



# BUYING A HOME IN WASHINGTON

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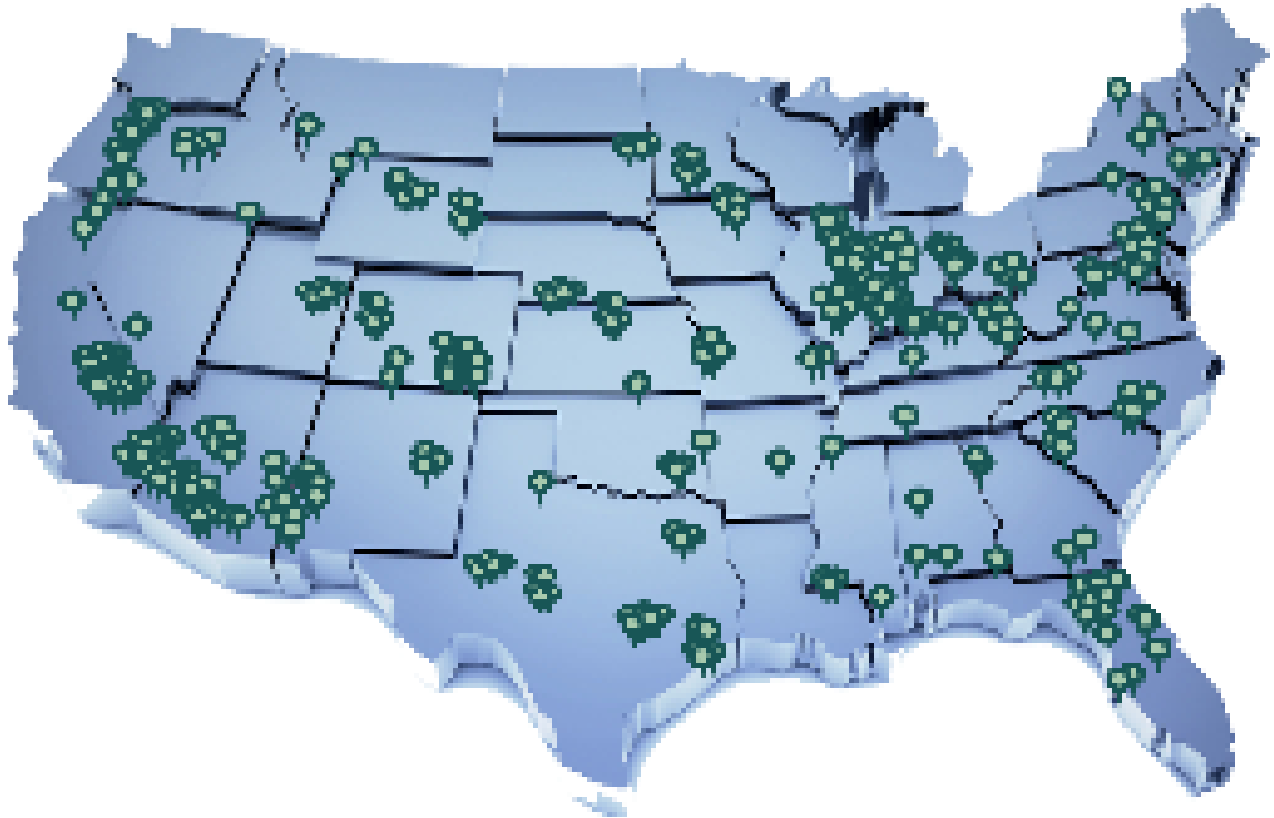
A Step-by-Step Guide

*Thurston County*



CHICAGO TITLE

Chicago Title is a proud member of Fidelity National Financial, Inc. (FNF). FNF is a leading provider of title insurance, technology and transaction services to the real estate and mortgage industries. As a group, FNF is the nation's largest title insurance company and collectively issues more title insurance policies than any other title company in the United States. There are more than 1100 title operating units, and more than 16,000 employees located throughout the United States and Canada. Our title insurance and settlement service business is truly nationwide, and is extremely connected to the local market.



Recognized as a leader in our industry, FNF is ranked #314 on the 2015 Fortune 500 List.





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## Quick REFERENCE

Your Escrow Number \_\_\_\_\_

Your New Address \_\_\_\_\_

City / State / Zip \_\_\_\_\_

### ESCROW CONTACTS

Escrow Officer \_\_\_\_\_ E-Mail \_\_\_\_\_

Escrow Assistant \_\_\_\_\_ E-Mail \_\_\_\_\_

Address \_\_\_\_\_ Phone \_\_\_\_\_

City / State / Zip \_\_\_\_\_ Fax \_\_\_\_\_

Thank You for Choosing





# The HOME BUYING PROCESS at a Glance



## YOUR HOME BUYING PARTNERS

- Real Estate Agent
- Loan Officer
- Chicago Title Escrow Officer





# Understanding the ESCROW PROCESS

## WHAT IS ESCROW?

Buying or selling a home (or other piece of real property) usually involves the transfer of large sums of money. It is imperative that the transfer of these funds and related documents from one party to another be handled in a neutral, secure and knowledgeable manner. For the protection of buyer, seller and lender, the escrow process was developed.

As a buyer or seller, you want to be certain all conditions of sale have been met before property and money change hands. The technical definition of an escrow is a transaction where one party engaged in the sale, transfer or lease of real or personal property with another person delivers a written instrument, money or other items of value to a neutral third person, called an escrow agent or escrow holder. This third person holds the money or items for disbursement upon the happening of a specified event or the performance of a specified condition.

*"Let Chicago Title protect your most valuable asset - your home, from future claims or future losses of title due to the defects created by past events. Your owner's title insurance policy should remain in effect as long as you, or your heirs, retain an interest in the property. Chicago Title brings you the peace of mind knowing that your investment is a safe one. We are here to defend and protect your title for many years to come."*

## Neutral Third Party

Using the escrow holder as a common depository, the buyer and seller can proceed simultaneously in providing funds, deeds, inspection reports, insurance information and other documents. Both parties give written instructions, the requirements of which must be met before the transaction is complete, to an experienced escrow officer. Lenders also specify their conditions for completing the loan process. Provided that the instructions are clear and mutually consistent, the escrow officer, as a limited agent for all parties, saves time in the closing process.

## Protection

The authority given to an escrow holder is strictly limited by instructions provided by the buyer and seller. The escrow officer is authorized by instructions to allocate funds for the items during the escrow period, such as real estate commissions, title insurance, liens, recording fees and other closing costs. Instructions also specify the method of collecting funds, proration of insurance and taxes and time limitations on settling transactions. The escrow process protects all parties involved by retaining money and documents until the mutual instructions are met.

Confidentiality is another important aspect of escrow. To effectively handle a transaction, your escrow officer must be instructed as to the required terms necessary to close. The officer will discuss escrow matters only with the parties directly involved, specifically the buyer, seller, lender and real estate agent. No one else has access to the information, except through proper legal procedures. The escrow officer retains impartiality and confidentiality concerning the real estate process.

## Closing Escrow

Upon closing, the escrow holder causes the required documents to be recorded and disburses funds according to the instructions given to the escrow officer. Escrow fees are included in these costs and are based on the sale price of the property, the loan amount and services required.

# Understanding the ESCROW PROCESS

"Escrow is a process by which a complex sale exchange or loan transaction involving real property is brought to completion."

## RESPONSIBILITIES OF EACH PARTY TO AN ESCROW TRANSACTION

### The Buyer

Deposit funds to pay for the purchase price and funds for property and closing costs. Provide deed of trust or mortgages needed to secure the loan. Arrange for borrowed funds to be deposited in escrow. Provide, if required, documents such as inspections reports, insurance policies and lien information to verify compliance to the instructions.

### The Seller

Deposits the deeds to the buyer with the escrow holder. Provides evidence to meet the buyer's condition of sale, such as proof of repair work and inspections. Submits other documents, such as tax receipts, mortgage information, insurance policies and warranties.

### The Lender [When applicable]

Deposits loan funds, lender instructions and other loan documents with the escrow holder.

### The Escrow Holder

Serves as a central depository for funds and documents. Obtains a title insurance policy, when required. Fulfills the lender's requirements if applicable. Secures approval from buyer on requested documents. Prorates insurance, taxes, and rents, as instructed. Fulfills buyer and seller instructions. Allocates funds for closing costs and verifies that required funds from each party are deposited into escrow. Once all conditions are met, the escrow holder causes the necessary documents to be recorded. Executed loan documents are forwarded to the lender.

## WHAT YOU MAY NOT KNOW ABOUT ESCROW

### The Word "Escrow" Defined

Black's Law Dictionary repeats the ancient precedent: "...and deliver the deed unto a stranger, an escrow." The word derives from the Middle French *escroue* (scroll), the form of most documents in those early times. Webster's Seventh New Collegiate Dictionary defines "escrow" this way:

1. a deed, a bond, money, or a piece of property delivered to a third person to be delivered by him to the grantee only upon the fulfillment of a condition
2. a fund or deposit designed to serve as an escrow.

A simplified definition is commonly used in the escrow industry: **Escrow is a deposit of money and instruments by two or more persons with a third person, which are held by him until certain conditions are met.**

The third person is the ESCROW AGENT. He or she is the stakeholder. Although the main function of escrow is to provide a safe place for the stake (the collection of documents and funds until the deal can be concluded), it is also the place where many arrangements and accounting details are cleared up. The escrow agent does these things, but first he or she writes down the exact instruction of the principals (who are the buyers and sellers but who may also be others), making a new instrument called the escrow instructions. These instructions tell the escrow officer how to make the arrangements for completing the transaction, and he or she must not deviate from them.

### What is an Escrow For?

Escrow is a process by which a complex sale, exchange or loan transaction involving real property is brought to completion.

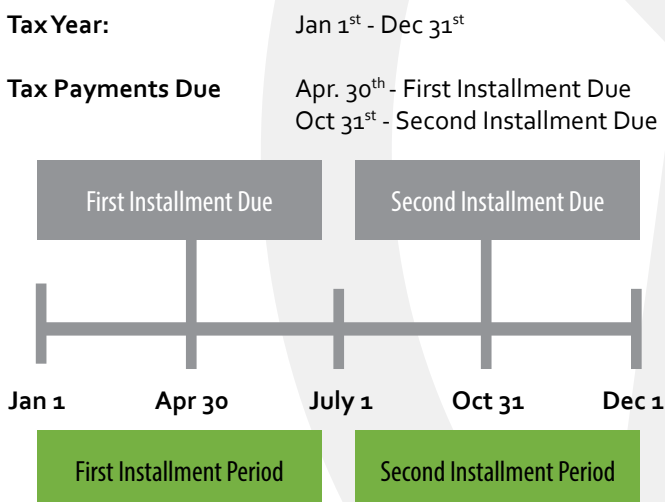
Once parties reach an agreement, they arrange for a neutral third party to hold their funds and documents of transfer, such as deeds, until after all the required elements of the deal have been fulfilled. While the funds and documents are held pending conclusion of the deal, they are said to be "in escrow," the transaction is said to be "in escrow," and there is "an escrow." It is ephemeral, existing only as long as necessary. It could be said that escrow is the "gestation period" of a real property transaction.

### Why is There an Escrow Time Line?

There are several reasons why most real property transactions must have a period of time between the agreement and the final handing over of the money to the seller and the deed to the buyer.

1. Buyers or borrowers usually need time to gather funds or apply for and qualify for loans.
2. Buyers want sellers to provide proof or guarantee that the deed is good, that there are no unknown legal owners or financial obligations against the property. Such a guarantee is usually provided in the form of a policy of title insurance, which gives the buyer protection against a wide variety of problems arising from faulty deeds.
3. Other persons who hold loans for which the property is already pledged as collateral may want to be paid off when the property changes hands.
4. New lenders need enough time to examine the credit ratings and financial backgrounds of potential borrowers and to ascertain the value of the property before agreeing to lend.
5. Some buyers, such as ranchers or developers, must be reassured that the land can be used for their intended purposes. Such things as water percolation testing and geological examination or preparation of environmental impact studies can take a long time.

## Informational Sheet of Property Tax Payments for the State of Washington



# Understanding the ESCROW PROCESS

## How Title Matters Are Cleared?

Title will generally be cleared during the escrow process by the escrow agent with the assistance of the sellers, buyers, real estate agents, loan processors and lien holders. In most instances, all special exceptions dealing with physical encumbrances (easements, restrictions, etc.) will remain. Most monetary encumbrances will be removed by being paid and released of record during the closing process. If you have a transaction that calls for handling other than as stated above, you should discuss this with your Escrow Agent. Physical encumbrances can sometimes be removed from title. Monetary liens may remain on title in certain instances. There will be special steps you need to perform to make sure title is cleared in accordance with your requirements.

It is always a good idea to contact your escrow agent early on in the closing process. This way, you may discuss what needs to be done to ensure a smooth closing, particularly when there are unique aspects to your sale. Escrow Agents will likely appreciate your efforts to do a thorough job for your customer or client and be happy to assist you in your efforts.

## Clearing Physical Encumbrances

This category includes easements, use restrictions and agreements. These will remain on title unless very specific steps are taken. In order to obtain a release of these items, you must obtain a written release in recordable form from the parties who currently benefit from the encumbrance. An easement may be released by all parties to the agreement. Plat restrictions (CC&Rs) may contain specific requirements within the document regarding release but may prove impossible to release if they were a requirement of the initial platting process you need to remove any of these types of items from title, be sure to contact your Escrow Agent and Title Officer early on in the transaction. It would be wise to contact your Title Officer even before your Purchase and Sale Agreement is signed if you anticipate removal of physical encumbrances as a condition and may require the involvement of attorneys for both the buyer and seller.

## Paying Transfer Tax

Excise tax must be paid at the time of transfer of title and is based on the monetary consideration of the transfer. King County will not record a deed until the tax is paid and the deed is stamped with an excise receipt number. Excise tax payment may not be required in a few circumstances, as provided by statute: transfer for love and affection only, assumption with no proceeds to the seller and court ordered transfers being some possible tax-free transfers. These exemptions are currently under review by the legislature and may be waived in the future.

## Clearing a Deed of Trust

When a Deed of Trust is paid off, the original note (marked paid), original Deed of Trust (with signed request for reconveyance) and trustee fee (usually about \$85) must be forwarded to the trustee named in the Deed of Trust. The trustee checks for partial reconveyances and assignments of interest before executing and recording the Full Reconveyance. Sometimes the original Note or Deed of Trust may be lost prior to reconveyance. Contact your Trustee for the requirements in this situation. They may accept a Lost Note and Deed of Trust Affidavit. They may also require additional fees be paid. Many trustees will resign in such situations, in which case the beneficiary appoints another trustee. In regards to clearing a mortgage, the beneficiary of a mortgage will execute and record a Satisfaction of Mortgage upon final payment.

## Dealing With a Contract of Sale

When paid in full, the contract seller will execute a Warranty Fulfillment Deed which transfers title to the contract purchaser. This should be recorded by the purchaser. Sometimes these deeds are executed at the time of the original sale and held in "true escrow." Paying off a string of contracts may be one of an Escrow Agent's most challenging tasks. If one of the parties has died, the original deed may not be sufficient.

## Collected Funds Statue RCW 18.44.400

(3) An escrow agent, unless exempted by RCW 18.44.021 (2), shall not make disbursements on any escrow account without first receiving deposits directly relating to the account in amounts at least equal to the disbursements. An escrow agent shall not make disbursements until the next business day after the business day on which the funds are deposited unless the deposit is made by interbank electronic transfer, or in a form that permits conversion of the deposit to cash on the same day the deposit is made. The deposits shall be in one of the following forms:

- a. Interbank electronic transfers such that the funds are unconditionally received by the escrow agent or the agent's depository;
- b. Checks, negotiable orders of withdrawal, money orders, cashier's checks and certified checks that are payable in Washington state and drawn on financial institutions located in Washington state;
- c. Checks, negotiable orders of withdrawal, money orders and any other item that has been finally paid as described in RCW 62A 4-213 before any disbursement; or
- d. Any depository check, including any cashier's check, certified check, or teller's check, which is governed by the provisions of the Federal Expedited Funds Availability Act, 12 U.S.C. See 4,001 et seq.

For purposes of this section, the word "item" means any instruments for the payment of money even though it is not negotiable, but does not include money.

*"Excise tax must be paid at the time of transfer of title and is based on the monetary consideration of the transfer."*







# Understanding ESCROW IMPOUND ACCOUNT

An Impound Account, also known as an Escrow Impound Account, is an account set up and managed by mortgage lenders to pay property taxes and insurance on behalf of the home buyer. These accounts are set up with the lender during escrow to ensure that the home buyer's property taxes and insurance are paid on time and in full. The biggest misconception with the Impound Account is that it is managed by the escrow company. However, after escrow collects the initial deposit for the Impound Account and after the transaction is closed, the escrow company is no longer involved.

## HOW IT WORKS

Each month, an amount equal to about 1/12 of the total sum of the annual property taxes and insurance due is collected from the buyer, along with their mortgage payment, and placed inside the account. When the time comes to pay the annual property taxes and insurance, the lender makes the payment from the funds accumulated in the account on the behalf of the buyer.

## SETTING UP AN ACCOUNT

The account is set up by the mortgage lender during escrow. Escrow collects an Escrow Impound deposit, which is typically a deposit of 2-6 months worth of taxes and insurance. Due to the fact that property taxes can be adjusted and insurance rates can change, this deposit ensures there are sufficient funds to make the payments in full when they are due.

## COMMON QUESTIONS REGARDING AN ESCROW IMPOUND ACCOUNT:

**Is it mandatory to have an Escrow Impound Account?**  
No. The buyer may elect to pay property taxes on their own, and there is usually a small fee when waiving the account. However, based on the type of loan, the lender may require the buyer to have one.

## IS IT A GOOD IDEA TO HAVE AN ESCROW IMPOUND ACCOUNT?

Since the property taxes and home insurance bills only come about twice a year, many average Americans have a hard time saving for them, and gladly give their money to the loan company interest free. This is one less thing to worry about, as the lender makes the payments for the buyer.

## DO I HAVE TO DECIDE NOW WHETHER OR NOW I WISH TO SET UP AN ACCOUNT?

If it is not a condition of the loan, the buyer does not have to make an immediate decision. However, depending on the lender, there may be a cost to set it up at a later date. The purpose of impound accounts is to help home owners pay their annual property taxes and insurance on time. For more information on your account, payments and more information on how they are managed, contact your mortgage lender.



# Who Pays What - A GUIDE TO CLOSING COSTS

## The **SELLER** can generally be expected to pay for:

- Real Estate commission
- Documentation preparation fee for deed
- Documentary transfer tax, if any
- Any city transfer/conveyance tax (according to contract)
- Payoff of all loans in Seller's name
- Interest accrued to lender being paid off
- Statement fees, reconveyance fees and any prepayment penalties
- Termite inspection (according to contract)
- Termite work (according to contract)
- Home warranty (according to contract)
- Any judgments, tax liens, etc., against the Seller
- Tax proration (for any taxes unpaid at time of transfer of title)
- Any unpaid homeowner's dues
- Recording charges to clear all documents of record against Seller
- Any bonds or assessments (according to contract)
- Any and all delinquent taxes
- Notary fees
- Homeowner's transfer fee
- City transfer/conveyance tax (according to contract)

## The **BUYER** can generally be expected to pay for:

- Title insurance premium for Lender's policy
- Escrow fee
- Document preparation (if applicable)
- Notary fees
- Recording charges for all documents in Buyer's name
- Termite inspection (according to contract)
- Tax proration (from date of acquisition)
- All new loan charges (except those required by Lender for Seller to pay)
- Interest on new loan from date of funding to 30 days prior to first payment date
- Assumption/change of records fees for takeover of existing loan
- Beneficiary statement fee for assumption of existing loan
- Inspection fees (roofing, property inspection, geological, etc.)
- Home Warranty (according to contract)
- Fire insurance premium for first year
- Title insurance premium for Owner's policy

## YOURS or THEIRS - The Personal vs. Real Property Dilemma

The distinction between personal property and real property can be the source of difficulties in real estate transaction. A purchase contract is normally written to include all real property, that is, all aspects of the property that are fastened down or an integral part of the structure. For example, this would include light fixtures, drapery rods, attached mirrors, trees and shrubs in the ground. It would not include potted plants, free-standing refrigerators, washer/dryers, microwaves, bookcases, swag lamps, etc.

If there is any uncertainty whether an item is included in the sale or not, it is best to be sure that the particular item is mentioned in the purchase agreement as being included or excluded.



# Why do you need **TITLE INSURANCE?**

A lender goes to great lengths to minimize the risk of lending you the money you need to buy a home. First, your credit is checked as an indication of your ability to pay back your loan.

Then your lender goes a step further. He or she makes sure that the quality of the title to the property you are about to buy and which you will pledge as security for the loan is satisfactory. The lender does this by obtaining a lender's policy of title insurance.

## THE LENDER'S POLICY DOESN'T PROTECT YOU.

The lender's policy protects the lender against loss due to unknown title defects. It also protects the lender's interest from certain matters which may exist but not be knowable at the time of sale.

But this policy only protects the lender's interest. It does not protect you. That's why you need an owner's policy, which can be issued at the same time as the lender's policy for a nominal one-time fee.

## WHAT DANGER OF LOSS CAN YOU FACE?

If a lender has title insurance protection and you don't, what possible danger of loss can you face?

As an example, let's say you've bought a home for \$100,000. You've made a \$20,000 down payment, and your lender holds a \$80,000 mortgage lien or beneficial interest. Your lender has title insurance coverage protecting the lender's interest up to \$80,000. But your \$20,000 is not covered.

What if some matter arises affecting past ownership of the property? The title insurance company would only defend and protect the interest of the lender. You would have to assume the financial burden if your own legal defense. If your defense is not successful, the result could be a total loss of title.

The title insurance company pays the lender's loss and is entitled to take assignment of your debt. You are out of your down payment, other equity in the property which you have accumulated, and your home. And you still owe the remaining balance on your note.

## HOW CAN THERE BE A TITLE DEFECT IF THE TITLE HAS BEEN SEARCHED AND A LOAN POLICY ISSUED?

Title insurance is issued after a careful examination of copies of the public records. But even the most thorough search cannot absolutely assure that no title hazards are present, despite the knowledge and experience of professional title examiners. In addition to matters shown by public records, other title problems may exist that cannot be disclosed in a search.

## WHAT TITLE INSURANCE PROTECTS AGAINST

Here are just a few of the most common hidden risks that can cause a loss of title or create an encumbrance on title:

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

## WHAT PROTECTION DOES TITLE INSURANCE PROVIDE AGAINST DEFECTS AND HIDDEN RISKS?

Title insurance will pay for defending against lawsuits attacking your title as insured, and will either clear up title problems or pay the insured's losses. For a one-time premium, an owner's title insurance policy remains in effect as long as you, or your heirs, retain an interest in the property, or have any obligation under a warranty in any conveyance of it. Owner's residential title insurance, issued simultaneously with a lender's policy, is the best title insurance value you can get.

By combining the expertise in risk elimination at the time of issuing a policy, and protection against hidden risks as long as the policy remains in effect, your title insurer protects against title loss.

## WHAT THIS MEANS TO YOU.

The peace of mind in knowing that the investment you've made in your home is a safe one. If you have any questions concerning title insurance coverage, please call a Chicago Title office. We are here to assist you.

# Chicago Title's ALTA HOMEOWNER'S POLICY

*Chicago Title is pleased to offer the most comprehensive coverage policy that benefits all three parties in a real estate transaction: Buyer, Seller, and the Real Estate Agent. Our ALTA Homeowner's Policy offer the most comprehensive title insurance coverage available.*

## HOMEOWNER'S POLICY

Coverage is for Single Family 1-4 Units

- ✓ Someone claims an interest in the title of your property
- ✓ Improperly signed documents
- ✓ Forgery, Fraud in Mortgages, and Duress in execution of wills, deeds and instruments conveying or establishing title
- ✓ Defective public recorded documents
- ✓ Restrictive Covenant Violations
- ✓ Liens on the title of your property because there are:
  - (a) Open deed(s) of trust
  - (b) Judgement, Tax or Special Tax Assessment
  - (c) Charge by HOA
- ✓ Unmarketable Title
- ✓ Lack of Right of Access to and from the Land
- ✓ Protection against any or all Mechanic's Liens
- ✓ Forced removal of structure because it:
  - (a) extends onto other land or other easement(s)
  - (b) violates a restriction in Schedule B
  - (c) violates an existing zoning law
- ✓ Cannot use land for SFD due to zoning or restrictions
- ✓ Unrecorded Lien by the HOA
- ✓ Unrecorded Easement(s)
- ✓ Interests arising by deeds of fictitious parties
- ✓ Pays rent for Substitute Land or Facilities
- ✓ Pre-existing violations of CC&Rs which someone is trying to force you to correct or remove.
- ✓ \* Building Permit Violations - Forced Removal
- ✓ \* Subdivision Map Act Violations
- ✓ \* Zoning Violations - Forced Encroachment
- ✓ \* Boundary Wall or Fence Encroachment
- ✓ Post-Policy Defect in Title
- ✓ Post-Policy Contract or Lease Rights
- ✓ Post-Policy Forgery
- ✓ Post-Policy Easement
- ✓ Post-Policy Limitation on use of land
- ✓ Post-Policy Damage from minerals or water extraction
- ✓ Post-Policy Living Trust Coverage
- ✓ Post-Policy Encroachment by Neighbor other than wall or fence
- ✓ Enhanced Access - Vehicular and Pedestrian
- ✓ Damage to Structure from use of easement
- ✓ Post-Policy Automatic increase in value up to 150%
- ✓ Post-Policy Correction of existing violation of covenant
- ✓ Post-Policy Prescriptive easement
- ✓ Street Address shown in policy not being located on the land described
- ✓ Map not consistent with Legal Description
- ✓ Violations of Building Setbacks
- ✓ Discriminatory Covenants
- ✓ Insurance Coverage lasts as long as you, the policyholder – or your heirs – has an interest in the insured property. This may even be after you have sold the property.

\* Subject to deductible and policy and maximum liability, which is less than the policy amount.

## WHY CHICAGO TITLE

Chicago Title is a member of the Fidelity National Financial family of companies and the nation's largest group of title companies and title insurance underwriters - Chicago Title Insurance Company, Commonwealth Land Title Insurance Company, Fidelity National Title Insurance Company and Alamo Title Insurance - that collectively issue more title insurance policies than any other title company in the United States. With assets of more than \$5.76 billion and \$1.64 billion in claims reserves, our financial strength gives you the security and protection you deserve.

For Absolute Assurance of your Title & Escrow Needs, Always insist on Chicago Title. Give us a call today!



# Common Ways of HOLDING TITLE

	SOLE OWNERSHIP	JOINT TENANCY	COMMUNITY PROPERTY	TENANCY IN COMMON	PARTNERSHIP/ LLC
<b>Parties</b>	Individual home buyer	Any number of persons	Married persons or registered domestic partners	Any number of persons	Related or unrelated parties
<b>Division of Interest</b>	Individual holds all interest in the property	Jointly own one and the same interest, not undivided interests	Ownership interests are equal	Ownership can be divided into any number of interests, equal or unequal	Partnership/LLC holds title
<b>Conveyance</b>	Owner has sole right to use and dispose of property	All owners must agree on use and disposition of property	Both owners must agree on use and disposition of property, the interests cannot be sold separately	Individual coowners do not need the consent of others to use or dispose of individual interests	Partnership/LLC sets parameters for use and disposition of property
<b>Death</b>	Property passes to heir(s) or devisee(s) through probate	Property passes to survivor(s) without going through probate	Half interest retained by the survivor and half to heir(s) or devisee(s) through probate	Individual's interest passes to heir(s) or devisee(s) through probate	Interest of the individual passes to heir(s) or devisee(s) which would become partner(s)/ members(s)

*Remember there are many different ways in which owners can hold title. Don't hesitate to call your title officer to discuss the best option for your circumstance.*



# COMMON DEEDS in the State of Washington

## BARGAIN AND SALE DEED

Bargain and Sale Deed in Washington, the statutory form of bargain and sale deed conveys a fee simple title to real property, and contains warranties that the seller was the owner of the fee title, that the property was free from encumbrances done or created by the grantor, except for rights to rents and services, and would defend against defects or encumbrances created by or through the grantor, his heirs and or assigns. Non statutory forms of bargain and sale deeds contain no warranties unless expressly set forth.

## DEED IN LIEU

A deed executed by an owner/borrower to a lender conveying the property 'in lieu of' (instead of) a foreclosure of the lender's mortgage or deed of trust against the property. The grantor voluntarily deeds the property subject to the loan in exchange for a release of financial obligations under the loan.

## FULFILLMENT DEED

A deed issued in compliance with and in fulfillment of the terms of a real estate contract.

## PERSONAL REPRESENTATIVES DEED

A deed distributing the estate of a deceased individual in accordance with the resolution of legal proceedings on their affairs.

## QUIT CLAIM DEED

Quit Claim Deed in Washington, the statutory form of quit claim deed conveys whatever right, title, or interest the grantor has in the real property to the grantee, without any warranty of title. Unless the deed expressly states, it does not convey any title to the grantor may acquire in the property after the quit claim deed is recorded.

## SHERIFF'S DEED

A deed conveying title to real property following a judicial foreclosure process known as a sheriff's sale.

## SPECIAL WARRANTY DEED

A deed conveying title to real property in which the grantor warrant and promises to defend the title only against claims and defects arising from the grantor's ownership.

## STATUTORY WARRANTY DEED

Statutory Warranty Deed is a legal document that transfer interest in real property from one person to another, with certain specified covenants from the grantor to the grantee. By using a warranty deed, the grantor promises the grantee (1) that he or she is the owner of the property and has the right to convey it. (2) that there are no encumbrances against the property. (3) that no one with a better claim to the property will interfere with the grantee's rights, and (4) to defend certain claims regarding title to the property.

## TRUSTEE'S DEED

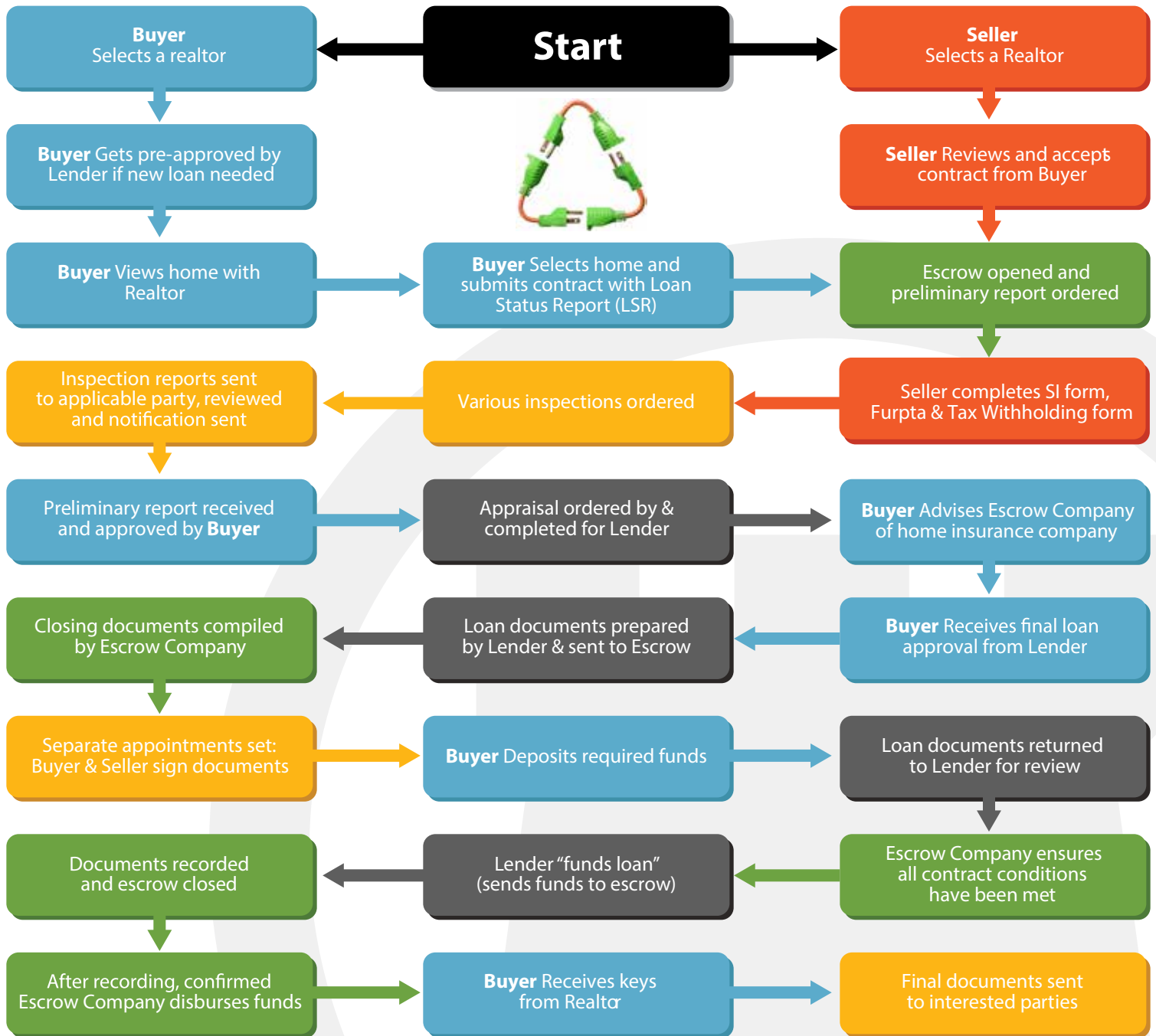
A deed issued by the trustee of a deed of trust following the non-judicial foreclosure of a deed of trust.

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# LIFE OF AN ESCROW

## Understanding Your Escrow Transaction





# Understanding PROPERTY TAXES IN ESCROW

*Paying Property Taxes in an escrow account are among one of the most confusing issues for both Buyers and Borrowers. Whether you are buying a home or refinance your existing mortgage, taxes are applied in several ways in your escrow. Below are a few that you will find often on your escrow instruction:*

### TAXES TO BE PAID:

Property taxes are generally divided so that the buyer and the seller each pay taxes for the part of the property tax year they owned the home. The fiscal tax year commences on Jan 1 of each year. and ends on December 31 of the following year.

### TAX IMPOUNDS:

An Impound Account, also known as an Escrow Impound Account, is an account set up and managed by mortgage lenders to pay property taxes and insurance on behalf of the home buyer. The lender may collect 2-6 months of tax payment with each month's amount equal to about 1/12 of the total sum of the annual property taxes along with their mortgage payment. When the time comes to pay the annual property taxes, the lender makes the payment from the funds accumulated in the account on behalf of the buyer.

### TAX PRORATION:

At time of closing, the escrow agent will sometimes required to determine what portion of the next tax installment is the seller's responsibility, they will then charge the seller and credit the buyer with said amount. When the next installment is due, the buyer will pay the total amount since the buyer was already reimbursed with the seller's portion at closing. Likewise, if the seller had already prepaid his taxes, the prepaid portion will then be charged to the buyer and serves as credit to the seller.

## PROPERTY TAX DUE DATES

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<b>April 30<sup>th</sup></b>	<b>Due</b>
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<b>May 1<sup>st</sup></b>	<b>Delinquent</b>
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<b>October 30<sup>th</sup></b>	<b>Due</b>
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<b>November 1<sup>st</sup></b>	<b>Delinquent</b>
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Secured property taxes can be paid in two installments. The first installment is due November 1 and delinquent December 10. The second installment is due February 1 and delinquent April 10.





# CLOSING COSTS Checklist

*The cost of buying a property goes beyond simply by paying the price negotiated between the buyer and seller. Here are some of the common fees included in a typical settlement, which will comprise your closing costs:*

## TITLE & ESCROW RELATED CLOSING COSTS:

- Closing fee for the settlement agent
- Document preparation
- Notary fees
- Escrow Fee (based on Purchase Price)
- Courier Fees
- Loan-Tie-In Fee if financing is involved
- Electronic Document Delivery Fee
- Owner's Title Insurance Policy Coverage (based on Purchase Price)
- Lender's Title Insurance Policy Coverage (based on Loan Amount)

## LOAN RELATED CLOSING COSTS:

- Loan Origination Fee
- Loan Discount Points (optional)
- Appraisal Fee
- Credit Report Fee
- Interest Payment
- Underwriting Fee

## GOVERNMENT RELATED CLOSING COSTS:

- Fee to record the deed, deed of trust and any releases
- County and possible city transfer taxes

## ESCROW IMPOUND ACCOUNT:

- Homeowner's Insurance premium for the year
- Mortgage Insurance (if any) - the number of months varies
- Property Taxes - usually 2 months in advance

## ADDITIONAL SETTLEMENT FEES MAY INCLUDE:

- HOA Documents, Termite Inspection, Home Inspection, Land surveys, Flood certification, Lead-paint Inspection, Roof Inspection, etc. please check with your real estate agent in regards to these fees.

Always ask your Escrow Officer if you have any questions on any of the fees disclosed.

## ESTIMATED CLOSING COSTS

Chicago Title has a program that can quickly calculate your closing costs. Have your agent contact their Chicago Title Account Executive.





# Your APPOINTMENT

*Below is a list of items that you will need before your appointment to sign the escrow papers:*

## IDENTIFICATION

There are several acceptable forms of identification, which may be used during the escrow process. These include:

- A current driver's license
- Passport
- State of Washington Department of Motor Vehicles ID card

One of these forms of identification must be presented at the signing of escrow in order for the signature to be notarized.

## FIRE & HAZARD INSURANCE

When you are buying a single-family, detached home (and in some cases, a town home), be sure to order your insurance before the loan has been approved. Next, call your Lender with the insurance agent's name and number so that they can make sure the policy complies with your lender's requirements. You must have the insurance in place before the lender sends money to the title company. If you do not have an insurance agent, your real estate agent can offer some suggestions.

## DEPOSITING FUNDS TO CLOSE ESCROW

In order to prevent possible delays in the escrow closing, be prepared to deposit into escrow a Cashiers check for the amount requested by your escrow officer. Wire instructions will be provided should you prefer to wire transfer funds into escrow.

## LENDER'S REQUIREMENTS

Make sure you have satisfied your lender's requirements before coming to the Title company to sign papers.

## VESTING FOR TITLE

Decide how you would like to hold title to your new home. You may wish to consult a lawyer, accountant, or other qualified professional before making this decision.



## Tips for a **SMOOTH ESCROW CLOSING**

- Make sure the Purchase and Sale Agreement is fully executed with names, marital status of all parties, addresses and contact phone numbers. Also, make sure the Purchase and Sale Agreement is legible since this is Escrow's main source of information.
- Is there a Power of Attorney needed? If so, make sure the client has the original or it has been recorded. Have Escrow or Title review it as soon as possible to confirm form, dates and notary are correct.
- Are the buyers or sellers out of state? Let the Closer know early to allow adequate time for delivery of documents.
- Are the buyers or sellers out of the country? If so, the client must have the documents notarized at an American Consulate or Embassy.
- If any divorces, deaths or trusts appear on title, we will need copies of divorce decrees, death certificates or trust agreements (not necessarily available through public record).
- Are utilities addressed on the Purchase and Sale Agreement? Is the addendum attached? Make certain your Closer has a list of the utilities that need to be paid.
- If the property is a condominium or PUD, please furnish Escrow with the name and address of the Homeowner's Association.
- Are there any specific or special needs of your buyer or seller? The Escrow Officer can help you with schedules, physical limitations or other needs.
- Is the buyer receiving a home-buyer's warranty? If so, let the Closer know who is ordering it and who is paying for it.
- Did you specify Chicago Title for your Title and Escrow?
- Request a copy of the Preliminary Title Report and review it!



# MOVING Checklist

***Whether moving across the street or across the country, the Moving Checklist is a handy reminder of things to do and people to inform regarding your new location.***

## ADDRESS CHANGE

- Give forwarding address to post office 2 to 3 weeks before moving
- Change charge accounts, credit cards
- Subscriptions: Notice requires 6 to 8 weeks
- Friends and relatives

## BANK

- Transfer funds, arrange check-cashing in new city
- Arrange credit references

## INSURANCE

- Notify company of new location for coverages: life, health, fire and auto
- Make sure home owners' coverage for your new house is in place

## MEDICAL, DENTAL, PRESCRIPTION HISTORIES

- Ask doctor and dentist for referrals, transfer needed for prescriptions, eyeglasses, x-rays
- Obtain birth records, medical records, etc.
- Arrange for medical services: doctor, dental, veterinarian, etc.

## PETS

- Ask about regulations for licenses, vaccinations, tags, etc.

## SCHOOLS

- Get school transcripts (some districts require that they be sent directly from the prior school)

## UTILITY COMPANIES

- Notify gas, electric, water, telephone, fuel, and garbage companies
- Get refunds on any deposits made
- Return cable boxes

## DON'T FORGET TO:

- Carry enough cash or traveler's checks to cover cost of moving services and expenses until you make banking connections in new city
- Carry jewelry and documents yourself, or use registered mail
- Double check closets, drawers, shelves to be sure they are empty
- Leave old keys, garage door openers, broiler pans, house plans and instruction manuals needed by new owner with real estate agent
- Have new address recorded on driver's license and car registration
- Visit city offices and register to vote



# Connecting UTILITIES

## Education

Griffin School District (360) 866-2515  
 North Thurston School District (360) 412-4400  
 Olympia School District (360) 753-8827  
 Rainier School District (360) 446-2207  
 Rochester School District (360) 273-5536  
 Shelton School District (360) 426-1687  
 Tenino School District (360) 264-4123  
 Tumwater School District (360) 709-7000

[www.griffin.k12.wa.us](http://www.griffin.k12.wa.us)  
[www.nts.wednet.edu](http://www.nts.wednet.edu)  
<http://kids.osd.wednet.edu>  
[www.rainier.wednet.edu](http://www.rainier.wednet.edu)  
[www.rochester.wednet.edu](http://www.rochester.wednet.edu)  
[www.sheltonschools.org](http://www.sheltonschools.org)  
<http://mail.tenino.k12.wa.us/>  
[www.tumwater.k12.wa.us](http://www.tumwater.k12.wa.us)

## Licenses

[www.co.thurston.wa.us](http://www.co.thurston.wa.us)  
 Animal License (360) 943-3640  
 Drivers License (360) 459-6753  
 Hunting & Fishing License (360) 902-2200  
 Marriage License (360) 786-5407  
 Vehicle/Vessel License (360) 902-3700  
 Vehicle/Vessel Registration (360) 786-5407

## News

ABC News [www.abcnews.com](http://www.abcnews.com)  
 CBS News [www.cbsnews.com](http://www.cbsnews.com)  
 CNN News [www.cnn.com](http://www.cnn.com)  
 KGY Radio [www.kgyradio.com](http://www.kgyradio.com)  
 KING 5 News [www.king5.com](http://www.king5.com)  
 KOMO 4 News [www.komotv.com](http://www.komotv.com)  
 MSNBC News [www.msnbc.com](http://www.msnbc.com)

## Newspaper

Business Examiner (360) 956-3133  
 Little Nickel (360) 786-6973  
 News Tribune (360) 352-2254  
 Nisqually Valley News (360) 458-2681  
 Seattle Post-Intelligencer (800) 542-0820  
 Seattle Times (206) 464-2111  
 Shelton/Mason County Journal (360) 426-4412  
 Tenino & Rochester Sun (360) 264-2500  
 The Olympian (360) 754-5411

[www.businessexaminer.com](http://www.businessexaminer.com)  
[www.littlenickel.com](http://www.littlenickel.com)  
[www.tribnet.com](http://www.tribnet.com)  
[www.nisquallyvalleyonline.com](http://www.nisquallyvalleyonline.com)  
[www.seattlepi.com](http://www.seattlepi.com)  
[www.seattletimes.com](http://www.seattletimes.com)  
[www.masoncounty.com](http://www.masoncounty.com)  
 N/A  
[www.theolympian.com](http://www.theolympian.com)

## Postal Service

[www.usps.com](http://www.usps.com)  
 Lacey (360) 455-1120  
 Littlerock (360) 458-7623  
 McKenna (360) 278-3372  
 Olympia (800) 275-8777  
 East Olympia (800) 275-8777  
 Rainier (360) 446-2404  
 Rochester (360) 275-8777

Shelton (360) 426-3463  
 Tenino (360) 264-2504  
 Tumwater Safeway (360) 352-4093  
 Westside Annex (800) 275-8777



# Thurston County **ATTRACTIONS & ACTIVITIES**

## WHAT'S NEAR MY NEW HOME?

- Trails in Thurston
- Tumwater Falls Park
- Olympia Country & Golf Club
- Golf Club at Hawks Prairie
- Indian Summer Golf & Country Club
- Hands On Children's Museum
- Washington State Capitol
- Bigelow House Museum
- Priest Point Park
- Olympic Flight Museum
- Yashiro Japanese Garden
- Capitol Lake
- Nisqually Red Wind Casino
- Long Lake
- Tenino Depot Museum
- Mystic Journeys Sailboat Charter
- Splash Gallery of Olympia
- Lucky Eagle Casino & Hotel
- Zittel's Marina
- Squaxin Island Museum
- Little Creek Casino Resort
- WET Science Center
- Rutledge Corn Maze
- Charlie's Safari

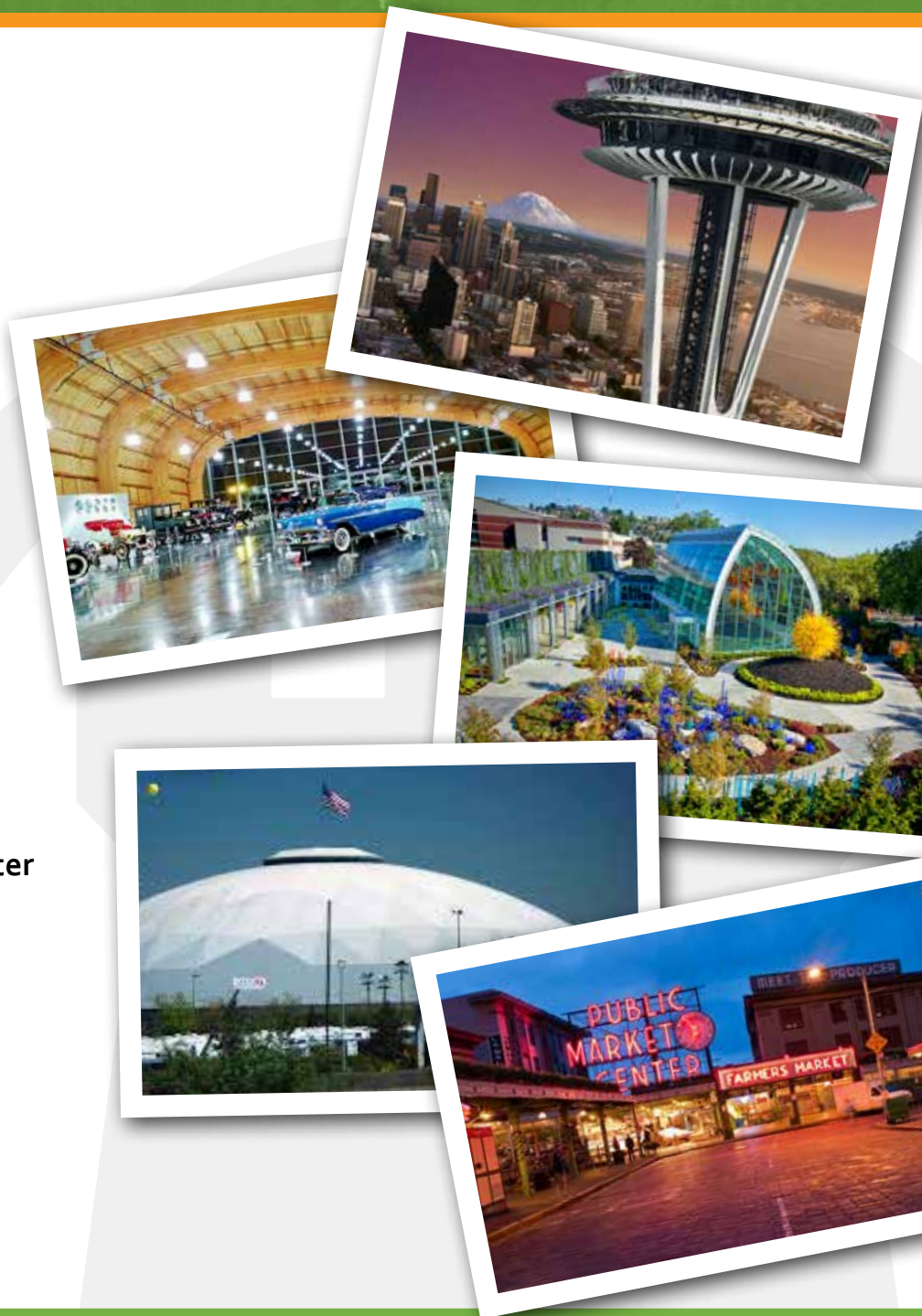




# State of Washington **ATTRACTIONS & ACTIVITIES**

## WASHINGTON HIGHLIGHTS

- Space Needle
- Olympic National Park
- Pike Place Market
- Mount Rainier National Park
- Museum of Flight
- Chihuly Garden and Glass
- Woodland Park Zoo
- Mount St. Helens
- Pacific Science Center
- Seattle Art Museum
- Safeco Field
- Grand Coulee Dam
- Future of Flight Aviation Center
- America's Car Museum
- Tacoma Dome
- Seattle Aquarium
- Wild Waves Theme Park
- Chambers Bay





# GLOSSARY OF TERMS

<b>Appraisal</b>	An opinion of value based upon a factual analysis.
<b>Amendment</b>	An alteration, addition, or correction to an agreement that does not change the principal idea or essence of the original agreement.
<b>Amortized Loan</b>	A loan that is completely paid off, interest and principal, by a series of regular payments that are equal or nearly equal. Also called a Level Payments Loan.
<b>Appreciation</b>	An increase in value of real estate. C.C. & R's The Covenants, Codes, and Restrictions of a sub-division or master planned community. These regulations grant the association the right to enforce certain aspects of the community. (Example: Exterior colors or plantings)
<b>Chain Of Title</b>	A summary or digest of the conveyances, transfers, and any other facts relied on as evidence of title, together with any other elements of record which may affect the marketability of the title.
<b>Closing</b>	The final settlement of a real estate transaction between the Buyer and Seller.
<b>Condominium</b>	A system of individual fee ownership of units combined with joint ownership of common area of the structure and the land.
<b>Conventional Mortgage</b>	A mortgage securing a loan made by investors without governmental underwriting.
<b>Counter Offer</b>	A rejection of an offer by a Seller along with an agreement to sell the property to the potential Buyer on terms differing from the original offer.
<b>Deed</b>	Written instrument which, when properly executed and delivered, conveys title.
<b>Deed Of Trust</b>	An instrument used in Arizona in place of a mortgage to secure the lenders rights.
<b>Discount Points</b>	Additional charges made by a lender at the time a loan is made. Points are measured as a percent of the loan, with each point equal to one percent. These additional interest charges are paid at the time a loan is closed to increase the rate of return to the lender so as to approximate the market level.
<b>Earnest Money Deposit</b>	Down payment made by a purchaser of real estate as evidence of good faith.
<b>Easement</b>	Created by grant or agreement for a specific purpose, an easement is the right, privilege or interest which one party has in the land of another. (Example: rights of way, utility companies)
<b>Equity</b>	The market value of real property, less the amount of existing liens.
<b>Escrow</b>	The deposit of instruments and funds with instructions (the Contract) to a third neutral party (Escrow Agent) to carry out the provisions of an agreement or contract; when everything is deposited to enable carrying out the instructions, it is called a complete or perfect escrow.





## GLOSSARY OF TERMS

<b>FHA Loan</b>	A loan which has been insured by the federal government.
<b>Impound Account</b>	Account held by the lender for payment of taxes, insurance, or other periodic debts against real property.
<b>Legal Description</b>	A description of land that complies with government surveys to thoroughly identify a specific parcel so that it, and its boundaries, cannot be mistaken for any other.
<b>Lien</b>	A form of encumbrance which usually makes property security for the payment of a debt or discharge of an obligation. (Example: Judgments, taxes, mortgages, deeds of trust, etc.)
<b>Mortgage</b>	An instrument recognized by law by which property is hypothecated to secure the payment of a debt or obligation; procedure for foreclosure in the event of default is established by statute.
<b>Origination Fee</b>	A fee charged to the borrower by the lending institution.
<b>Personal Property</b>	Any property which is not real property, e.g. money, appliances, cars, boats, furniture, etc. In real estate, anything not permanently attached to the building is considered personal property.
<b>PITI</b>	A payment that includes Principal, Interest, Taxes, and Insurance.
<b>Power of Attorney</b>	A legal "instrument" whereby a principal gives authority to another to act for them. A specific form must be used in Arizona to create a Power of Attorney.
<b>Promissory Note</b>	Following a loan commitment from the lender, the borrower signs a note promising to repay the loan under stipulated terms. The promissory note establishes personal liability for its repayment.
<b>Quit Claim Deed</b>	A deed operating as a release.
<b>Recording</b>	The official filing of documents with the County Recorder, making the transfer of property official.
<b>Special Assessment</b>	Legal charge against real estate by a public authority to pay cost of public improvements such as: Street lights, sidewalks, street improvements, etc.
<b>S.P.D.S.</b>	Also referred to as "SPUDS," is the Seller's Property Disclosure Statement. Sellers are required to disclose any problems that they are aware of that affect the property.
<b>Subdivision</b>	A parcel of land that has been divided into smaller parts.
<b>VA Loan</b>	A loan guaranteed by the Veteran's Administration.
<b>Warranty Deed</b>	A deed used to convey fee title to real property.
<b>1031 Exchange</b>	A method enabling property owners to trade an investment property for another investment property (or properties) without paying capital gains taxes on the transaction.



Thank You for Choosing



## LOCATIONS IN THURSTON COUNTY

### LACEY

719 Sleater-Kinney Road SE  
Suite 108  
Lacey, WA 98503  
Phone: 360.456.7878  
Fax: 360.493.1985

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For other locations, please visit our website at [www.ChicagoTitle.com](http://www.ChicagoTitle.com)



*Never buy a home without your Owner's Title Policy.*

