



HOMEBUYER **GUIDE**

WHY CHOOSE RGS TITLE

When making a decision as important as purchasing a home, why not choose a settlement company that is an established leader in the industry? We pride ourselves on our ability to meet the needs of our clients with impeccable service and industry expertise.

What makes us so great?



UNPARALLELED CUSTOMER SERVICE

RGS Title has set the standard in our industry for over 25 years. Our expertise and understanding of real estate settlements enables us to anticipate the unexpected, and always have an appropriate solution. We have the ability to tailor our services to fit the individual needs of our clients. Our company is dedicated to making every transaction smooth and seamless for all parties involved; providing our clients with the professionalism and knowledge they expect.



SECURITY

RGS adheres to comprehensive security and compliance requirements to protect and safeguard the confidentiality of your client's personal information—a concern that is more and more important in today's regulatory environment.



PROCESSING

RGS employs a highly experienced team of title industry experts. The RGS processing staff works diligently to ensure efficiency and accuracy throughout the closing process. We strive to walk our clients through a seamless transaction, delivering our customers the best service in the industry.



HOMEBUYER CHECKLIST

This checklist is available to help you prepare for your closing in advance, so you can be confident and prepared on your big day. We are available for any questions you have along the way, and want you to feel comfortable with every step of the process.

WHAT DO YOU NEED TO LET YOUR TITLE COMPANY KNOW BEFORE CLOSING?

- Title insurance coverage – Basic or Enhanced?
- Power of Attorney – it is important that all parties be present at the closing. If for any reason all parties required to sign documents are not able to attend closing, let us know as soon as possible. We can arrange for a Power of Attorney to be prepared, or discuss options for a mail-away closing. Any POA used must be approved by us as well as your lender.
- Ownership – how you would like to take title to your property.
- Lender – contact information for your lender.
- Home Warranty – confirm that 1) you are planning to purchase a warranty; 2) which company you have selected to provide your warranty coverage.
- Homeowners Insurance (Hazard Insurance) – provide either the invoice or the paid receipt.
- Survey – confirm that 1) you want a survey; 2) which type of survey you want. Contact your local RGS Title office for further information on the different types of surveys available
- Termite – a copy of the termite or wood destroying insect report.
- Miscellaneous – please contact your RGS Title processor to find out exactly what is needed if there is anything unique to your transaction. For example: if the property is to be held by an LLC or in a Trust, we will need the LLC or Trust documents.

WHAT WILL YOU NEED AT CLOSING?

- A current government issued photo ID (driver's license, passport). Some lenders may require you to provide two forms of identification.
- Arrange to have your closing costs wired to us a minimum of 24 hours prior to closing. Wired funds allow prompt recording and disbursement.
- A personal checkbook.

WHAT YOU NEED TO REMEMBER AFTER CLOSING?

- Place your important documents from closing in a safe place. Pay careful attention to:
 - Settlement statement/Closing Disclosure (you will need this again at tax time)
 - Owner's title insurance policy (you will need this in the event you have to file a claim on your title insurance)
 - Deed (this is the document that transfers property ownership)
 - Homeowner's Insurance (Hazard Insurance) – Keep a copy of this readily accessible.
- Complete your change of address with the US Postal Service, DMV, bank accounts, investment accounts, insurance (car, health, life), cell phone, credit card companies, and with your other bills.
- Contact Utilities to transfer your existing utilities to your new home, or establish fresh accounts.
- Keep contact information for us and your agent handy should you have any questions after closing.

TITLE INSURANCE

Unfortunately, no matter how competently the title search is performed and analyzed, there is no guarantee that the title to the property is free and clear from defects. A title insurance company isn't guaranteeing clear title but insures you against loss resulting from covered title defects. In the event that there is a claim against your rights of ownership in the property as insured under your policy, owner's title insurance steps in and protects you. Title insurance protects you from those potential claims against your property rights and your title insurance company will cover the cost and fees associated with defending you against the claim.

To reinforce this idea, here is a comparison: Imagine that in order to get health insurance, you must first go to a doctor for a checkup and receive a clean bill of health. At that appointment, the doctor says that everything appears normal and you are now eligible to purchase an insurance policy. After receiving a clean bill of health you elect to not purchase health insurance thinking, why do I really need it? Just because you are healthy now, doesn't ensure you are going to stay healthy. Electing to purchase health insurance would cover you should health issues arise later down the road. Purchasing owner's title insurance is similar. Just because a title search was completed does not mean title problems wouldn't potentially arise in the future. Without title insurance, you could be faced with significant legal fees, costs, and even the loss of all, or a portion of your home.

In the event that there is a claim against your rights of ownership in the property, your title insurance company will cover the cost and fees associated with defending you against the claim. Without title insurance, you could be faced with significant legal fees, costs, and even the loss of all, or a portion of your home.

Your lender understands that purchasing real estate never comes without risk. As a condition for obtaining a loan, your lender will require that you purchase a lender's title insurance policy. Unfortunately, this only provides coverage to the lender in the event of a title defect. An owner's title insurance policy can offer you added peace of mind in knowing that the title to your investment is insured for as long as you own the home and after.

It is important that you are aware of your protection options and are able to make the best decision for your needs.

Title insurers offer two different types of owner's policies. The one purchased most often by home buyers in the DC metro area is the Enhanced Policy. The second type of owner's coverage is known as the Standard Policy. The Enhanced Policy offers features not available in the Standard Policy, such as protection against post-policy forgery and mechanic's liens and coverage up to 150% of purchased price. An owner who purchases a Standard Policy will only be able to recover the policy value, which is the original purchase price of the home. We have provided a comparison of Standard and Enhanced owner's coverage policies to show additional features provided by the Enhanced Policy which are not found in the standard policy. Only natural persons (not LLCs or corporations) may purchase enhanced coverage.

To support this idea, here is an example: Typically you are required to maintain a minimal level of auto insurance, called liability insurance.

Liability insurance is for the benefit of other drivers in case you do damage to someone else's car. But what if something happens to your car, like your car is totaled, your car is stolen, or you hit a deer? Auto insurers offer comprehensive coverage to protect you if your car is damaged. Without it, you would be responsible for repairing or replacing your car out of your own pocket.

Standard and Enhanced title insurance coverage options are similar. A Standard Policy is enough to protect you should basic issues arise, where an Enhanced Policy offers the highest level of title insurance protection available.



RGS TITLE HOMEBUYER GUIDE

Buying a new home may be the single most important investment you will make in your lifetime. It is important you make well-informed choices. In order for you to do that effectively, it is critical that you fully understand the process and your options. It will be worth the effort to do the research.

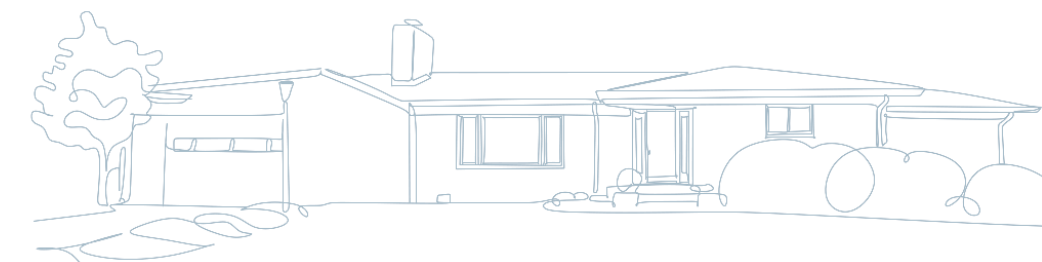
You have already selected a real estate agent and a lender. Most buyers at this point have not even considered the importance of a settlement company. A great deal of what the settlement company does often gets overlooked. The truth is, if we do not do our job, you do not get the keys to your new home. We are the link between finding a home and owning a home.

Our role in the transaction is to coordinate with all the parties including the seller, buyer, real estate agents, and lender. We are responsible for numerous steps between receiving the ratified contract and closing. One of the most critical responsibilities we have is the process of determining whether title to your property is insurable. Most of our clients do not realize the process and problems that can occur from the time the contract is ratified to the day you sit down to sign the final paperwork.

As settlement/title agent we will obtain a search or abstract of the local title records to determine the "chain of title" and recorded liens, then examine and review the title documents to determine insurability. Potential issues or actual defects in title are identified; unresolved issues are addressed (such as paid but unreleased mortgages, judgments lying against persons with similar names) and potential issues that could arise in future are addressed (e.g. estate/will claims; mechanic's liens). Ultimately a title binder or Commitment to insure is issued, naming the insured and stating the coverage to be provided, listing any exceptions and the requirements to be met prior to issuing the policy. At the conclusion of the closing, with the requirements met and for your peace of mind, the title policy then can be issued.

COMPARISON OF STANDARD & ENHANCED COVERAGE

STANDARD COVERAGE	STANDARD	ENHANCED
Defective recording of documents	✓	✓
Improperly executed documents	✓	✓
Third-party claims an interest in the title	✓	✓
Pre-policy forgery, fraud or duress	✓	✓
Unrecorded restrictive covenants or easements	✓	✓
Prior recorded liens not listed in the policy	✓	✓
Unmarketability of title	✓	✓
Policy benefits anyone who inherits the property from insured	✓	✓
Legal right of access distinguished from actual right of access	✓	✓
Insures the trustee of your estate-planning trust	✓	✓
Insures the beneficiaries of your trust upon your death	✓	✓
ADDITIONAL COVERAGE PROVIDED BY ENHANCED POLICY	STANDARD	ENHANCED
Mechanic Liens		✓
Automatic increase in coverage up to 150% not based on inflation		✓
Post-policy forgery		✓
Post-policy encroachment onto insured property		✓
Right to actual vehicular and pedestrian access		✓
Up to \$25,000 coverage for certain losses due to building permit violations*		✓
Up to \$25,000 coverage for certain losses due to existing violation of subdivision law*		✓
Post-policy structural damage for third party mineral extraction		✓
Violation of restrictive covenants identified in the policy:		
Resulting in loss from correction or removal		✓
Resulting in loss of title		✓
Resulting in loss of use where single-family dwelling is prohibited		✓
Forced removal of existing structures that:		
Encroach onto an easement identified in the policy		✓
Violate a building restriction line identified in the policy		✓
Encroach onto a neighbor's land*, if boundary wall or fence**		✓
Land cannot be used for a single family dwelling under zoning ordinance		✓



TYPES OF OWNERSHIP

You also need to consider how you want to hold title. As a natural person, you can hold title as a sole owner if only one person owns the property or jointly with others. When you hold title jointly, you have several options. The four types of ownership are:



SOLE OWNERSHIP

Only one person owns the property.



TENANTS IN COMMON

Two or more persons have a percentage share of ownership in the property. The percentage of ownership need not be equal; each party has a right to sell his interest, and upon the death of any of the owners that owner's interest in the property goes to the deceased's heirs.



JOINT TENANTS

Ownership taken by two or more persons at the same time in equal shares with an undivided right to possession. If one owner dies, his or her interest automatically goes to the remaining owner(s).



TENANTS BY THE ENTIRETY

Owners are a legally married couple holding title to the property together with the right of survivorship. Upon the death of either, the survivor takes sole ownership to the exclusion of the deceased spouse's heirs.

*Deductible of 1% of policy amount or \$5,000, whichever is less. **Maximum coverage of \$25,000

On the day of settlement, RGS will review with the parties the ALTA Settlement Statement and Closing Disclosure. Both documents detail all of the costs and credits of the transaction. **Use the QR Code or web address below for a customized sample of both of these documents.**



TitleCapture
<https://rgstitle.titlecapture.com/login>

Use our platform to generate instant Title Quotes, Seller Net Sheets, Buyer Estimates and many more. No sign-in required.

THE SETTLEMENT PROCESS

When you apply for your loan, your lender is required to provide you with a standardized disclosure called a Loan Estimate. The Loan Estimate includes things such as the loan amount, interest rate, estimated monthly payment, loan costs (including title company's charges), as well as recording fees and other charges for services required to close your transaction. Keep in mind this is just an estimate, and, while the lender is required to disclose these charges and to be accurate within certain tolerances, it may not reflect the total amount of money you need to bring to closing.

When we receive your contract from your real estate agent, we do the following:

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|---|--|
| <ol style="list-style-type: none"> 1. Order title abstract 2. Order a house location survey as requested 3. Review title abstract to determine marketability and insurability 4. Review survey for encroachments or other boundary line issues 5. Work to resolve any known title issues 6. Contact the Seller's lender to obtain the amount needed to pay off the Seller's existing loan(s) 7. Prepare title insurance commitment pursuant to lender requirements 8. Contact your lender to schedule settlement and prepare any required documents | <ol style="list-style-type: none"> 9. Contact the local taxing authority to verify the amount of property taxes and determine proration between Buyer and Seller 10. Contact the Homeowner's Association to verify the amount of homeowner's dues and determine proration between Buyer and Seller 11. Coordinate deed preparation with a local attorney 12. Obtain the lender's loan documents and loan proceeds wire 13. Prepare the Closing Disclosure if applicable, and any other required documents |
|---|--|

An attorney or licensed settlement agent will conduct the closing at our office. We will go through the settlement documents as you sign them, explaining the general purpose of each one. Since many of the documents you will be signing at settlement must be notarized, you will need to bring to settlement a current and acceptable form of identification containing your picture. Some lenders may require two forms of identification. Examples of acceptable forms of identification include a valid driver's license, a United States passport or an unexpired foreign passport stamped by the USCIS, or a valid United States military ID.

At closing, you will be required to provide your cash to close via bank-wired funds. It is required that the lender provide you with a Closing Disclosure at least three business days before you close on your loan. To determine the amount of money you need for closing, please reference the final Closing Disclosure provided to you by your lender.

Aside from an exchange of paperwork and title to real property in the form of a deed, a real estate transaction involves a series of monetary exchanges, not only between the Buyer and Seller, but also with lenders, real estate agents, and state and local governments. The ALTA Settlement Statement and Closing Disclosure are the documents which reduce these monetary exchanges to a written "ledger" format, accounting for all the credits and debits to Buyer and Seller. The ALTA Settlement Statement and Closing Disclosure itemize all the charges and credits to the Buyer and Seller in a simple, easy to understand format, removing much of the mystery of the financial terms of the real estate transaction.

Here are the items you will need to look for on the ALTA Settlement Statement. First check that the necessary items or fees appear, and second, that they are accurate.

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|--|---|
| <ul style="list-style-type: none"> • General case information accuracy such as names, property address, sales price, etc. • Tax prorations • Homeowner's association dues • Credits - Seller, Lender, or Agent | <ul style="list-style-type: none"> • POCs (costs paid outside of closing) • Pest inspection • Survey • Miscellaneous invoices |
|--|---|

When reviewing the Closing Disclosure, you should be looking for all the same items you verified on the ALTA Settlement Statement. **In addition, you should also review the Closing Disclosure for accuracy of the following items:**

- | | |
|--|---|
| <ul style="list-style-type: none"> • Interest rate • Monthly payment | <ul style="list-style-type: none"> • Escrows • Rate adjustments if applicable |
|--|---|

Two things to consider: First, the Closing Disclosure you received prior to settlement may be different from the one you receive at closing. Remember this when you go to wire your closing funds. It is a good idea that you have a conversation with your Lender and RGS Title office prior to initiating your wire.

Second, the Closing Disclosure will not include the Seller's side of the transaction. This means that you will not see the Seller costs, which appear on the ALTA Settlement Statement, on your Closing Disclosure.

AFTER CLOSING

In order to complete the process of settlement, after receiving all necessary funds and documents, we do the following, as required:

- Record the deed, deed of trust or assumption documents in the land records at the county courthouse
- Audit the disbursement sheet
- Disburse all funds as shown on the Settlement Statement/Closing Disclosure
- Issue the title insurance policy
- Send the lender the packet of all signed documents
- Pay off the Seller's mortgage(s), if any, and obtain and record a release of the Seller's deeds of trust
- Hold any funds required to be escrowed at closing and disburse as agreed

Lastly, we welcome your questions. Not only are we happy to answer questions regarding our fees, or the services we perform, but we can also help you understand or solve most of the problems which can occur during the home buying process.



When choosing a settlement company, don't just compare prices—compare services. Most title companies will offer a basic range of services. These “basics” include preparation and recordation of the closing documents and disbursement of funds. Title companies who only offer these basic services may or may not be cheaper, but you need to ask yourself whether your best interest will be served by cutting corners. So ask questions: Will the title company work with your lender to avoid scheduling problems, to make sure all title and survey requirements are met, and to resolve any unexpected loan charges at settlement? Will the title company work with your real estate agent to ensure compliance with the sales contract and to alert them to any potential title or survey problems? Will the title company work with you to answer questions you have about the closing documents or the settlement process and provide you with your final settlement charges as soon as possible before settlement? How experienced is the company? Will they be available in the future long after your settlement has taken place? Finally, ask if the title company has experienced and licensed professionals available to you and your real estate agent to help avoid or resolve the potential problems which can occur during the home buying process?

Our licensed title professionals and attorneys who conduct settlements are employed by us only after thorough screening and vetting. They have extensive experience in real estate transactions and have dealt with the issues that arise in the home buying process. We draw on the experience of our professional staff to make sure we offer you the services you need to ensure a smooth and efficient settlement.

In each and every aspect of the closing process, we are committed to excellent service. We believe that is essential for an investment as important as your new home.

GLOSSARY

Adjustable Rate Mortgage (ARM): interest rates on this type of mortgage are periodically adjusted up or down, depending on a specified financial index.

AIR: Adjustable interest rate.

Agent: acts on behalf of another, representing that person's interests and serving as intermediary.

Alta Settlement Statement: provides a itemized breakdown of the fees that the homebuyer and seller must pay during the settlement process.

Amortization: a method of equalizing the monthly mortgage payments over the life of the loan, even though the proportion of principal to interest changes over time. In the early part of the loan, principal repayment is very small and interest repayment very high; at the end of the loan, that relationship is reversed.

Annual Percentage Rate (APR): the actual finance charge for a loan, including points and loan fees in addition to the stated interest rate.

AP: Adjustable Payment

Application: the submission of a consumer's financial information for the purposes of obtaining an extension of credit, and consists of the submission of the consumer's name, income, social security number, property address, estimate of the value of the property, mortgage loan amount sought.

Appraisal: an expert judgment of the value or worth of a property.

Appraiser: works on behalf of a lender and provides a market analysis of the property.

ARM: see “Adjustable Rate Mortgage”

Assessed Value: value placed on property by a municipality for purposes of levying taxes which may differ widely from appraised or market value.

Assignment of Funds: a direction to a third party to transfer funds from the sale or mortgage of one property directly to the Settlement Agent for the specified contract property.

Assumption of Mortgage: Buyer assumes liability for an existing mortgage note held by the Seller. This is subject to approval by the lender, who must be willing to approve the Buyer and release the Seller.

Balloon Payment: a large principal payment due all at once at the end of some loan terms.

Broker: a real estate professional that has a higher level of training than an agent. Generally, this is one who is the legal representative or proprietor of the office.

Business Day: defined differently for the Long Estimate (LE) vs. Closing Disclosure (CD). For the Loan Estimate, a business day is a day on which the creditor's offices are open to the public for carrying out substantially all of its business functions. For the Closing Disclosure, a business day refers to all calendar days except Sundays and federal holidays specified in 5 U.S.C. 6103(a) such as New Year's Day, Martin Luther King Jr.'s Birthday, Washington's Birthday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veteran's Day, Thanksgiving Day, and Christmas Day.

Buyer's Agent (or Selling Agent): works with the buyer to locate a suitable property and negotiate a successful home purchase.

Cap: limit on how much the interest rate can change in an ARM.

CFPB: Consumer Financial Protection Bureau, and entity created by the Dodd-Frank Act.

Closing: see “Settlement.”

Closing Disclosure (CD): CFPB mandated form replacing the HUD-1 and TIL (Truth in Lending) on impacted transactions designed to provide helpful disclosures to consumers in understanding all the costs of the transaction. This form is given to the buyer (consumer) three business days before closing.

Commission: fee (usually a percentage of total transaction) paid to an agent or broker for services performed.

Condominium (Condo): type of real estate ownership where the owner has title to a specific unit and shared interest in common areas.

Consummation: when the consumer becomes contractually obligated to the creditor on the loan.

Consumer: Borrower/Buyer

Contingency: a condition in a contract that must be met for the contract to be binding.

Contract: binding legal agreement between two or more parties that delineates the conditions for the exchange of value (for example: money exchanged for title to property)

Conversion Clause: a provision that allows converting an ARM to a fixed-rate loan after a specified interval.

Deed: legal document that formally conveys ownership of property from Seller to Buyer.

Down Payment: percentage of the purchase price which the Buyer must pay in cash and may not borrow from the lender.

Earnest Money: a large deposit paid when the sales contract is signed before the closing.

Equity: the value of the property actually owned free and clear by the homeowner: purchase price plus appreciation plus improvements, less mortgages and liens.

Escrow: a fund or account held by a third-party custodian until conditions of a contract are met.

Fannie Mae: see Federal National Mortgage Association.

Federal Home Loan Mortgage Corporation (Freddie Mac)/ Federal National Mortgage Association (FNMA, called "Fannie Mae"): privately owned corporations created by Congress that buy mortgage notes from local lenders and are responsible for the guidelines a majority of lenders use to qualify borrowers.

Finance Charge: the total cost, including all fees, points and interest payments a borrower pays to obtain credit.

Fixed Rate Mortgage: interest rates on this type of mortgage remain the same over the life of the loan term. Compare to "Adjustable Rate Mortgage."

Fixture: a recognizable entity (such as a toilet bowl, kitchen cabinet, or light unit) that is permanently attached to property and belongs to the property when it is sold.

GFE: Good Faith Estimate provided by the lender on a federally mandated form to disclose to borrower the estimated charges for closing.

Hazard Insurance: compensates for property damage from specified hazards such as fire and wind. More complete coverage is given by all-risk homeowner's insurance.

Home Inspector: provides an objective and independent comprehensive written report on a home's condition, major systems and components.

Home Inspection Report: prepared by a qualified Home inspector to evaluate a property's structure and mechanical systems.

HUD-1: a precise breakdown of closing costs for both Sellers and Buyers (also known as HUD-1 Settlement Statement) which was required by RESPA until October 3, 2015, then only in the following transactions – HELOCs, reverse mortgages, mobile homes, co-ops, consumer-purpose loan secured by commercial real estate.

Impounds: another term sometimes used for "Escrows" collected and held by a lender to pay taxes and insurance on the mortgaged property.

Interest: the cost of borrowing money, usually expressed as a percentage over time.

Lien: a security claim on property until a debt is satisfied.

Listing Agent: through a broker forms a legal relationship with the homeowner to sell the property.

Listing Contract: agreement whereby an owner engages a real estate broker for a specified period to sell property, for which sale the agent and broker receives a commission.

Loan Estimate (LE): form replacing the GFE and early TIL designed to provide disclosures that will help consumers understanding the key features, costs, and risks of the mortgage loan for which they are applying. Initial disclosure to be given to the consumer three business days after Application.

Loan Officer/Mortgage Consultant: Representative of a bank or other financial institution, who helps customers identify their borrowing options and helps them understand and secure the terms of their loan.

Market Value: the price that is established by present economic conditions, locations, and general trends.

Mortgage: security claim by a lender against property until the debt is paid.

Metropolitan Regional Information System (MRIS): a system that provides to its members detailed information about properties for sale.

Negative Amortization: a method of calculating fixed monthly payments in combination with a variable interest rate. When monthly payments are not enough to cover interest costs, unpaid interest is added to the principal balance.

Origination Fee: application fee(s) for processing a proposed mortgage loan.

PITI: principal, interest, taxes, and insurance forming the basis for monthly mortgage payments.

Point: one percent of the loan principal. It's charged in addition to interest and fees.

Prepayment Penalty: a fee paid by a borrower who pays off the loan before it is due.

Prequalification: informal estimate of how much financing a potential borrower might expect to obtain, done before paying substantial loan application fees.

Principal: one of the parties to a contract; or the amount of money borrowed, for which interest is charged.

Prorate: divide or assess proportionately.

Realtor®: a licensed real estate agent and member of the National Association of Realtors®. They also belong to state and local Association of REALTORS.

Real Estate Agent: individual licensed by the state to represent parties in the transfer of property. Every Realtor is a real estate agent, but not every real estate agent has the professional designation of a realtor.

RESPA: Real Estate Settlement Procedures Act.

Settlement: all financial transactions required to complete contract performance/obligations.

Survey: a house location survey (also known as a physical improvement survey), which is the type of survey generally required by lenders and title insurance underwriters. If a purchaser plans on making improvements to the property, or wants to be able to see the property line on location, a boundary survey (also known as a staked survey) can be ordered. The cost of a boundary survey usually runs twice the cost or more of a location survey.

TIP: Total Interest Percentage: total amount of interest paid over the life of the loan, expressed as a percentage of amount borrowed.

Title: legal ownership and right to use and possession of a specific property.

Title Insurance: protects insured against covered loss resulting from defects in the title.

Title Search: detailed examination of the recorded document history of a property to determine condition of title and any encumbrances.

Unreleased Trust: a mortgage or lien recorded in the Court records that appears to be outstanding because no Certificate of Satisfaction/Deed of Release has been recorded.

Variance: (also known as tolerance) the change between a good faith charge provided on the LE and the actual charge on the CD.



The forgoing is for general information purposes only, is not intended as legal advice and should not be relied upon as such. For specific advice, you must consult with an attorney or other professional pertaining to any specific circumstances.



**We've got you covered anywhere in the DC Metro area.
To find an office near you, visit www.RGStitle.com**