

HOME BUYER GUIDE



CHICAGO TITLE
Hesse

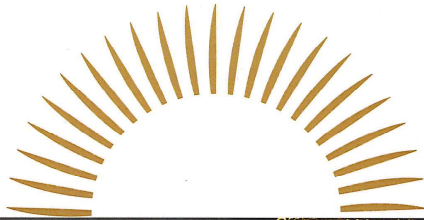


BUYER

GUIDE

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WHY CHICAGO TITLE | J. MARC HESSE, PC?

Since 1847, the experience and dedication of our full-service, nationwide network of professionals has been a top priority. Chicago Title offers competitive closing costs, expert title searches and examination, which yield a timely and first class closing experience.

Protection

Together with our parent company, Fidelity National Financial, Inc. (FNF), we are the industry leader in all measures of financial strength. This unmatched financial power offers you the peace of mind and protection you need in the event that your property ownership is ever challenged.

Experience

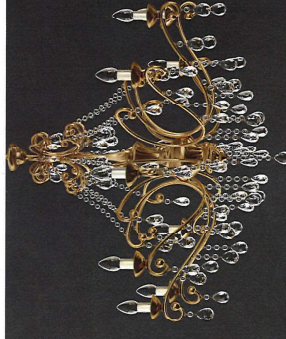
From the simplest residential closing to the most complex commercial real estate transactions, Chicago Title Hesse is committed to providing unmatched expertise and exceptional customer service. We insure protection for your most important asset – your home. In addition to title insurance, escrow and closing services, we provide an array of title-related services.

WHY YOU NEED A REAL ESTATE AGENT

Your buyer's agent will be with you from the first step to the last, and that includes assisting with negotiations. For many people, this is one of the most crucial and visible roles a buyer's agent plays.

A buyer's agent will

- Help you assess what you're looking for in a home.
- Assist you in your search for homes within your budget.
- Arrange visits to the property.
- Review the inspection report with you.
- Negotiate with the seller to help you get the best price.
- Handle the majority of the home offer paperwork.
- Make sure deadlines are met on the escrow timeline.
- Help with the loan application process, if needed.



PREPARING TO BUY

- » Determine HOW MUCH YOU CAN SPEND
- » Save FOR A DOWN PAYMENT
- » Check YOUR CREDIT
- » Get Pre-Approved FOR A HOME LOAN



BUT 1ST, GET PRE-APPROVED!

House shopping is an exciting time!

GET PRE-APPROVED FOR A LOAN FIRST SO YOU CAN BE READY TO MAKE AN OFFER WHEN YOU FIND A HOME THAT YOU LOVE.



PRE-QUALIFIED VS PRE-APPROVED

What's the difference

BETWEEN BEING PRE-QUALIFIED AND PRE-APPROVED?

PRE-QUALIFIED

In order to be pre-qualified, a lender may or may not check your credit score and won't require documentation, only going off what you tell them. This will give you an idea of what you could qualify for, but when you're serious about buying, you'll need to get pre-approved.

PRE-APPROVED

To be pre-approved, the lender will pull your credit and ask you for documentation to verify your finances. Before making an offer on a house, it is best to get pre-approved to show sellers your offer is serious and that a lender has already approved you for enough money to purchase the home.

WHICH LOAN IS RIGHT FOR YOU?

CONVENTIONAL LOAN

The most common type of home loan, which is offered through private lenders.

FHA LOAN

Loans designed for those with high debt-to-income ratios and low credit scores, and most commonly issued to first-time homebuyers. Offered by FHA-approved lenders only and backed by the Federal Housing Administration.

VA LOAN

Loans designated for veterans, spouses, and reservists, offered through private lenders and guaranteed by the U.S. Department of Veteran Affairs.

USDA LOAN

Loans for homebuyers in designated rural areas, backed by the U.S. Department of Agriculture.

TYPE OF LOAN	DOWN PAYMENT	TERMS	MORTGAGE INSURANCE	MINIMUM CREDIT SCORE
CONVENTIONAL	3 - 20%	15-30 Years	On down payments under 20%	620
FHA	3.5 - 20%	15-30 Years	For 11 years or life of the loan	500
VA	None	15-30 Years	None	640
USDA	None	15-30 Years	None	640



QUESTIONS TO ASK WHEN CHOOSING A LENDER

Interviewing Lenders

IS AN IMPORTANT STEP IN DETERMINING WHAT TYPE OF HOME LOAN IS BEST FOR YOU.

Not all lenders are the same, and the type of loans available, interest rates, and fees can vary. Here are some questions to consider when interviewing lenders:

- Which types of home loans do you offer?
- What will my interest and annual percentage rates be?
- Do I qualify for any special programs or discounts?
- What estimated closing costs can I expect to pay?
- What is your average loan processing time?



HOME LOAN APPLICATION DOCUMENTS CHECKLIST

To determine loan eligibility,

LENDERS TYPICALLY REQUIRE THE FOLLOWING TYPES OF DOCUMENTS FROM EACH APPLICANT

INCOME

- Federal tax returns: last 2 years
- W-2s: last 2 years
- Pay stubs: last 2 months
- Any additional income documentation: pension, retirement, child support, Social Security/disability income award letters, etc

ASSETS

- Bank statements: 2 most recent checking and savings account statements
- 401(k) or retirement account statement and summary
- Other assets: statements and summaries of IRAs, stocks, bonds, etc.

OTHER

- Copy of driver's license or ID and Social Security card
- Addresses for the past 2-5 years and landlord's contact info if applicable
- Student loan statements: showing current and future payment amounts
- Documents relating to any of the following if applicable: divorce, bankruptcy, collections, judgements or pending lawsuits

HOUSE HUNTING TIPS

When looking for a home,



INVESTIGATE THE AREA

Drive around neighborhoods that interest you to get a feel of the area, how the homes are cared for, what traffic is like, etc.

ASK AROUND



Talk to family, friends and co-workers to see if anyone might know of a house for sale in an area you're interested in. One of them may even know of someone that's thinking about selling but hasn't put the house on the market yet.

KEEP AN OPEN MIND



Finding your dream home isn't always an easy task! Have a priorities list but keep an open mind when viewing houses.

TAKE PICTURES & NOTES



When you visit multiple houses it gets difficult to remember specific details about each one. Take photos and notes while touring houses so that you can reference them later when comparing the properties that you've seen.

BE READY TO MAKE AN OFFER



When you find a home you want to buy, keep in mind there may be others interested in it as well. Be ready to make a solid offer quickly in order to have the best chance at getting that home.

MAKING AN OFFER

When we have found a home

THAT YOU'RE INTERESTED IN BUYING, WE WILL QUICKLY AND STRATEGICALLY PLACE AN OFFER.

There are several factors to consider that can make your offer more enticing than other offers:

PUT IN A COMPETITIVE OFFER

We will decide on a reasonable offer price based on:

- > Current market conditions
- > Comparable properties recently sold in the area
- > The property value of the house
- > The current condition of the house

PAY IN CASH VS. LOAN

Paying in cash versus taking out a loan offers a faster closing timeline and less chances of issues arising, making it more appealing to sellers.

PUT DOWN A LARGER DEPOSIT

An offer that includes a larger earnest money deposit presents a more serious and competitive offer.

ADD A PERSONAL TOUCH

Include a letter to the sellers with your offer, letting them know what you love about their home. Adding this personal touch can give you an advantage over other offers by making yours stand out from the rest.

OFFER A SHORTER CLOSING TIMELINE

An offer with a shorter timeframe for closing is generally more attractive to sellers over one with an extended time period with a house sale contingency. A typical closing timeframe is 30-45 days.

NEGOTIATIONS

A seller can accept or decline

YOUR OFFER, OR COME BACK WITH A COUNTER OFFER.

If they send you a counter offer, be prepared to negotiate to come up with reasonable terms for both parties. This process can go back and forth until an agreement is made.



UNDER CONTRACT & IN ESCROW

Once you and the seller

have agreed on terms, a sales agreement is signed and the house is officially under contract and in escrow. Here are the steps that follow:

PUT YOUR DEPOSIT INTO AN ESCROW ACCOUNT

Your earnest money deposit will be put into an escrow account that is managed by a neutral third party (typically a title company or bank) who holds the money for the duration of the escrow period. They will manage all the funds and documents required for closing, and your deposit will go towards your down payment which is paid at closing.

SCHEDULE A HOME INSPECTION

Home inspections are optional but highly recommended to make sure that the home is in the condition for which it appears. Inspections are typically completed within 10-14 days after signing the sales agreement.

RENEGOTIATE IF NECESSARY

The home inspection will tell you if there are any dangerous or costly defects in the home that need to be addressed. You can then choose to either back out of the deal completely, ask for the seller to make repairs, or negotiate a lower price and handle the repairs yourself.

COMPLETE YOUR MORTGAGE APPLICATION

Once you've come to an agreement on the final offer, it's time to finalize your loan application and lock in your interest rate if you haven't done so already. You may need to provide additional documentation to your lender upon request.

ORDER AN APPRAISAL

The appraisal takes into account factors such as similar property values, the home's age, location, size and condition to determine the current value of the property.

WHAT NOT TO DO DURING THE HOME BUYING PROCESS

It's Extremely Important

NOT TO DO ANY OF THE FOLLOWING UNTIL AFTER THE HOME BUYING PROCESS IS COMPLETE:

- ❌ BUY OR LEASE A CAR
- ❌ CHANGE JOBS
- ❌ MISS A BILL PAYMENT
- ❌ OPEN A LINE OF CREDIT
- ❌ MOVE MONEY AROUND
- ❌ MAKE A MAJOR PURCHASE

Any of these types of changes could jeopardize your loan approval. It's standard procedure for lenders to also do a final credit check before closing.



FINAL STEPS BEFORE CLOSING

INSURANCE REQUIREMENTS

Most lenders require both homeowner's insurance and title insurance. See following pages for more detailed information on each of these.

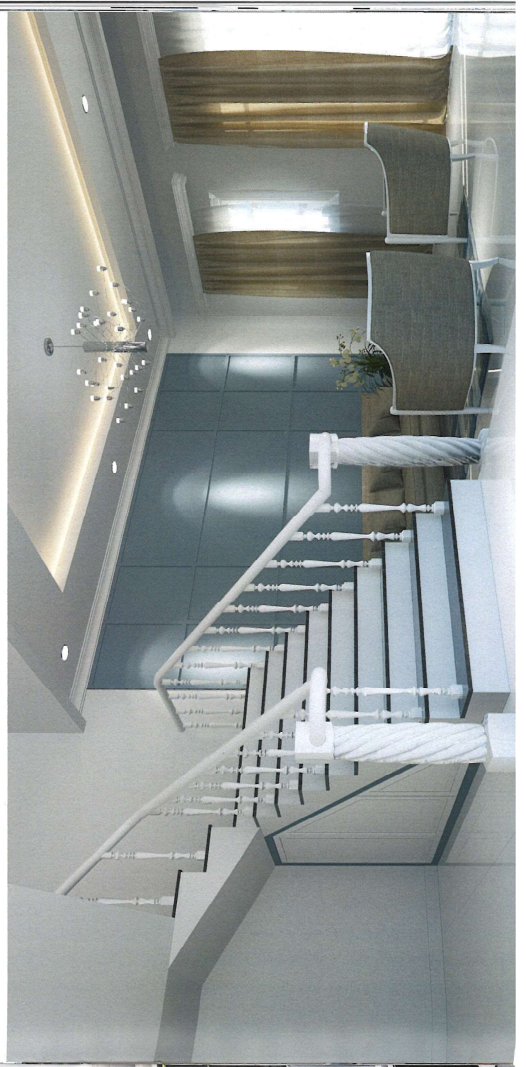
CLOSING DISCLOSURE

At least 3 days before closing, your lender is required to provide you with a Closing Disclosure with your final loan terms and closing costs for you to review. Closing costs for the buyer typically range from 2-5% of the purchase price, which can include lender fees, title insurance, and HOA dues if applicable.

FINAL WALK THROUGH

Within 24 hours of closing we will do a final walk through of the home before signing the final paperwork. This last step is to verify that no damage has been done to the property since the inspection, that any agreed upon repairs have been completed, and that nothing from the purchase agreement has been removed from the home.

Next Steps - Closing!



HOMEOWNERS INSURANCE

WHY DO YOU NEED HOMEOWNERS INSURANCE?

Homeowners insurance protects your home and possessions against damage and theft and is required by lenders before finalizing your loan. Policies vary and are completely customizable, so it's recommended to get quotes from multiple companies to compare price, coverage and limits.

WHAT DOES THIS INSURANCE COVER?

Homeowners insurance typically covers destruction and damage to the interior and exterior of a home due to things like fire, hurricanes, lightning, or vandalism. It also covers loss or theft of possessions, and personal liability for harm to others.

WHAT DOESN'T IT COVER?

Most policies do not cover flood or earthquake damage, and you may need to purchase an additional policy for this type of coverage.

WHAT ARE POLICY RATES BASED ON?

Rates are mostly determined by the insurer's risk that you will file a claim. The risk is based on your personal history of claims, frequency and severity of claims, past history of claims on the home, as well as the neighborhood statistics and the home's condition.

HOW CAN YOU QUALIFY FOR DISCOUNTS?

Many insurance companies offer discounts to seniors, and also to customers who have multiple policies with them, like auto or health insurance. Having a security system, smoke alarms and carbon monoxide detectors can also lower annual premium rates. When getting quotes, be sure to ask each company about their discounts and cost savings options.

TITLE INSURANCE

WHAT IS TITLE INSURANCE?

It protects possibly the most important investment you will ever make - the investment in your HOME. With a title insurance policy, as owner, you have an indemnity contract that will reimburse you for the loss in the event someone asserts a claim against your property that is covered by the policy.

WHAT TITLE INSURANCE PROTECTS AGAINST:

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

WHAT THIS MEANS TO YOU:

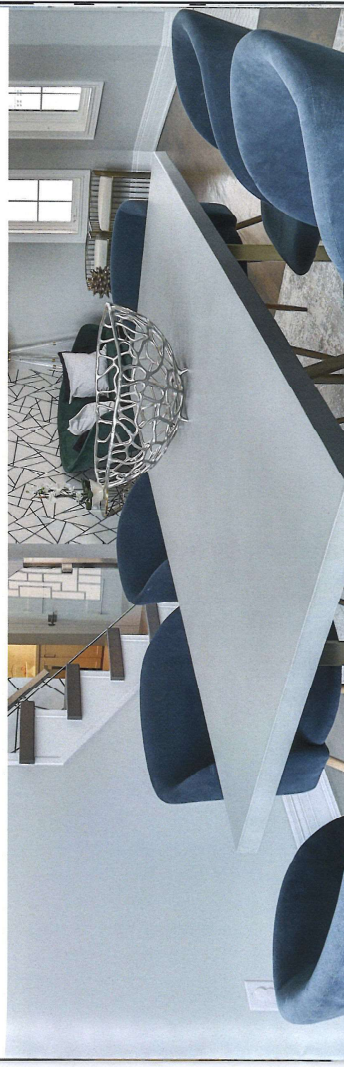
The peace of mind in knowing that the investment you've made in your home is a safe one.

ONLY ONE PREMIUM:

Unlike other forms of insurance, the original premium is your only cost as long as you own the property. There are no annual payments to keep your Owner's Title Insurance Policy in force.

CONTACT CHICAGO TITLE HESSE

If you have any questions concerning title insurance coverage, please call one of our Chicago Title Hesse offices, or any of our policy issuing agents. We are always here to assist you.



CONTRACT TO CLOSE STEPS

CONTRACT SIGNED WITH REALTOR

Buyer applies for mortgage loan and the application process is started.



Within 3 days, the loan estimate is sent to the borrower.



The bank will verify: employment (current and previous), credit information and bank deposits.

The next step is appraisal.



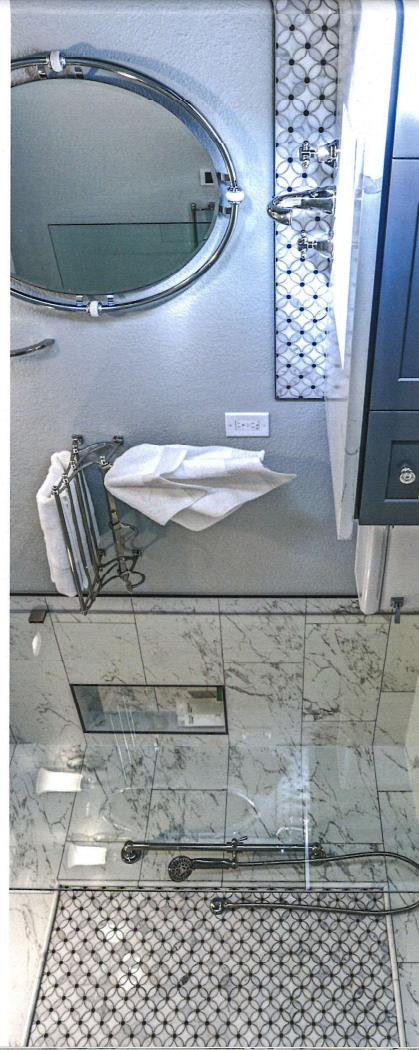
Information gathered, packaged and then submitted to the underwriter.

Buyer's loan is approved!



Closing disclosure will be sent to the borrower three business days prior to closing for review.

PARTIES ARE READY TO CLOSE!!



CLEARED TO CLOSE

Closing is the final step

of the buying process. On the day of closing, both parties sign documents, funds are dispersed, and property ownership is formally transferred from the seller to the buyer.



CLOSING DAY REMINDERS

Congratulations. You made it to Closing!

On the day of closing you'll be going over and signing the final paperwork, and submitting a cashier's check (or previously arranged wire transfer) to pay the remaining down payment and closing costs.

ITEMS TO BRING TO CLOSING:

- Valid, unexpired government issued photo identification
- Closing funds (cashier's check) or wire transfer
- Wiring instructions (if applicable), that include your bank's name, ABA number, name on the account and account number.

Buyer's Checklist

PRIOR TO CLOSING:

- Provide a fully executed contract of sale to the title company with the earnest money check.
- Provide a copy of the contract of sale, receipted by the title company, to the mortgage company making your loan.
- Call your loan officer and arrange to make formal loan applications.
- If doing inspections of the home, schedule the appointment with the inspector and seller as soon as possible. A termite inspection may be required by the lender. Any bills to be paid at closing must be provided to the title company prior to closing.
- Contact an insurance company to obtain homeowner's insurance. Supply information to the title company at least one week prior to closing.

REQUIRED AT CLOSING:

- Bring with you a valid driver's license, passport, or other government-issued picture identification.
 - Send a wire transfer for payment of funds at the time of closing. The title company must have your mortgage company's closing instructions to prepare the Settlement Statement (HUD-1) and cannot give you the final closing figure prior to receiving these instructions. The complete closing package from the lender must be in the hands of the title company 24 hours prior to closing in order to meet the closing date deadline on the contract.
 - Bring any document requirements that your lender has requested you to produce at the closing table.
- ## **AVOID CLOSING DELAYS:**
- If you want to review your loan documents prior to the closing, please request that your mortgage company provide the documents to the title company at least one day prior to closing so copies can be provided for your review. If you will not be present at closing to sign documents and intend to use a Power of Attorney, the following must occur:
 - The title company must approve the POA prior to closing.
 - The original POA must be delivered to the title company before closing for recording with the County Clerk's Office.
 - We must make contact with you via telephone on the day of the closing to be certain you are alive and well and have not revoked the POA.

AFTER CLOSING:

- The original recorded Warranty Deed that transferred title of the property to you will be sent to you by the County Clerk's Office approximately one month after closing. Store this document for safe keeping for future reference. When the deed is recorded with the County Clerk's Office, your title becomes public record.
- The Owner's Title Policy of the Title Insurance will be mailed to you approximately one month after closing. This document should also be stored for safe keeping.
- If you have not received the coupon book or other instructions about making your monthly mortgage payment, call your lender to assist you.
- Make certain to file your homestead with the county appraisal district. You may file for property exemptions any time between January 1st and April 30th.
- If your property taxes are being escrowed by your mortgage company, forward any original tax notices you may receive in the mail to your lender so that the taxes are paid in a timely matter.
- It is the taxpayer's responsibility to be certain that the property is rendered in the taxpayer's name for the upcoming tax year. Contact the county appraisal district for assistance in making certain this is done.



HELP PROTECT YOURSELF FROM WIRE FRAUD

WHAT IS A WIRE TRANSFER?

A wire transfer is an electronic transfer of money across a network from one bank or credit union to another. With a wire transfer, no physical money moves between bank locations, but people or entities are able to "wire" money to another person or entity as long as they have a bank account. Wire transfers are typically used in most real estate transactions because funds are received more quickly (usually the same day), and there are no holds placed on the money once received.

WHAT IS WIRE FRAUD?

Wire fraud typically involves a hacker that gains access to an email account and posing as a trusted party involved in your real estate transaction. This could be someone pretending to be your real estate agent, loan officer, title agent, or even an attorney. Once the hacker has access to a trusted email account, the hacker sends an email from that account or from a similar account that looks "almost" the same as one of the parties in the transaction - with information related to your transaction, including wire instructions for your closing funds. If you react to that email, your funds could be sent to an account controlled by the hacker. Once receipt of the money is confirmed, the hacker immediately withdraws your funds from that account using multiple transfers to accounts, normally outside the United States. Once these transfers occur, the likelihood of recovery is small, if at all.

WHAT ARE WIRE INSTRUCTIONS?

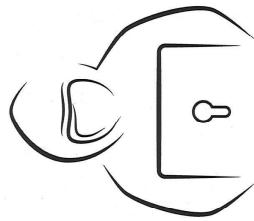
Wire instructions are the directions you follow when sending money electronically to another person or entity. In the case of your home purchase, the funds are typically sent to your settlement agent. Wire instructions typically include:

- Bank Name and Address
- Bank ABA Number
- Bank Account Number
- Account Holder's Name
- Reference information (in real estate transactions, this is usually a file number)

THERE ARE STEPS YOU CAN TAKE TO HELP PROTECT YOURSELF

Wire fraud is real and home buyers and sellers are the biggest targets. For this reason, we have developed the start Safe® program to help educate customers on wire fraud. Be WireSafe by following these 5 steps every time.

- Open the email from: Chicago Title to begin the startSafe® process.
- Establish a secure communication channel with our settlement professionals.
- Review and provide information for each question.
- Review the WireSafe wiring instructions or other forms and click to securely sign and acknowledge.
- Securely submit the updated information and signed WireSafe form to Chicago Title Hesse.



Chicago Title | J. Marc Hesse, PC

Locations

CELINA BRANCH

1212 S Preston Rd, Suite 220
Celina, Texas 75009
(469) 304-4680

PLANO PARKWAY BRANCH

1400 Preston Road, Suite 100
Plano, Texas 75093
(469) 304-4650

GLEN LAKES BRANCH

5430 Glen Lakes Drive, Suite 160
Dallas, Texas 75231
(214) 346-0992

TOLLWAY BRANCH

2745 Dallas Parkway, Suite 140
Plano, Texas 75093
(469) 304-4600

LEGACY COMMONS BRANCH

5560 Tennyson Parkway, Suite 260
Plano, Texas 75024
(469) 304-4625





Enjoy Your New Home!