documentary Transfer Tax: The tax, based on sales price, less loans which are being assumed, which is charged by the city and/or county on the transfer of real property.
Due-on-Sale-Clause: A clause in a mortgage loan which gives the lender the right to demand payment in full when the property changes ownership. Not applicable to FHA or VA loans.
Earnest Money: The cash deposit paid by a prospective buyer as evidence of good faith to bind a sale of real estate.
Easement: A limited right or interest in land of another that entitles the holder of the right to some use, privilege or benefit over the land.
Encumbrance: A claim, right or lien upon real property, held by someone other than the owner.
Endorsement: A rider attached to an insurance policy to expand or limit coverage. Also spelled indorsement.
Equity: The value of a person's interest in real property after all liens and charges have been deducted.
Escrow: The process in which a disinterested third party holds money and documents for delivery to the respective parties in a transaction on performance of established conditions.

Understanding the Language of Title and Escrow

Exception: A provision in a title insurance binder or policy which excludes liability for a specified title defect or an outstanding lien or encumbrance.
Fair Market Value: An appraisal term for the price which a property would bring in a competitive market given a willing seller and willing buyer, each of whom has a reasonable knowledge of all pertinent facts, with neither being under any compulsion to buy or sell.
Fee Simple: An estate under which the owner owns a complete interest in the property and is entitled to the unrestricted use and enjoyment of the property, including the right to dispose of the property.
Federal Home Loan Mortgage Corporation (FHLMC, Freddie Mac): A quasi-governmental agency that purchases conventional mortgages in the secondary mortgage market from depository institutions and Department of Housing and Urban Development (HUD) approved mortgage bankers.
Federal Housing Administration (FHA): A division of the Department of Housing and Urban Development (HUD). Its main activity is the insuring of residential mortgage loans by private lenders.
Federal National Mortgage Association (FNMA, Fannie Mae): A tax paying corporation created by Congress to support the secondary mortgage market. It purchases and sells residential mortgages insured by FHA or guaranteed by VA as well as conventional home mortgages.
Finance Charge: A total of all costs imposed directly or indirectly by the creditor and payable either directly or indirectly by the customer, as defined by the federal Truth-in-Lending laws.
First Mortgage: A mortgage on property that is superior in right to any other mortgage.
Fixed Rate Loan: A loan on which the same rate of interest is charged for the life of the loan.
Fixture: Personal property which is permanently attached to real property, and, as such, becomes part of the real property.
Grantee: One to whom a grant is made. The purchaser of real property.
Grantor: One who has made a grant. The seller of real property.
Hidden Defect: An encumbrance on a title that is not apparent in the public records; for example, unknown heirs, secret marriages and forged instruments.
Impound Account: An account held by a lender for the payment of taxes, insurance or other periodic debts against real property.
Joint Tenancy: A means of ownership in which two or more persons own equal shares in real property. Upon the death of one tenant, his/her share passes to the remaining tenant(s) until title is vested in the last survivor.
Legal Description: A description by which property can be definitely located by reference to surveys or recorded maps. Sometimes referred to simply as the legal.
Lien: A recorded document which claims an interest in real property as security for a debt owed. Such liability may be created by contract, such as a deed of trust, or by a court judgement.
Lis Pendens: Legal notice that a lawsuit is pending. Also called a notice of action.
Loan-to-Value Ratio: The ratio of the mortgage loan's principal to the property's appraised value or its sales price, whichever is lower.
Marketable Title: Title which is free from defects which would allow a purchaser to be released from his obligation to purchase.
Market Value: An appraisal term denoting the highest price that a buyer, willing but not compelled to buy, would pay, and the lowest a seller, willing but not compelled to sell, would accept.
Mechanic's Lien: A lien on real estate which secures the payment of debts due to persons who perform labor or services or furnish materials incident to the construction of buildings and improvement on real estate.
Metes and Bounds: A form of land description in which boundaries are described by courses, directions, distances and monuments.
Mortgage: A legal document used to secure the performance of an obligation.
Notarization: The certification by a Notary Public that a person signing a document has been properly identified. Notarization does not certify the content of a document, only validity of signature.
Perfecting Title: Process involving the elimination of any adverse claims against a title.
PITI: Refers to principal, interest, taxes and insurance, the four major components of a usual monthly mortgage payment.
PITI Ratio: The principal, interest, tax and insurance payment to income ratio. Used in mortgage lending decisions.
Points: A fee charged by the lender to fund a loan, in addition to and separate from other fees charged. One point equals one percent of the amount of the loan.
Principal: The sum of money outstanding upon which interest is payable. Also refers to one who is served by an agent.
Private Mortgage Insurance (PMI): Insurance written by a private mortgage insurance company protecting the mortgage lender against loss occasioned by a mortgage default and foreclosure.
Proration: The method used in dividing charges into that portion which applies only to a party's ownership up to a particular date.
Qualification: The process of reviewing a prospective borrower's credit and payment capacity prior to approving a loan.
Quitclaim Deed: A deed relinquishing all interest, title or claim in a property by a grantor. Accomplished without representing that such title is valid, nor containing any warranty or covenants of title.
Real Estate Settlement Procedures Act (RESPA): A federal statute requiring disclosure of certain costs in the sale of residential, improved property which is to be financed by a federally insured lender.
Reconveyance: The conveyance to the landowner of the title, held by a trustee under a deed of trust, when the performance of the debt is satisfied.
Recordation: Involves filing for record in the office of the county recorder for the purpose of giving constructive notice of title, claim or interest in real property.
Record Owner: The owner of property as shown by an examination of the public record.
Statement of Information (SI): A confidential information statement completed by the buyer, seller and borrower in every transaction where a policy or policies of title insurance are requested. Allows the title company to competently search documents affecting the property to be insured, documents which may not refer to said property. Allows title companies to differentiate between parties with similar names when searching matters such as liens and court decrees.
"Subject To" Clause: A clause in a contract of sale setting forth any contingencies or special conditions of purchase and sale, such as an offer made and accepted subject to financing, securing certain zoning or similar requirements.
Subordination Agreement: An agreement under which a prior or superior lien is made inferior or subject to an otherwise junior lien.
Tax Lien: A statutory lien imposed against real property for nonpayment of taxes.
Tenancy in Common: Co-ownership in a property by two or more persons, each of whom has an undivided interest in the whole property.
Title Plant: The information warehouse of a title company in which it has accumulated and is constantly updating title records of properties in its area which it can use to search title to real property.
Trustee: A person who holds title in trust for the benefit of another. In a deed of trust, the trustee is the person named to hold title in trust for the benefit of the lender until the loan is paid off.
Trustor: The borrower under a deed of trust. One who deeds their property to a trustee as security for repayment of a loan.
Uniform Settlement Statement: The standard HUD Form 1 required to be given to the borrower, lender and seller at, or prior to, settlement.
Unmarkable Title: Title which contains defects that would allow a purchaser to be released from his obligation to purchase.
Vesting: Denotes the manner in which title is held. Examples of common vestings are: Community Property, Joint Tenancy and Tenancy in Common.
Veterans Administration (VA): VA has power and authority to guarantee or insure payment of loans made to veterans by private lending institutions. This function is similar to that of FHA. VA also makes direct loans to veterans in non-urban areas where private loan funds are not available.