



# Buying a Home in Washington.

For more information please contact your First American representative



*First American Title*™

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# Quick Reference

Your Escrow Number	
Your New Address	
City/State/Zip	

Real Estate Agent	
Name	
Company	
Address	
Email	
Phone	
Fax	
Assistant	
Email	

First American Title	
Escrow Officer	
Address	
City/State/Zip	
Phone	
Fax	
Email	
Escrow Assistant	
Email	

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

## Utilities and Services

**Southwest Gas**  
1.877-860-6020  
www.swgas.com

**Cox**  
602-277-1000  
www.cox.com

**Direct TV**  
1.888-777-2454  
www.directv.com

**Dish Network**  
1.800-823-4929  
www.dishnetwork.com

**CenturyLink**  
800-366-8201  
www.centurylink.com

**AT&T**  
1.800-222-0300  
www.att.com

**Verizon**  
1.877-300-4498  
www.connecttoverizon.com

**Salt River Project**  
602-236-8888  
www.srpnet.com

**APS**  
602-371-7171  
www.aps.com



# Count on First American Title.

## **Count on us for service.**

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

## **Count on us for stability.**

First American Title is the principal subsidiary of First American Financial Corporation, and one of the largest suppliers of title insurance services in the nation. With roots dating back to 1889, we've served families for generations.

## **Count on us for convenience.**

First American Title has a direct office or agent near you. We also have an extensive network of offices and agents throughout the United States, and internationally.

## **Count on us to meet your needs.**

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

# Terms you should know.

## Appraisal

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

## Annual Percentage Rate (APR)

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

## Beneficiary

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

## Closing Disclosure (CD)

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

## Close of Escrow

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

## Comparable Sales

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

## Consummation

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

## Deed of Trust

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

## Deed Restrictions

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

## Disbursement Date

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

## Earnest Money Deposit

Down payment made by a purchaser of real property as evidence of good faith; a deposit or partial payment.

## Easement

A right, privilege or interest limited to a specific purpose that one party has in the land of another.

## Endorsement

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

## Hazard Insurance

Real estate insurance protecting against fire, some natural causes, vandalism, etc., depending upon the policy. Buyer often adds liability insurance and extended coverage for personal property.

## Impounds

A trust type of account established by lenders for the accumulation of borrower's funds to meet periodic payments of taxes, mortgage insurance premiums and/or future insurance policy premiums, required to protect their security.

## Legal Description

A description of land recognized by law, based on government surveys, spelling out the exact boundaries of the entire parcel of land. It should so thoroughly identify a parcel of land that it cannot be confused with any other.

## Lien

A form of encumbrance that usually makes a specific parcel of real property the security for the payment of a debt or discharge of an obligation. For example, judgments, taxes, mortgages, deeds of trust.

## Loan Estimate (LE)

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

## Mortgage

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

## PITI

A payment that includes principal, interest, taxes, and Insurance.

## Power of Attorney

A written instrument whereby a principal gives authority to an agent. The agent acting under such a grant is sometimes called an "Attorney-in-Fact."

## Recording

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

## Settlement statement

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

## TRID

TILA-RESPA Integrated Disclosures

# Key professionals involved in a real estate transaction.



At First American Title Insurance Company, we have knowledgeable, customer-focused professionals available to answer your title and settlement questions. Throughout the home buying and selling process, you may also encounter the following industry specialists who are able to professionally answer questions in their area of expertise:

## REALTOR®

A REALTOR® is a licensed real estate agent and a member of the National Association of REALTORS®. They also belong to their state and local Association of REALTORS®. When looking for a REALTOR®, the best place to start is by asking friends and neighbors for referrals. Another resource is the Find a REALTOR® search engine on the National Association of REALTORS® (NAR) website.

## REAL ESTATE AGENT

A real estate agent is licensed by the state to represent parties in the transfer of property. Every REALTOR® is a real estate agent, but not every real estate agent has the professional designation of a REALTOR®.

## LISTING AGENT

A listing agent or broker forms a legal relationship with the homeowner to sell the property.

## BUYER'S AGENT

The buyer's agent or broker works with the buyer to locate a suitable property and negotiate a successful home purchase.

## HOME INSPECTOR

A home inspector objectively and independently provides a comprehensive analysis of a home's major systems and components.

## LOAN OFFICER

A loan officer is a representative of a bank or other financial institution. They help customers identify their borrowing options and help them understand the terms of their loan.

## APPRAISER

An appraiser works on behalf of a lender and provides a market analysis of the subject property. An appraiser's finding is subjective and combined with market findings of sold properties within the surrounding neighborhood.

## INSURANCE AGENT

An insurance agent helps homebuyers determine the homeowner's protection coverage needed and then finds the right insurance policy to fit those needs.

## REAL ESTATE ATTORNEY

A real estate attorney can give advice on all legal aspects of the real estate transaction. Additionally, they are able to draft and review contracts, help decide how to take title, and assist with the closing process. In some states, real estate closings can only be conducted by attorneys.

## ESCROW/CLOSING OFFICER

The escrow or closing officer is a non-biased third party who works with all participants to facilitate a successful closing of a real estate transaction. At closing, the closing officer will collect the purchase money funds from the buyer and lender as well as the settlement costs from each party. They disburse the funds, in accordance with the settlement statement, and record the necessary documents to transfer ownership of the property.

## TITLE COMPANY

First American's thorough title searches, title clearance and title insurance policies help to produce clear property titles and enable the efficient transfer of real estate. As one of the largest title insurance companies in the nation, First American offers title insurance and settlement services through its direct operations and an extensive network of agents throughout the United States and internationally.

# Why use a real estate professional?



Whether **buying** or **selling** a home, a real estate professional can provide guidance every step of the real estate transaction.

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## When **buying** a home, a real estate professional:

- Has the most information in one place about what is on the market, including homes listed by other professionals.
- Can help you find the home best suited to your needs – size, style, features, location, accessibility to schools, transportation, shopping, etc.
- Can supply information on real estate values, taxes, utility costs, municipal services and facilities.
- Can suggest simple changes that could make a prospective home more suitable for you and improve its utility and value.
- Has no emotional ties to a home, can be objective about it and can point out its advantages and disadvantages.
- Acts as an agent between you and the seller to present offers and counter-offers until an agreement is reached.
- Is bound by a code of ethics.

## When **selling** a home, a real estate professional:

- Is knowledgeable of the market and gives you the quickest exposure to the maximum number of buyers.
- Qualifies prospects as to their affordable price range and housing needs.
- Knows current real estate values and can help you set a realistic, competitive price. This skilled professional knows how to market your home effectively.
- Can figure the net proceeds from your sale, taking into account items such as your outstanding loan balance, closing costs, and possible owner financing.
- Can tap an even larger market through referrals and marketing techniques.
- Frees you from the problems associated with showing your home. The real estate professional handles phone inquiries, showings, and negotiations of the contract.
- Maintains objectivity in presenting offers and counter-offers.
- Can familiarize you with the closing procedures by explaining them all in advance.
- Is bound by a code of ethics.



## The Benefits of Buying

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

Rent	1 YR	3 YRS	5 YRS	10 YRS	15 YRS	Return
\$1,200	\$14,400	\$43,200	\$72,000	\$144,000	\$216,000	\$0
\$1,300	\$15,600	\$46,800	\$78,000	\$156,000	\$234,000	\$0
\$1,400	\$16,800	\$50,400	\$84,000	\$168,000	\$252,000	\$0
\$1,500	\$18,000	\$54,000	\$90,000	\$180,000	\$270,000	\$0
\$1,750	\$21,000	\$63,000	\$105,000	\$210,000	\$315,000	\$0
\$2,000	\$24,000	\$72,000	\$120,000	\$240,000	\$360,000	\$0
\$2,250	\$27,000	\$81,000	\$135,000	\$270,000	\$405,000	\$0
\$2,500	\$30,000	\$90,000	\$150,000	\$300,000	\$450,000	\$0
\$2,750	\$33,000	\$99,000	\$165,000	\$330,000	\$495,000	\$0
\$3,000	\$36,000	\$108,000	\$180,000	\$360,000	\$540,000	\$0
\$3,500	\$42,000	\$126,000	\$210,000	\$420,000	\$630,000	\$0
\$4,000	\$48,000	\$144,000	\$240,000	\$480,000	\$720,000	\$0

### Renting

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

### Buying

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



# The life of an escrow.





# Closing Costs:

## Who pays what in Washington

Customary fees associated with a real estate transaction.



### SELLER'S RESPONSIBILITY

Owner's Title Insurance Policy\*

Half of the Escrow Fee\*

Excise Tax\*

Loan Balances

Pro-Rated Property Taxes

Current Utility Balances

Homeowner's Association Fees

Pro-Rated HOA Dues

Miscellaneous HOA Fees

### BUYER'S RESPONSIBILITY

Lender's Title Insurance Policy\*

Half of the Escrow Fee\*

Home Inspection

Recording Fees

First Year Fire Insurance Premium

First Year Flood Insurance Premium, (if applicable)

Pro-Rated Property Taxes

Survey Fee, (if required)

Homeowner's Association Fees

Pro-Rated HOA Dues

Miscellaneous HOA Fees

Lender Fees; Appraisal, Credit Report,  
Loan Origination Fee, Pre-Paid Interest,  
Private Mortgage Insurance

### QUICK REFERENCE

- ✓ Typical closing costs for a buyer in Washington range between 2% to 5% of the purchase price.
- ✓ Cash home buyers pay lower closing fees or settlement charges. Washington closing costs for cash buyers are around 1% of the purchase price. Cash home sales don't have a financing contingency, or mortgage closing costs, and often purchase homes as is which eliminates appraisal and inspection costs.
- ✓ Under the Real Estate Settlement Procedures Act (RESPA), your lender will provide you with the closing disclosure three days before the settlement date. It will list all your closing costs and the exact amount you owe.

**Reach out for more information or to get an estimate of closing your expenses!**

# The life of a sales escrow.



## The Beginning

- Receive Purchase & Sale Agreement and/or loan set-up
- Assign a closer and an escrow number
- Order a title report

## Search and Review

- Review purchase and sale agreement
- Review preliminary title report
- Contact parties for needed information

## Gather Information

- Obtain payoffs on liens/bills to be paid through escrow
- Obtain title clearing documents
- Coordinates with Lender on preparation of the Closing Disclosure (CD)
- Prepare settlement statement and documents

## The Signing

- Set appointment with parties
- Parties deposit documents and/or funds into escrow

## The Closing

- Loan documents returned to lender
- Recordable documents sent to title
- Lender authorize recording
- Title sends documents to county recorder
- Lender deposits loan proceeds (lender must wire proceeds prior to 2 p.m.)
- Recording number received from county

## Disbursement

- All encumbrances and bills paid
- Proceeds delivered to Seller
- Compensation checks delivered to Agents
- Mortgage Broker check delivered
- Keys available from your agent or per a contract agreement

## The Finish

- Final copies and title policies to all parties
- Record reconveyances and releases
- Celebrate

# The Escrow Process

## What is an escrow?

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

## How is an escrow opened?

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





# Your escrow professional may:

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

# Understanding title insurance.

The title industry and title insurance in brief.

Prior to the development of the title industry in the late 1800s, a home-buyer received a grantor's warranty, attorney's title opinion, or abstractor's certificate as assurance of home ownership. The buyer relied on the financial integrity of the grantor, attorney, or abstractor for protection. Today, home-buyers look primarily to title insurance to provide this protection. Title insurance companies are regulated by state statute. They are required to post financial guarantees to ensure that any claims will be paid in a timely fashion. They also must maintain their own "title plants" which house duplicates of recorded deeds, mortgages, plats, and other pertinent county property records.

## What is title insurance?

Title insurance provides coverage for certain losses due to defects in the title that, for the most part, occurred prior to your ownership. Title insurance protects against defects such as prior fraud or forgery that might go undetected until after closing and possibly jeopardize your ownership and investment.

## Why is title insurance needed?

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

## When is the premium due?

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



# 6 Common ways to hold title in Washington.



## 1 A Single Man/Woman

A man or woman who is not legally married (i.e. John Doe, a single man).

## 2 A Married Man/Woman, as His/Her Sole and Separate Property

When a married man or woman wishes to acquire title in his or her name alone, the spouse must consent by signing a quitclaim deed or other similar instrument, thereby relinquishing all rights, title and interest in the property (i.e. John Doe, a married man, as his sole and separate property).

## 3 Community Property

The Washington Civil Code defines community property as property acquired by husband and wife, or either, during marriage, when not acquired as the separate property of either. Real property conveyed to a married man or woman is presumed to be community property unless otherwise stated. Under community property, both spouses have the right to dispose of one-half of the community property by will, but all of it will go to the surviving spouse without administration, if the other spouse dies without a will. If a spouse exercises his/her right to dispose of one-half, that half is subject to administration in the estate (i.e. John Doe and Jane Doe, husband and wife, as community property).

## 4 Joint Tenancy

A joint tenancy estate may be defined as follows: "A joint interest is one owned by two or more persons in equal shares, by a title created by a single will or transfer, when expressly declared in the will or transfer to be a joint tenancy." A chief characteristic of joint tenancy property is the right of survivorship. When a joint tenant dies, title to the property immediately vests in the survivor or surviving joint tenants. As a consequence, joint tenancy property is not subject to disposition by will (i.e. John Doe and Jane Doe, husband and wife, as joint tenants).

## 5 Tenancy in Common

Under tenancy in common, the co-owners own undivided interests, but unlike joint tenancy, these interests need not be equal in quantity or duration, and may arise from different times. There is no right of survivorship; each tenant owns an interest which on his or her death vests in his or her heirs or devisees (i.e. John Doe, a single man, as to an undivided 3/4th interest, and George Smith, a single man, as to an undivided 1/4 interest as tenants in common).

## 6 State Registered Domestic Partnerships and Same Sex Couples

Washington State allowed same sex couples to enter into Registered Domestic Partnerships beginning in 2007. Subsequent laws expanded the scope of this law. With the 2012 passage of Referendum 74, all existing domestic partnerships, unless dissolved, will convert to marriages as of June 30, 2014. Any same sex partners who entered this registry will be considered a married couple after that date. The exception to this rule is for Seniors (where one partner is at least 62 years of age) due to possible Social Security concerns.

# How title insurance differs.

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

## The importance of title protection.

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



Here are some examples of title issues that may occur:

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



# Eagle Policy<sup>®</sup> for Owners

## The benefits of First American Title's Eagle Policy<sup>®</sup> for Owners versus the Standard ALTA Owner's Policy

First American Title's Eagle Policy<sup>®</sup> for Owners provides expanded title coverage for natural persons who purchase one-to-four family residences, including condominiums.

Coverages included in the Eagle Policy<sup>®</sup> for Owners offer the highest levels of protection available to homeowners.

## Eagle Policy<sup>®</sup> for Owners benefits you won't get with a Standard ALTA Owner's Policy

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

Compare First American Title's Eagle Policy® for Owners		EAGLE/ALTA Homeowners Policy	ALTA Standard Policy
<b>Protection from:</b>			
1	Someone else owns an interest in your title	✓	✓
2	A document is not properly signed	✓	✓
3	Forgery, fraud, duress in the chain of title	✓	✓
4	Defective recording of any document	✓	✓
5	There are restrictive covenants	✓	✓
6	There is a lien on your title because there is:		
	a) a mortgage	✓	✓
	b) a judgement, tax, or special assessment	✓	✓
	c) a charge by a homeowner's association	✓	✓
7	Title is unmarketable	✓	✓
8	Mechanics lien **	✓	
9	Forced removal of a structure because it:		
	a) extends on another property and/or easement	✓	
	b) violates a restriction in Schedule B	✓	
	c) violates an existing zoning law*	✓	
10	Cannot use the land for a Single-Family Residence because the use violates a restriction in Schedule B or a zoning ordinance	✓	
11	Unrecorded lien by a homeowners association	✓	
12	Unrecorded easements	✓	
13	Building permit violations*	✓	
14	Restrictive covenant violations	✓	
15	Post-policy forgery	✓	
16	Post-policy encroachment	✓	
18	Lack of vehicular and pedestrian access	✓	
20	Post-policy adverse possession	✓	
21	Post-policy prescriptive easement	✓	
22	Covenant violation resulting in your title reverting to a previous owner	✓	
23	Violation of building setback regulations	✓	
24	Discriminatory covenants	✓	
<b>Other benefits:</b>			
25	Pays rent for substitute land or facilities	✓	
26	Rights under unrecorded leases	✓	
27	Plain language statements of policy coverage and restrictions	✓	
29	Coverage for boundary wall or fence encroachment **	✓	
30	Added ownership coverage leads to enhanced marketability	✓	
31	Insurance coverage for a lifetime	✓	
32	Post-policy inflation coverage with automatic increase in value up to 150% over five years	✓	
33	Post-policy Living Trust coverage	✓	

\* Deductible and maximum limits apply. Not available to investors on 1- to 4-unit residential properties.

\*\* \*\* Subject to underwriting approval. See policy for exact statements of coverage. All coverages subject to special exceptions set forth in Schedule B of the policy.

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

# Vesting: Ways to hold title in Washington.

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

Note: Arizona is a community property state. Property acquired by a husband and wife is presumed to be community property unless legally specified otherwise. Title may be held as "Sole and Separate." If a married person acquires title as sole and separate, his or her spouse must execute a disclaimer deed to avoid the presumption of community property. Parties may choose to hold title in the name of an entity, e.g., a corporation; a limited liability company; a partnership (general or limited), or a trust. Each method of taking title has certain significant legal and tax consequences; therefore, you are encouraged to obtain advice from an attorney or other qualified professional.

# What happens next for the buyer.

## Identity Statement

You will be asked to fill out an Identity Statement that enables our title department to distinguish you from others with identical names during our search of County records. It also provides basic information that will be useful to your escrow officer.

## Home Loan

Unless you are paying cash, assuming a loan, or the seller is financing, you will need to apply for a home loan if you have not already done so. Apply as soon as possible to comply with the purchase contract and prior to insuring to avoid delaying the closing.

## Response to Seller's Notices

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

- Seller's property disclosure statement listing any existing problems known to the seller
- Information pertaining to the Homeowners Association (HOA) or Planned Unit Development (PUD), such as Covenants, Conditions and Restrictions (CC&Rs), if applicable
- Flood hazard disclosure if the real property is in a flood area
- Independent inspections, such as termite and septic, and any repairs as required

## Title Commitment

You will receive a copy of the title commitment when we complete the title search. If you have questions about the title commitment, contact your real estate agent or your escrow officer.

## Consider This

One escrow transaction could involve over 20 individuals, including real estate professionals, buyer, seller, attorney, escrow officer, escrow technician, title officer, loan officer, loan processor, loan underwriter, home inspector, termite inspector, insurance agent, home warranty representative, contractor, roofer, plumber, pool service, and so on. And often one transaction depends on another. When you consider the number of people involved, you can imagine the opportunities for delays and mishaps. While your experienced real estate professional, escrow, and title team can't prevent unforeseen problems from arising, they can help to ensure as smooth a closing as possible.

## Your Title Commitment

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

### Schedule A

This is the information submitted to our title department by the escrow officer. It contains the basic information given to us by the buyer or real estate professional, such as the legal description of the real property, sale price, loan amount, lender, name, and marital status of buyer and seller.

### Schedule B

The Schedule B "exceptions" are items which are tied to the subject property, and the buyer's rights in the title will be subject to these exceptions. These may include easements, Homeowners Association by-laws, leases, Covenants, Conditions, and Restrictions (CC&Rs) and other items which will remain of record and transfer with the property. The buyer is asked to sign a receipt for the Schedule B documents which states the buyer has read and accepts the contents.

### Requirements

These are items that First American Title needs to delete and/or record prior to insuring title to the real property. Items that need to be addressed include:

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

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

# What to avoid during the closing process.

## **Avoid changing jobs**

A job change may result in your loan being denied, particularly if you are taking a lower-paying position or moving into a different field. Don't think you're safe because you've received approval earlier in the process, as the lender may call your employer to re-verify your employment just prior to funding the loan.

## **Avoid switching banks or moving your money to another institution**

After the lender has verified your funds at one or more institutions, the money should remain there until needed for the purchase.

## **Avoid paying off existing accounts unless your lender requests it**

If your loan officer advises you to pay off certain bills in order to qualify for the loan, follow that advice. Otherwise, leave your accounts as they are until your escrow closes.

## **Avoid making any large purchases**

A major purchase that requires a withdrawal from your verified funds or increases your debt can result in your not qualifying for the loan. A lender may check your credit or re-verify funds at the last minute, so avoid purchases that could impact your loan approval.



# Closing Your Escrow

## What to do before the closing appointment.

Your escrow officer or escrow technician will contact you to schedule your closing appointment and inform you of the funds you need to bring with you. Obtain a cashier's check for that amount made payable to First American Title. If a wire transfer is necessary, arrange for it in advance with your escrow officer.

First American Title is required by law to have funds deposited before escrow funds can be disbursed. Expect delays if you submit a personal check! If you have questions or anticipate a problem, contact your escrow officer immediately.

## Don't forget your identification.

You will need valid identification with your photo; a driver's license is preferred. This is necessary so that your identity can be sworn to by a notary public. It's a routine step, but it's important for your protection.

## What happens next?

During your signing appointment at First American Title, you will sign loan documents for the home you are purchasing and you will present your identification so the documents can be notarized. You will review the settlement statement and give the escrow officer your cashier's check. (The seller will sign at a separate appointment.)

First American Title will confirm that all contract conditions have been met and ask the lender to "fund the loan." If the loan documents are satisfactory, the lender will send funds directly to First American Title. When all necessary funds are received we will disperse escrow funds to the seller and other appropriate payees. The signed loan documents will be returned to the lender. We will record the deed at the county recorder's office. At this time your escrow is closed.

# After the Closing

We recommend you keep all records pertaining to your home together in a safe place, including all purchase documents, insurance, maintenance and improvements.

**Loan payments and impounds.** You should receive a statement from your lender before your first payment is due. If you have not been notified, or if you have questions about your tax and insurance impounds, contact your lender.

**Home Warranty Repairs.** If you have a home warranty policy, call your home warranty company directly for repairs. Have your policy number available when you call.

**Title Insurance Policy.** First American Title will deliver your policy and your recorded deed.

**Property Taxes.** You may not receive a tax statement for the current year on the home you buy; however, it is your obligation to make sure the taxes are paid when due. Check with your mortgage company to find out if taxes are included with your payment. For more information on your property taxes, contact your county treasurer's office.









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