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The Title Process

When buying a home, prospective homebuyers or their real estate professionals consult a title company to assist them with the process. These highly trained title professionals serve a vital role. This brochure is designed to provide the home-buyer with a better understanding of what their title company does for them.

1. Title Search and Examination

One of the main functions that a Title company provides is a search and examination of the public records to find and isolate title risks. As the records are generally indexed by name and not by property location, finding pertinent information can be tedious.

- ▶ **Records that may be searched:** tax, conveyance, and mortgage.
- ▶ **Potential risks that may be identified:** prior defective deeds, unreleased mortgages, mechanics' liens, tax judgments, outstanding child support liens, access rights, utility and right-of-way easements, water and sewer assessments, pending bankruptcy disputes, probate issues, etc.

2. Curative Actions

Occasionally during the title search and examination, title defects are found. These defects are remedied or otherwise addressed by title professionals. This process of remedying title defects can be difficult. Therefore, it is important that the buyer select a team of competent professionals who have the experience to correctly identify and timely address the title defects.

3. Settlement /Closing Services

Once the title search is complete, the title company next provides settlement and closing services. This is the final step in the real estate transaction. During this stage of the transaction, the title company will do the following:

- ▶ Coordinate communication between all parties in the transaction
- ▶ Review lender documents, contracts and escrow agreements
- ▶ Coordinate with the lender regarding the Closing Disclosure
- ▶ Pay off prior liens and mortgages
- ▶ Disburse funds to appropriate parties
- ▶ Submit pertinent documents for proper recordation
- ▶ Explain and Notarize all closing documents

At Tuten Title, we believe every home-buying experience should be fun, enjoyable and memorable. Therefore, during the settlement and closing services phase, we keep you updated on the status of your closing, your phone calls and emails are promptly returned, and we explain every document to you. When you know what is going on, your stress level is significantly reduced!

4. Escrow Services

As it pertains to the closing process, "Escrow" is the act or process of providing closing and settlement services and generally refers to an account where a deposit of funds occurs for payment of certain items.

The lender provides the title company with closing instructions on how to disburse funds from the escrow account and the escrow agent/title company has the duty to properly disburse the escrow funds.

Some of the disbursement of funds may include payoff of the seller's mortgage, per-payment of home owner's insurance, pre-payment of property taxes, disbursement of funds to real estate agents/brokers for real estate commissions earned, and ultimately, payment of the net proceeds of the sale to your seller.

5. The Title Insurance Policy

When a property's title is determined to be in insurable condition, the transaction can close and your title company can issue a policy of title insurance. Two categories of residential title insurance are available:

- ▶ **An Owner's Policy** protects the homeowner from enumerated title risks for as long as the policyholder owns the property. In many states, various extended policies and expanded coverages are offered to address title issues that may arise after the policy date, including false claims by identity thieves, neighbor's building encroachments, and more (this is discussed in more detail on the next page).
- ▶ **A Loan Policy** is generally required by lenders (and purchasers of loans in the secondary mortgage market) to provide insurance that their mortgage liens are valid and enforceable, and that they have priority over other liens or claims.

Know before you close.

Why You Need Title Insurance

**The place where you live is one of your most valuable possessions.
Title insurance protects your rights to your home.**

Take every precaution to protect your home.

The business of title insurance is protecting ownership of your home, often the largest financial transaction you'll make in your life. For a relatively low, one-time premium, you're protected against legal problems over property rights that could cost tens of thousands of dollars — even the loss of your home. Dollar for dollar, an owner's title insurance policy is one of the most cost-effective forms of insurance available to homeowners. Best of all, your one-time premium protects you for as long as you or your heirs own your property.

What Is Title Insurance?

Owner's title insurance protects your right to your home. By searching, clearing and insuring the title to your home before you buy it, your owner's title policy offers protection for your property rights for as long as you and your heirs own your home. If ownership of your property ever comes into question, an owner's title insurance policy will protect you from expensive legal problems that could result in the loss of your home.

How Title Insurance Works

As property changes hands, mistakes and irregularities — often made long before you expressed interest in the property — can place your ownership in dispute.

For Example, the seller may have:

-avoided disclosure of using the property as collateral for an unpaid loan.
-fraudulently claimed to be the sole owner.
-failed to pay real estate taxes.

Even a simple mistake in the recording of legal documents, improper execution of legal instruments or the reappearance of undisclosed or missing heirs can result in the loss of your home.

We diligently search the public records for documents associated with the property and provide you with an expert, interpretive view of the impact of all recorded matters on the property's title.

Why You Need Title Insurance

Title insurance protects your rights to your home.

If our title search reveals recorded defects, liens or encumbrances upon the title, such as unpaid taxes, unsatisfied mortgages, easements, restrictions or other impediments, these are reported to you prior to your purchase of the property, and we offer solutions to resolve those impediments.

Title Insurance: The Ultimate Property Protection

If ownership of your property is ever challenged, we will defend your possession of the property — and assume the legal costs of that defense — for as long as you and your heirs own the property. What's even better is, if any challenge to your property's title proves to be legitimate, your title insurance company will pay for your losses, just as your title insurance policy provides.

Owner's Title Insurance is Essential for Protecting Your Rights:

Title Insurance is different from other forms of insurance because it insures against events that occurred before the policy is issued, as opposed to insuring against events in the future, as does health, property or life insurance. Title Insurance is loss prevention insurance.

Dollar-for-dollar, Title Insurance may be the best investment a property owner can make to protect their interest. The cost of title insurance is regulated by the State of Louisiana and who pays for the Owner's Title Insurance Policy is dependent on State Laws, local customs and/or the agreements made in the Real Estate Contract. In Louisiana, Title Insurance is customarily paid for by the purchaser of real estate.

Your entire real estate investment depends upon receiving clear title to your property. Take advantage of our expertise, strength and superior service for your peace of mind and the ultimate in protection for your property.

5 Things

NOT TO DO

During the Closing Process

Keeping things consistent throughout the closing process will help ensure you have a predictable and stress-free closing experience. Here are 5 tips from our closing experts.

1

DO NOT CHANGE YOUR MARITAL STATUS

How you hold title is affected by your marital status. Try not to change your marital status. However, if your marital status changes, be sure to make both your lender and the title company aware of any such changes, so that documents can be prepared correctly.

2

DO NOT CHANGE 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 are 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.

3

DO NOT SWITCH BANKS OR MOVE 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.

4

DO NOT PAY 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 transaction closes.

5

DO NOT OPEN ANY NEW ACCOUNTS OR MAKE ANY LARGE PURCHASES

Opening a new credit account or making 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 opening any new account and making purchases that could impact your loan approval.



Tips for a Timely Closing For the Buyer

Having an understanding of what may be required at closing and preparing accordingly will help your settlement process go as smoothly as possible.

LENDER REQUIREMENTS: Your lender may require additional documentation or inspections (roof, septic, water, etc.) in order to comply with loan underwriting requirements. To expedite the processing of your loan, submit all lender requested documentation in a timely fashion.

BUYER PROTECTION PLAN: If a home warranty product is being provided and shown on the contract, advise the closing agent of the purchase amount to be collected.

MARITAL STATUS: Spouses may be required to sign certain closing documents even though they do not intend to hold title and their name will not appear on the deed, or if they hold title but will not be a borrower on the mortgage loan. Check with your title company and lender to see what documents you and your spouse will be required to sign at closing.

POWER OF ATTORNEY: The use of a Power of Attorney must be approved in advance of settlement by the closing agent and your lender. If you are planning to use a Power of Attorney, inform the closing agent as soon as possible to allow time to properly prepare the document and for approval by your lender.

HOMEOWNERS INSURANCE: (Hazard/Flood): Your lender will require homeowners insurance on the property you are purchasing.

MAIL (or eMail) AWAY: If you are unable to attend the closing, provide the address where the closing documents should be mailed and a contact phone number. Your signature on certain affidavits, loan documents and other closing documents may require the services of a notary