



# Buyer's Guide

## Homebuyer's Guide



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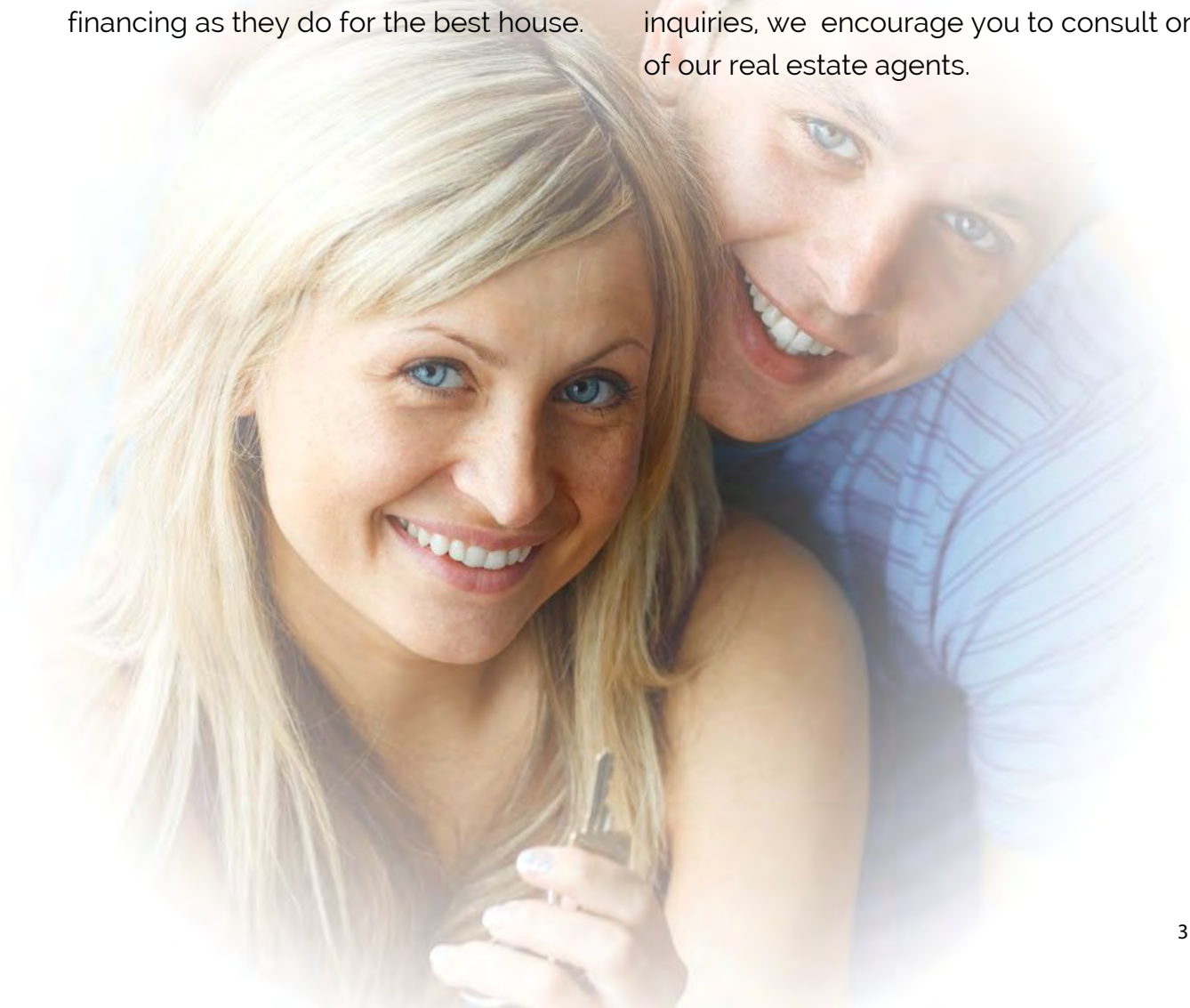


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# Buyer's Guide

Experience has taught us that the buying process involves common stages for all homebuyers. For example, in today's market, it's important for prospective buyers to shop as thoroughly for the right financing as they do for the best house.

To help you better understand the process, we have prepared this Homebuyer's Guide to provide an overview from the planning table to the closing table. This guide cannot answer all your questions. For specific inquiries, we encourage you to consult one of our real estate agents.



# Planning

## How Much House Can You Afford?

Before you begin your home search, you need to do a little planning. Many lenders, including our partners at FM Lending Services/Prosperity Home Mortgage, LLC, will offer you a preliminary approval for a mortgage so you can negotiate as a buyer. Knowing your price range will bring your house hunting into focus.

How much house you can afford depends on many factors, including how much you can manage for the monthly housing payment and how much you can contribute toward the down payment. Monthly payments include principal and interest on the mortgage loan, property taxes and insurance against fire and other hazards. These four costs are often abbreviated as PITI. For some buyers, monthly housing costs may also include homeowners' association dues, condominium fees and mortgage insurance.



## Sources For Your Down Payment

Sources of money for your down payment include your savings or the proceeds from the sale of a home you already own. There are other not-so-obvious sources that consumers should carefully consider when researching.

### ✓ Gifts

Family members may be willing to give a gift for all or a portion of your down payment. Ask your tax advisor for current information. Lenders may require a "gift letter" to verify that the givers don't expect repayment.

### ✓ Life Insurance

If you have built up cash value on your life insurance policy, you may be able to borrow from your insurance company up to the accumulated amount. The interest rate may be more favorable than other types of loans.

### ✓ Stocks and Bonds

You may be able to secure a bank loan using your portfolio as security.

### ✓ Company Profit Sharing or Savings Plan

Look into the possibility of withdrawing or borrowing against what you have in your profit sharing or savings plan account.

# Buyer's Guide



# Planning

## Qualifying

In today's market, an "affordable" home is determined by financing as well as the sale price. Both go into determining the monthly payment. Your first step is to set a housing budget, then shop for a house based on the price and payments that fit that budget.

Make sure the monthly payment makes sense for you. The mortgage you might qualify for will depend upon a variety of factors. These factors include, but are not limited to, credit history, amount of your down payment and length of employment.

## Effective House Hunting Begins With a Mortgage Preliminary Approval

A mortgage pre-approval is based on a preliminary review of credit information and is not a commitment to lend. Lenders will offer a loan commitment upon verification of application information, satisfying all underwriting requirements and conditions, and providing an acceptable property appraisal and title report. A preliminary approval is not available on nonconforming products (such as jumbo loans) or for certain Federal Housing Administration (FHA) transactions. The preliminary approval will let you know the maximum amount for which you may qualify. With your application, credit check and first loan decision phase already complete, you are seen as a serious home buyer.

## Mortgage Insurance

If you obtain a conventional loan, you may make a down payment of 20 percent or potentially less. If you make a down payment of less than 20 percent, you may be required to have private mortgage insurance (PMI). This insurance provides protection from losses for the lender should you default on the loan.

Mortgage insurance offers a variety of payment options. Depending on the program, you may make an initial payment at closing and monthly payments

with a house payment, or an initial payment without additional monthly payments. You may even opt to increase your interest rate and have the lender pay the insurance. Ask your lender for a comparison of the benefits of each of these plans.

Your Fonville Morisey agent can connect you with our partners at FM Lending Services/Prosperity Home Mortgage, LLC, a subsidiary of The Long & Foster Companies. Prosperity has mortgage consultants in most Fonville Morisey offices, and they are a full-service mortgage banker specializing in residential and refinance loans, offering competitive rates and fees and exceptional service.

## One Caution

The larger the down payment, the less money you need to borrow. This means a lower monthly payment. Remember that in addition to your down payment and monthly payments, you will need money to pay for closing costs, moving, appliances, household setup, family emergencies and other miscellaneous items. Don't put your last penny down on the closing table.



# Shopping

## House Hunting Begins At Home

The search can begin in your present home. We've developed some questions to encourage your thinking and help you identify your needs and preferences. Once you've clarified what you like in your present community, you will have a better idea of what you want to find in your new home. Plus, you will be able to express your preferences clearly to your real estate agent.

Keep this old wisdom in mind as you go house hunting: "The best time to think about selling your home is when you're buying it." In other words, what appeals to you as a buyer today also may appeal to buyers tomorrow. A careful house hunter will benefit years from now when it's time to sell to an equally value-conscious buyer. Build your buyer savvy by viewing real estate websites, reading newspaper ads, home publications and design magazines, watching real estate television shows and visiting open houses.



## Location Questions

- **Would you characterize** your present neighborhood as a city, the suburbs, semi-rural or rural? Is the population density low, medium or high? Is the population decreasing, holding steady or increasing?
- **What natural features** are the most significant? Woods? Hills? Flat land? Rivers? Ocean shore? Lakes? Streams and ponds?
- **How do you commute to work?** Do you walk? Drive? Carpool? Taxi? Bus? Train? How far must you travel and how long does it take in the morning and evening? Do you use available public transportation for local trips or to visit close-by communities? Can someone reach your home by public transportation?
- **Where do you do your shopping?** Central commercial districts? Shopping malls? Community shops or home delivery? Imagine a list of typical stops in one week. How many miles and how much time would it require to visit the entire list? Do you want greater convenience?
- **What types of schools?** From grade school to graduate school, and from daycare needs to special vocational training, what facilities will you require in the next few years? Are there any special needs or plans?
- **What statistical indicators** about your current community are important to you? For example, average class size at specific grade levels, average salary of teachers or the percentage of high school graduates who attend college.
- **What does the area offer** for recreation and entertainment? Music? Movies and live performances? Sports arenas? Museums? Nightlife? What types of indoor and outdoor sports facilities are available? Are there public parks, country clubs, athletic clubs and civic associations? Do you require any special facilities?

# Shopping

## Choose A Neighborhood

In real estate, an old maxim says there are three criteria that determine market value: "location, location and location."

The concept of neighborhood isn't as precise as county or city. Some people consider the boundaries to be the district around a grade school. Others consider it walking distance, more or less within a half-mile radius. A neighborhood is the immediate area around your house.

## Talk To The Neighbors

No matter how much hard data you gather about a neighborhood, nothing compares to information that local residents provide. Whether it's coworkers, letter carriers or people at a bus stop, neighbors are often the best observers of a neighborhood. Talk to as many people as you can and ask them the following questions.



## Neighborhood Questions

- **Do neighbors socialize regularly** – holding block parties, picnics or holiday parties and/or organizing sports teams?
- **What types of dwellings will you find here:** high-rise or low-rise apartments, condominiums, multi-family structures, single-family houses or mobile homes? How much do the neighbors care for their lawns and gardens? Are the houses maintained like new, adequately or poorly? Is there a homeowners' association?
- **Are cars parked** mostly in garages or driveways or on the street? How old are the houses? How far apart are the houses? Are property upgrades common? Are there swimming pools, tennis courts, fences, walls, patios and/or extensive landscaping?
- **How does the neighborhood rate** for convenience? Can you walk to shopping or is a car necessary? How much time is required for fire, police or ambulance services to arrive in an emergency? How close are cultural centers, parks, restaurants, theaters and playgrounds?
- **What are the disadvantages** of the neighborhood? Is there freeway, railroad or airplane noise? Pollution, heavy traffic, exposure to heavy storms or possible flooding?



# Buyer's Guide



# Housing Styles

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## Cape Cod

A symmetrical, peaked roof often with dormer windows, which creates a one-and-a-half story design with living space upstairs.



## Colonial

A two-story design with center hall or side entry, often with a basement. Variations may feature double or single wings with a garage.



## Contemporary

Modern and non-traditional creation of living spaces using clean lines, newer materials and simple, functional design. An open use of space is characteristic. Single or multiple stories.



## Townhouse

A row of two- or three-story dwellings sharing common walls. Wide range of styles. "Semi-detached" describes a townhouse end unit.



## High-Rise Condominium

Multi-story building with elevator access to individually owned apartments; monthly fee for use of recreation facilities, maintenance and utilities.



## Low-Rise Condominium

Attached units, four stories or less. Resident owns living space while jointly owning public areas; monthly fee often covers maintenance, amenities and sometimes water.



## Rambler

A single-story house with all living areas on same level. Variations: L-shape or U-shape plan, some with basement. Sometimes called a ranch, bungalow or cottage.



## Split Level

Side wing has two levels off main ground floor; designed for maximum living space. Garage and sub-basement are frequent options.



## Split Foyer / Split Entry

Entry is between floors. Makes use of slope by placing basement partially above ground level on uphill side; basement becomes livable space.

# Buyer's Guide

## Choosing A House

Finding a home can be easier than choosing a county or a neighborhood because you are considering tangible details. This section will help you find a better balance.

Thousands of houses are sold in this area every year. Viewing all those homes on the market is obviously impossible. But you can turn what can be an overwhelming selection to your advantage. If you can clearly describe the features you require, your real estate agent can do a preliminary screening for you. After you select the best houses, you can concentrate on analyzing your top choices.

## House Questions

**How many people will be living in the house?** Do you prefer a new or resale home? What is your ideal housing style? Townhouse, colonial, contemporary, split level, split foyer, Cape Cod, rambler or something else?

**How many total rooms do you need?** How many bedrooms and bathrooms? Do you require features such as a separate living room, dining room, laundry room, basement, attic, family room, fireplace, workshop area or garage? How much property do you require? Do you have preferences for any particular natural features?

## Financial Details

**Is the asking price comparable to other houses in the neighborhood?** When carefully comparing properties, be sure to take into account unique features and improvements that vary house-to-house, and consult your real estate agent for a comparative market analysis (CMA).

**Is the existing mortgage assumable?** What is the required down payment amount? What financing method is acceptable to the seller?

**What are the annual property taxes?** Will the taxes increase with the transfer of deed and a new market price? Are there any local bonds or assessments?



# Shopping

## Physical Details

**Outside.** What is the address of the property? House style? Lot size? Landscaping details? Degree of grounds maintenance required? Age of house? Structural condition? Any major repairs or improvements needed? Maintenance of building?

**Inside.** Ask for a copy of the floor plans. Total number of rooms and baths on each floor? Any extras such as an intercom, fireplaces, smart home systems? Built-in appliances: dishwasher, garbage disposal, trash compactor? Adequate storage space?

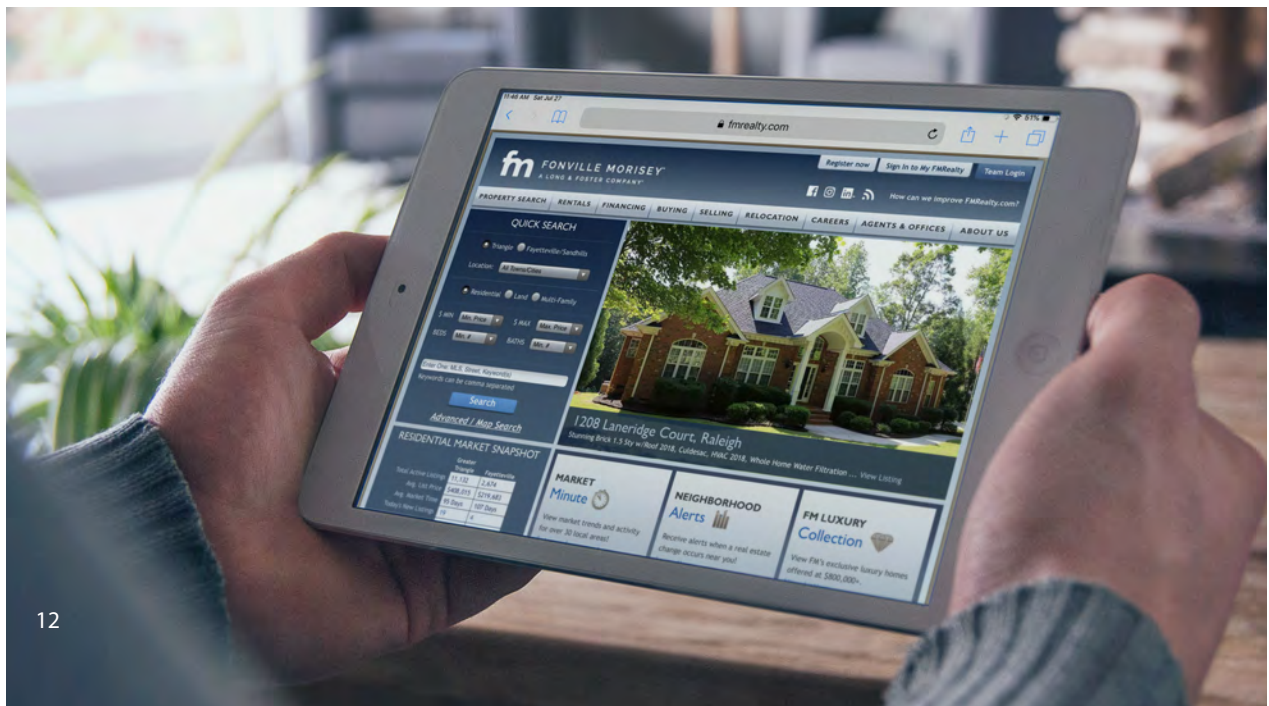
**Construction.** Inspect quality of materials, present condition and craftsmanship, both inside and outside. Insulation? Weather stripping or storm windows?

**Major Systems.** These include the plumbing, electrical, heating and cooling systems. What type of fuel does the heating system use? Approximate annual cost? A professional inspection of the major systems is recommended for a house that you are interested in purchasing.

## House Hunting Online

You can search for all homes on the market today on our website, **FMRealty.com**. There, you'll find a wealth of information about houses that are for sale in your desired area and price range. You can also search by the number of bedrooms and bathrooms, the home type, lot size, drive time from your workplace and much more. Once you find a few properties you'd like to review, the website will provide you with ample information about the features of the property, such as the year it was built, its style, interior features, parking and much more—including high-quality photographs.

The site is updated throughout the day, so you always get the most up-to-date listing of what properties are available. You'll also find all the listings on the MLS today—even those that are for sale with other real estate brokerages.



# Offer To Buy

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## Negotiating The Purchase

You've found your dream house! Now what? You make an offer by submitting a signed real estate offer to the seller or the sellers' listing agent. This will be the sales contract once the seller accepts. When you and the seller sign, you are agreeing to the contract conditions. Before you sign, read it carefully and make sure you understand every detail. Ask questions. Verbal agreements should be written into the contract. If you plan to have a lawyer represent or advise you, retain one as early as possible. This is where your buyer's agent and an attorney can give you the assistance you need.

## Offers And Counter Offers

Your real estate agent will present the offer to the listing broker and seller. After reviewing the offer, the seller will accept it as written, make counter offers on unacceptable aspects or reject it. The buyer's broker will bring back the offer to the homebuyer who can accept it, counter the counter offer or reject it. The offer to buy becomes a contract when all parties have initialed every counter and signed the offer.

When you sign the offer to buy, you also will have to submit a deposit, called earnest money, to show that you are serious about your desire to buy.



# Offer To Buy

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## Making Sure Your Contract Is Complete

Sales contracts differ, but there are several provisions you may want to include in a contract for the purchase of real estate.

**Deposit.** You should clearly state the amount of the earnest money deposit (typically 1-2 percent of the purchase price, deposited in escrow), the amount of money you will be paying at settlement and your sources of financing.

**Contingency on Financing.** Be specific about the total loan amount and the exact financing terms. Many contracts have an alternative financing clause that allows buyers to pursue different financing than that which is written in the contract, as long as it doesn't affect the seller's net proceeds or delay settlements.

**Due Diligence.** The due diligence fee is a negotiated sum of money that essentially compensates the seller for taking their home off the market while the buyer completes their inspections. If you decide, before the end of the due diligence period, not to move forward with the purchase of the home, you can walk away for any or no reason and lose only your due diligence fee. If you ultimately decide to buy the home, the due diligence fee gets credited towards the purchase price.

**Well and Septic.** In some areas, well and septic certificates proving that these systems are in working order are also required.

**Termites.** The contract may require the seller or buyer, depending upon the area, to pay for a termite inspection. The results of this inspection may require payment for removal of the infestation and repair of any damage from them. It is recommended that a buyer get a written report at settlement indicating that the property is free and clear of any active termite infestation.

**Personal Property.** Washers, dryers, refrigerators, heating oil in the tank, firewood, even swimming pool chemicals and other items should be specified in writing if they're to be conveyed to the buyer.

**Repair Work.** In some areas, contracts of sale require sellers to be responsible for plumbing, heating, mechanical and electrical systems, ensuring they are in working order at time of settlement. However, when using the standard Offer to Purchase and Contract in North Carolina, the seller does not have any such obligation, so the home inspection process is that much more important. You should also conduct a pre-settlement walk-through inspection several days before or no later than the day of settlement.

**Title Attorney or Insurance Company.** In some areas, the buyer has the right to select a title attorney or title insurance company. You should shop and compare prices before deciding what attorney or title company will conduct your settlement. Be sure to clear the title company with the lender, whose interests are also involved. Ask your real estate agent for a list of closing attorneys and our Guaranty Title partners who provide settlement, title and title insurance services throughout our region.

**Closing and Occupancy Date.** Include an arrangement with the seller in the event you can't secure possession on the agreed date, such as a daily rent-back agreement for post-settlement occupancy.

# Buyer's Guide

- 1** Initial Consultation  
Determine your home wants and needs
- 2** Mortgage Application  
Obtain pre-approval for your financing
- 3** Determine Desired Location  
Begin home search
- 4** Property Search  
Preview homes based on your criteria
- 5** Make an Offer
- 6** Contract Accepted
- 7** Contract, Earnest Money & Due Diligence Fee
- 8** Schedule Home Inspections
- 9** Get Appraisal
- 10** Repair Request Process
- 11** Final Mortgage Application  
Obtain financing commitment letter
- 12** Obtain Homeowners Insurance
- 13** Pre-Settlement Inspection  
Same day as closing
- 14** Settlement  
Sign all documents/take possession of home



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Enjoy Your Home!



# Money

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## Locating Loan Options

You have the option to shop around for the terms that fit your needs. Mortgage consultants are trained to pay attention to your home financing goals, help you understand your options and explain how different loan programs work so you can make informed decisions. For example, the mortgage consultants at FM Lending Services/Prosperity Home Mortgage, LLC, a subsidiary of The Long & Foster Companies, work closely with their home buyers to review all their financing options and discuss loan products. FM Lending, like other mortgage lenders, has a wide range of products to serve a large variety of home-financing situations.

## Be Informed About Mortgage Options

Borrowers should shop carefully to find the home financing that fits their circumstances and needs. Here are some of the places to shop:

**Mortgage Lenders.** Mortgage lenders issue mortgages to borrowers. They then process and oftentimes sell those mortgages to large investors in the secondary mortgage market.

**Mortgage Loan Brokers.** Some individuals or groups charge a fee, usually to the borrower, to match borrowers with lenders. Sometimes they make direct loans.

**Financial Institutions.** Mutual savings banks, savings and loan associations, insurance companies and some commercial banks are the traditional sources of mortgage loans.

**Private Lenders.** Individuals (often home sellers) and groups (sometimes the seller's employer—if the seller is being transferred) may lend money. This source is especially helpful in arranging second mortgages, but it can also assist with first trusts, wrap-arounds and other mortgage plans.

**Credit Unions.** Federal credit unions can write 30-year conventional and government-insured mortgages. Some will make loans; others may not.

**Finance Companies.** To compete with the more traditional lenders, some finance companies promise quick service and some do not charge mortgage points.





## 10 Details Most Lenders Will Need From You

Here's the information most lenders will need:

1. The amount of money you wish to borrow and the length of time you will need the money.
2. Your current address and any other addresses covering the previous 24 months.
3. Your Social Security number.
4. Your current employer's name, address and phone number and the same information for any other employers in the previous 24 months.
5. Your gross monthly income, including documentation (most recent pay stub, final pay stub for any job you may have left in the current year and previous year's W-2 forms).
6. Complete account statements for any bank, credit union, retirement or brokerage accounts.
7. Your assets, including real estate, personal property, stocks and bonds, life insurance with cash value, etc.
8. A complete list of your debts, including account numbers, balances and minimum payments.
9. A copy of the sales contract.
10. An account, in writing, of any problems concerning your application and any documentation of the circumstances of those problems.

With this information in hand, here are the general steps the lender will take to process your application:

1. Review your application
2. Verify the facts
3. Get a credit report
4. Obtain a property appraisal
5. Decide whether to make the loan



## Questions You Should Ask Mortgage Lenders

1. Are both fixed-rate and adjustable-rate mortgage loans available?
2. What is the interest rate?
3. What is the total origination charge?
4. How long can you lock in financing at the current interest rate?
5. What are the other fees the lender could charge in conjunction with the loan?
6. Are funds for a second mortgage available?
7. On adjustable loans: How often will the interest rate adjust? Is there a maximum limit on each rate change? How often will the monthly payment adjust? Is there a ceiling on payment adjustments? Can the term of the loan be extended?
8. Is there a pre-payment penalty clause? This involves extra charges for paying off the loan before maturity.
9. What is the grace period? How late can a monthly payment be made before a late charge is assessed? What will happen if a payment is missed?
10. If you sell your house, will the new buyer be able to assume your mortgage at the same interest rate?
11. Do you have to pay points to get your new mortgage? Usually lenders charge points for the cost of giving you a mortgage loan.
12. Will the lender require mortgage insurance?

## Tax Advantages to Buying

Keep tax advantages in mind when considering whether to rent or buy. When you own a home, there may be tax advantages that are not available to renters.

A buyer may not realize this tax advantage until tax time comes around unless withholding taxes are decreased in anticipation of increased interest payment deductions.

# Financing

## Conventional, VA and FHA Loans

**Conventional Loan.** A conventional loan is a mortgage made between a lender and a borrower, typically requiring a down payment ranging from around 3 to 20 percent. Mortgage insurance may be required depending on the down payment amount.

**VA Loan.** VA stands for Veterans Affairs, which is not a lender but rather guarantees mortgages for lenders to help eligible veterans. VA loans may require no down payment up to the VA maximum loan limit. VA loans can be assumed by qualified borrowers.

**FHA Loan.** FHA is the Federal Housing Administration, a division of the U.S. Department of Housing and Urban Development. The FHA does not lend money; instead, like the VA, it insures mortgages. Down payments can be as low as 3.5 percent. Fixed-rate and adjustable-rate mortgages are available and can be assumable.

**Fixed Rate Loan.** These loans feature equal monthly payments that are made over the term of the mortgage. The interest rate remains the same, keeping the principal and interest payments the same over the term. Payments can vary if taxes or insurance escrow payments change.

**Adjustable Rate Mortgage (ARM).** ARM loans allow for payments that change periodically over the term of the mortgage. An ARM loan has a set interest rate and payment for a period of time during the beginning years and then adjusts to the market rate at a predetermined point. ARM loans may feature lower rates during the initial loan period.

# Buyer's Guide



# Protection

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## Homeowners Insurance

Most lenders require a homebuyer to provide a one-year paid receipt at settlement for homeowners insurance, also called a fire and hazard insurance policy. Homeowners insurance provides protection for fire and other perils to your home and its contents.

Your Fonville Morisey agent can refer you to one of our representatives at Long & Foster Insurance for additional information on homeowners insurance. Long & Foster Insurance represents many of the nation's top-rated insurance companies, and their team can help you find the highest quality insurance coverage, as well as a home warranty program, at a competitive price for your unique needs.

## What To Expect From A Home Inspector

A home inspector's fees are based on the size of a property and/or complexity of the inspector's report. Request proof of membership in the American Society of Home Inspectors from your home inspector. Expect a written report delivered in one or two days.

The practiced eye of a professional inspector can often spot flaws not evident to a homebuyer. Specific information could even reduce the price of a house if the seller will agree the price has not already been discounted for defects.

## Possible Repairs

- Serious problems (heating, roofing, plumbing)
- Medium problems (insulation, paint)
- Minor problems (electrical outlets, kitchen sink)

Try all lights and switches, turn all faucets on and off, run showers and flush toilets. Turn on the furnace and central air conditioning (in the off-season, hire a professional to certify proper functioning of both heating and air conditioning), test all stove burners and the oven at bake and broil, run some ice cubes through disposal to test blades. Run the dishwasher, washer and dryer through complete cycles, and open and close all windows and doors. Try everything, even keys and the fireplace flue.

If no serious problems are found, inspection can pay off indirectly in the assurance that you are making a sound investment.

Many states now require that sellers provide buyers with either a residential property disclosure or disclaimer statement, though what information sellers are required to disclose varies by state.

## Title Insurance

Title insurance provides protection in the event past actions threaten the title to your property. Most lenders will require title insurance to protect their interests. Ask about an owner's policy as well to protect your title. You may save money if you buy owner's title insurance at the same time as mortgage title insurance rather than buying it separately.

As a homebuyer, you may be able to save money with a re-issue rate for title insurance if the property changed hands within the last several years. The title insurance may allow a lower re-issue rate premium because the recent title search is still valid.

You can ask your Fonville Morisey agent to refer you to one of our partners at Guaranty Title, LLC. Their team will work with your real estate agent to ensure a successful transaction, including title search and title insurance.



# Buyer's Guide

## After Loan Approval

When the lender approves the mortgage, you will receive a loan commitment letter stating the mortgage amount, interest rate and the loan term. You should check it carefully and return a signed copy to the lender or follow other specific instructions.

You will be notified of the place and time of the closing and should receive a checklist of everything you, as the home buyer, need to bring to the settlement.

## Walk-Through Inspection

The purpose of the walk-through inspection is to determine if all conditions in the contract are satisfied. Your final walk through should be done either the day of or a few days prior to your closing date. The time for you to inspect and note defects for correction by the seller is during the contract negotiations and/or prior to signing the sales agreement. Depending on the area in which you're purchasing a home, repair or replacement items should be noted in the contract or listed as contingent on a house inspection, otherwise, most resale homes are sold in "as is" condition.

It is up to you to perform the walk-through inspection, not the seller, who may or may not be present. The buyer should be accompanied by the buyer's agent. The seller should be sure utilities are on so that equipment can be operated. If agreed-upon repairs are not completed, funds may be withheld from the home seller by the settlement attorney for these items. Upon notification that repairs are complete, the attorney will release the balance of funds to the seller.



# Settlement

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## The Big Day!

Today, there will be a lot of paper signing and passing of the keys (don't forget mail keys, garage keys and electric door openers).

At the settlement, there will be an attorney or title company representative, all buyers, the listing and buyer's brokers and all owners, though in some locations the buyers and sellers can schedule separate settlement appointments. The seller should bring all warranties on equipment and any instructions on equipment maintenance or operation or leave them in the home.

The attorney or escrow/title company will have searched the title, provided title insurance and obtained old and new lender instructions.

With the buyer, the attorney explains the deed of trust or mortgage, the deed of trust note or mortgage note, VA, FHA or lender forms, and settlement sheets. The buyer signs these and pays the balance of the down payment and the buyer's closing costs with a cashier's or certified check.

## Open Look At Closing Costs

Under the Real Estate Settlement Procedure Act (RESPA), the homebuyer is furnished an estimate of closing costs by the lender in advance of the closing. Some of the closing costs may be paid by the seller; this is often true for new housing where the seller is the builder.



Settlement fees vary depending on price, location and other factors, but overall the buyer's costs average between 3 and 7 percent of the sales price. Items that are included in the settlement fees are the loan origination fee, mortgage insurance

premium (M.I.P.), attorney fees, owner and lender title insurance, recording fees, county tax stamps, state tax stamps and the survey fee. In addition, the lender may require an appraisal fee and a credit report fee in advance of the closing.

A few other items may have to be paid at a closing, including advance deposits held in escrow for real estate property taxes and insurance. The lender collects a portion of these every month and then pays the insurance and taxes when they are due. Sometimes closing costs can amount to a sizable sum. Remember that some of the items are tax deductible. Check with your tax advisor.

## Signing On The Dotted Line

With the seller, the attorney explains the settlement sheets and gets the home seller's signature on them and the deed. The seller pays appropriate closing costs.

If the seller's taxes or insurance have been escrowed, the seller will receive any money accumulated in the account for bills not yet due. The seller will be reimbursed for any money paid in advance and not used, such as property taxes. The seller will receive these refunds at or after settlement, depending on your area. Taxes and homeowners' association dues or condominium fees will be prorated on a daily basis. The sellers, buyers and brokers are supplied a copy of settlement sheets for their records.

## Closing

The attorney or title company will disburse proceeds after all funds are in hand, checks have cleared, the new lender has reviewed papers, the title has been re-checked and the deed recorded. The seller should not plan to receive funds for up to four days, although they may be disbursed the same day in some localities. The house has now been sold, settled and funds disbursed.

The house keys are passed. You are now the proud owner. Congratulations!



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All first mortgage products are provided by Prosperity Home Mortgage, LLC. (877) 275-1762. Prosperity Home Mortgage, LLC products may not be available in all areas. Not all borrowers will qualify. Licensed by the NJ Department of Banking and Insurance. Licensed by the Delaware State Bank Commissioner. Also licensed in Alabama, District of Columbia, Florida, Georgia, Indiana, Kansas, Maryland, Michigan, Missouri, North Carolina, Pennsylvania, South Carolina, Tennessee, Virginia, West Virginia and Wisconsin.

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