



Buyers: Prepare for closing and beyond

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5 Things to Know About Homeowner's Insurance

- 1. Know about exclusions to coverage.** For example, most insurance policies do not cover flood or earthquake damage as a standard item. These types of coverage must be bought separately.
- 2. Know about dollar limitations on claims.** Even if you are covered for a risk, there may be a limit on how much the insurer will pay. For example, many policies limit the amount paid for stolen jewelry unless items are insured separately.
- 3. Know the replacement cost.** If your home is destroyed you'll receive money to replace it only to the maximum of your coverage, so be sure your insurance is sufficient. This means that if your home is insured for \$150,000 and it costs \$180,000 to replace it, you'll only receive \$150,000.
- 4. Know the actual cash value.** If you chose not to replace your home when it's destroyed, you'll receive replacement cost, less depreciation. This is called actual cash value.
- 5. Know the liability.** Generally your homeowner's insurance covers you for accidents that happen to other people on your property, including medical care, court costs, and awards by the court. However, there is usually an upper limit to the amount of coverage provided. Be sure that it's sufficient if you have significant assets.

Tips for Lowering Homeowner's Insurance Costs

1. Review the Comprehensive Loss Underwriting Exchange (CLUE) report on the property you're interested in buying. CLUE reports detail the property's claims history for the most recent five years, which insurers may use to deny coverage. Make the sale contingent on a home inspection to ensure that problems identified in the CLUE report have been repaired.
2. Seek insurance coverage as soon as your offer is approved. You must obtain insurance to buy. And you don't want to be told at closing that the insurer has denied your coverage.
3. Maintain good credit. Insurers often use credit-based insurance scores to determine premiums.
4. Buy your home owners and auto policies from the same company and you'll usually qualify for savings. But make sure the discount really yields the lowest price.
5. Raise your deductible. If you can afford to pay more toward a loss that occurs, your premiums will be lower. Avoid making claims under \$1,000.
6. Ask about other discounts. For example, retirees who tend to be home more than full-time workers may qualify for a discount on theft insurance. You also may be able to obtain discounts for having smoke detectors, a burglar alarm, or dead-bolt locks.
7. Seek group discounts. If you belong to any groups, such as associations or alumni organizations, they may have deals on insurance coverage.
8. Review your policy limits and the value of your home and possessions annually. Some items depreciate and may not need as much coverage.
9. Investigate a government-backed insurance plan. In some high-risk areas, federal or state government may back plans to lower rates. Ask your agent.
10. Be sure you insure your house for the correct amount. Remember, you're covering replacement cost, not market value.



5 Things to Know About Title Insurance

Title insurance protects the holder from any losses sustained from defects in the title. It's required by most mortgage lenders. Here are five other things you should know about title insurance.

1. It protects your ownership right to your home, both from fraudulent claims against your ownership and from mistakes made in earlier sales, such as mistake in the spelling of a person's name or an inaccurate description of the property.
2. It's a one-time cost usually based on the price of the property.
3. It's usually paid for by the sellers, although this can vary depending on your state and local customs.
4. There are both lender title policies, which protect the lender, and owner title policies, which protect you. The lender will probably require a lender policy.
5. Discounts on premiums are sometimes available if the home has been bought within only a few years since not as much work is required to check the title. Ask the title company if this discount is available.

What's a Home Warranty?

A home warranty is a service contract, normally for one year, which helps protect home owners against the cost of unexpected covered repairs or replacement on their major systems and appliances that break down due to normal wear and tear. Coverage is for systems and appliances in good working order at the start of the contract.

Check your home warranty policy to see which of the following items are covered. Also find out if the policy covers the full replacement cost of an item.

- Plumbing
- Electrical systems
- Furnace
- Water heater
- Heating ducts
- Water pump
- Dishwasher
- Garbage disposal
- Stove/cooktop/ovens
- Microwave
- Refrigerator
- Washer/dryer
- Swimming pool (may be optional)

Source: American Home Shield, www.ahswarranty.com, REALTOR® Benefits Partner



What Not to Overlook on a Final Walk-through

It's guaranteed to be hectic right before closing, but you should always make time for a final walk-through. Your goal is to make sure that your home is in the same condition you expected it would be. Ideally, the sellers already have moved out. This is your last chance to check that appliances are in working condition and that agreed-upon repairs have been made. Here's a detailed list of what not to overlook for on your final walk-through.

Make sure that:

- Repairs you've requested have been made. Obtain copies of paid bills and warranties.
- There are no major changes to the property since you last viewed it.
- All items that were included in the sale price — draperies, lighting fixtures, etc. — are still there.
- Screens and storm windows are in place or stored.
- All appliances are operating, such as the dishwasher, washer and dryer, oven, etc.
- Intercom, doorbell, and alarm are operational.
- Hot water heater is working.
- No plants or shrubs have been removed from the yard.
- Heating and air conditioning system is working
- Garage door opener and other remotes are available.
- Instruction books and warranties on appliances and fixtures are available.
- All personal items of the sellers and all debris have been removed. Check the basement, attic, and every room, closet, and crawlspace.

Common Closing Costs for Buyers

You'll likely be responsible for a variety of fees and expenses that you and the seller will have to pay at the time of closing. Your lender must provide a good-faith estimate of all settlement costs. The title company or other entity conducting the closing will tell you the required amount for:

- Down payment
- Loan origination
- Points, or loan discount fees, which you pay to receive a lower interest rate
- Home inspection
- Appraisal
- Credit report
- Private mortgage insurance premium
- Insurance escrow for homeowner's insurance, if being paid as part of the mortgage
- Property tax escrow, if being paid as part of the mortgage. Lenders keep funds for taxes and insurance in escrow accounts as they are paid with the mortgage, then pay the insurance or taxes for you.
- Deed recording
- Title insurance policy premiums
- Land survey
- Notary fees
- Prorations for your share of costs, such as utility bills and property taxes

A Note About Prorations: Because such costs are usually paid on either a monthly or yearly basis, you might have to pay a bill for services used by the sellers before they moved. Proration is a way for the sellers to pay you back or for you to pay them for bills they may have paid in advance. For example, the gas company usually sends a bill each month for the gas used during the previous month. But assume you buy the home on the 6th of the month. You would owe the gas company for only the days from the 6th to the end of the month. The seller would owe for the first five days. The bill would be prorated for the number of days in the month, and then each person would be responsible for the days of his or her ownership.



10 Tips for Moving With Pets

Moving to a new home can be stressful on your pets, but there are many things you can do to make the process as painless as possible. Experts at The Pet Realty Network (www.petrealtynetwork.com) in Naples, Fla., offer these helpful tips for easing the transition and keeping pets safe during the move.

1. Update your pet's tag. Make sure your pet is wearing a sturdy collar with an identification tag that is labeled with your current contact information. The tag should include your destination location, telephone number, and cell phone number so that you can be reached immediately during the move.

2. Ask for veterinary records. If you're moving far enough away that you'll need a new vet, you should ask for a current copy of your pet's vaccinations. You also can ask for your pet's medical history to give to your new vet, although that can normally be faxed directly to the new medical-care provider upon request. Depending on your destination, your pet may need additional vaccinations, medications, and health certificates. Have your current vet's phone number handy in case of an emergency, or in case your new vet would like more information about your pet.

3. Keep medications and food on hand. Keep at least one week's worth of food and medication with you in case of an emergency. Vets can't write a prescription without a prior doctor/patient relationship, which can cause delays if you need medication right away. You may want to ask for an extra prescription refill before you move. The same preparation should be taken with special therapeutic foods — purchase an extra supply in case you can't find the food right away in your new area.

4. Seclude your pet from chaos. Pets can feel vulnerable on moving day. Keep them in a safe, quiet, well-ventilated place, such as the bathroom, on moving day with a "Do Not Disturb! Pets Inside!" sign posted on the door. There are many light, collapsible travel crates on the market if you choose to buy one. However, make sure your pet is familiar with the new crate before moving day by gradually introducing him or her to the crate before your trip. Be sure the crate is well-ventilated and sturdy enough for stress-chewers; otherwise, a nervous pet could escape.

5. Prepare a first aid kit. First aid is not a substitute for emergency veterinary care, but being prepared and knowing basic first aid could save your pet's life. A few recommended supplies: Your veterinarian's phone number, gauze to wrap wounds or to muzzle your pet, adhesive tape for bandages, non-stick bandages, towels, and hydrogen peroxide (3 percent). You can use a door, board, blanket or floor mat as an emergency stretcher and a soft cloth, rope, necktie, leash, or nylon stocking for an emergency muzzle.

6. Play it safe in the car. It's best to travel with your dog in a crate; second-best is to use a restraining harness. When it comes to cats, it's always best for their safety and yours to use a well-ventilated carrier in the car. Secure the crate or carrier with a seat belt and provide your pet with familiar toys. Never keep your pet in the open bed of a truck or the storage area of a



moving van. In any season, a pet left alone in a parked vehicle is vulnerable to injury and theft. If you'll be using overnight lodging, plan ahead by searching for pet-friendly hotels. Have plenty of kitty litter and plastic bags on hand, and keep your pet on its regular diet and eating schedule.

7. Get ready for takeoff. When traveling by air, check with the airline about any pet requirements or restrictions to be sure you've prepared your pet for a safe trip. Some airlines will allow pets in the cabin, depending on the animal's size, but you'll need to purchase a special airline crate that fits under the seat in front of you. Give yourself plenty of time to work out any arrangements necessary including consulting with your veterinarian and the U.S. Department of Agriculture. If traveling is stressful for your pet, consult your veterinarian about ways that might lessen the stress of travel.

8. Find a new veterinary clinic and emergency hospital. Before you move, ask your vet to recommend a doctor in your new locale. Talk to other pet owners when visiting the new community, and call the state veterinary medical association (VMA) for veterinarians in your location. When choosing a new veterinary hospital, ask for an impromptu tour; kennels should be kept clean at all times, not just when a client's expected. You may also want to schedule an appointment to meet the vets. Now ask yourself: Are the receptionists, doctors, technicians, and assistants friendly, professional and knowledgeable? Are the office hours and location convenient? Does the clinic offer emergency or specialty services or boarding? If the hospital doesn't meet your criteria, keep looking until you're assured that your pet will receive the best possible care.

9. Prep your new home for pets. Pets may be frightened and confused in new surroundings. Upon your arrival at your new home, immediately set out all the familiar and necessary things your pet will need: food, water, medications, bed, litter box, toys, etc. Pack these items in a handy spot so they can be unpacked right away. Keep all external windows and doors closed when your pet is unsupervised, and be cautious of narrow gaps behind or between appliances where nervous pets may try to hide. If your old home is nearby, your pet may try to find a way back there. To be safe, give the new home owners or your former neighbors your phone number and a photo of your pet, and ask them to contact you if your pet is found nearby.

10. Learn more about your new area. Once you find a new veterinarian, ask if there are any local health concerns such as heartworm or Lyme disease, or any vaccinations or medications your pet may require. Also, be aware of any unique laws. For example, there are restrictive breed laws in some cities. Homeowner associations also may have restrictions — perhaps requiring that all dogs are kept on leashes. If you will be moving to a new country, carry an updated rabies vaccination and health certificate. It is very important to contact the Agriculture Department or embassy of the country or state to which you're traveling to obtain specific information on special documents, quarantine, or costs to bring the animal into the country.

Source: *The Pet Realty Network* (www.petrealtynetwork.com)



17 Tips for Packing Like a Pro

Moving to a new home can be stressful, to say the least. Make it easy on yourself by planning far in advance and making sure you've covered all the bases.

- 1. Plan ahead by organizing and budgeting.** Develop a master "to do" list so you won't forget something critical on moving day, and create an estimate of moving costs. (A [moving calculator](#) is available at REALTOR.com)
- 2. Sort and get rid of things you no longer want or need.** Have a garage sale, donate to a charity, or recycle.
- 3. But don't throw out everything.** If your inclination is to just toss it, you're probably right. However, it's possible to go overboard in the heat of the moment. Ask yourself how frequently you use an item and how you'd feel if you no longer had it. That will eliminate regrets after the move.
- 4. Pack similar items together.** Put toys with toys, kitchen utensils with kitchen utensils. It will make your life easier when it's time to unpack.
- 5. Decide what, if anything, you plan to move on your own.** Precious items such as family photos, valuable breakables, or must-haves during the move should probably stay with you. Don't forget to keep a "necessities" bag with tissues, snacks, and other items you'll need that day.
- 6. Remember, most movers won't take plants.** If you don't want to leave them behind, you should plan on moving them yourself.
- 7. Use the right box for the item.** Loose items are prone to breakage.
- 8. Put heavy items in small boxes so they're easier to lift.** Keep the weight of each box under 50 pounds, if possible.
- 9. Don't over-pack boxes.** It increases the likelihood that items inside the box will break.
- 10. Wrap every fragile item separately and pad bottom and sides of boxes.** If necessary, purchase bubble-wrap or other packing materials from moving stores.
- 11. Label every box on all sides.** You never know how they'll be stacked and you don't want to have to move other boxes aside to find out what's there.
- 12. Use color-coded labels to indicate which room each item should go in.** Color-code a floor plan for your new house to help movers.
- 13. Keep your moving documents together in a file.** Include important phone numbers, driver's name, and moving van number. Also keep your address book handy.
- 14. Print out a map and directions for movers.** Make several copies, and highlight the route. Include your cell phone number on the map. You don't want movers to get lost! Also make copies for friends or family who are lending a hand on moving day.
- 15. Back up your computer files before moving your computer.** Keep the backup in a safe place, preferably at an off-site location.
- 16. Inspect each box and all furniture for damage as soon as it arrives.**
- 17. Make arrangements for small children and pets.** Moving can be stressful and emotional. Kids can help organize their things and pack boxes ahead of time, but, if possible, it might be best to spare them from the moving-day madness.



Closing Documents You Should Keep

On closing day, expect to sign a lot of documents and walk away with a big stack of papers. Here's a list of the most important documents you should file away for future reference.

- **HUD-1 settlement statement.** Itemizes all the costs — commissions, loan fees, points, and hazard insurance — associated with the closing. You'll need it for income tax purposes if you paid points.
- **Truth in Lending statement.** Summarizes the terms of your mortgage loan, including the annual percentage rate and rescission period.
- **Mortgage and note.** Spell out the legal terms of your mortgage obligation and the agreed-upon repayment terms.
- **Deed.** Transfers ownership to you.
- **Affidavits.** Binding statements by either party. For example, the sellers will often sign an affidavit stating that they haven't incurred any liens.
- **Riders.** Amendments to the sales contract that affect your rights. Example: The sellers won't move out until two weeks after closing but will pay rent to the buyers during that period.
- **Insurance policies.** Provide a record and proof of your coverage.

Sources: Credit Union National Association; Mortgage Bankers Association; Home-Buyer's Guide (Real Estate Center at Texas A&M, 2000)