



BUYER CONSULTATION CHECKLIST

ASSUMES TRADITIONAL RESIDENTIAL SALE

Some items may not be relevant to your transaction

DOCUMENT CHECKLIST

- Agency Disclosure (Blue Brochure)
- RE-14: Buyer Representation Agreement
- Due Diligence Disclosure

BUYER CONSULTATION

- Complete "Buyer Questionnaire"
- Set up property search for buyer on your website or in MLS
- Add buyer to your database list
- Explain the buying process to buyer
- Offer lender recommendations
- Ensure the buyer has been pre-approved prior to looking at homes

PROPERTY SEARCH

- Call Buyer's Lender to find out:
 - Pre-Approved? Pre-Underwriting?
 - Local or out of state financing
 - Outstanding needs
- Request additional information on properties buyer is interested in
- Set up showings for buyer according to showing instructions on MLS
- Stay in ongoing contact with buyer



BUYER CONTRACT TO CLOSE CHECKLIST

ASSUMES TRADITIONAL RESIDENTIAL SALE

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DOCUMENT CHECKLIST

- Agency Disclosure (Blue Brochure)
- Due Diligence Disclosure
- RE-14: Buyer Representation Agreement
- RE-21: Purchase and Sale Agreement
- Pamphlet: Protect Your Family from Lead in Your Home (pre-1978 homes only)
- Lead Based Paint Disclosure (pre-1978 homes only) (obtain from listing or Listing Agent)
- RE-25: Seller's Property Condition Disclosure (obtain from listing or Listing Agent)

OFFER

- Request pre-approval letter from buyer's lender for purchase amount
- Discuss and decide upon offer terms with Buyer
- Prepare RE-21 and all other relevant documents
- Download any disclosures from MLS (RE-25, Lead Based Paint, Addenda, etc.)
- Obtain buyer signatures on all documents
- Send offer, any addenda, and signed seller disclosures to listing agent
- Create transaction file in SC Office (regardless of acceptance) and upload all documents
- If rejected, mark the RE-21 as rejected on front page and upload to SC Office

OFFER ACCEPTANCE

- Send introduction email to all parties (listing agent, lender, escrow officer) with full copy of contract, addenda, etc.
- Schedule dates & deadlines on critical date checklist or calendar
- Have buyer deliver earnest money to escrow and get receipt; upload receipt in SC Office
- Submit all counter offers, addenda and inspection notices to escrow, lender and upload to SC Office (throughout transaction)

INSPECTION / TITLE CONTINGENCIES

- Schedule inspection(s) (general home inspection, well, septic, etc.)
- Notify listing agent and buyer of date/time of inspection(s)
- Verify all utilities are on before inspection(s)
- Verify access to all points of home for inspection(s) (attic, crawl space, furnace, water heater, electrical panel, etc.)
- Grant property access to inspector(s)
- Attend end of inspection(s) with buyer for review with inspector(s)
- Review preliminary title report; provide buyer with copy (will receive from title company)
- Research any title issues and discuss with buyer
- Prepare RE-10 (Inspection Contingency Notice); have buyer sign
- Send RE-10 to listing agent
- Negotiate RE-10 items per the contract
- Upload RE-10 notice(s) to SC Office
- Request inspection repair receipts from listing agent
- Arrange re-inspection of RE-10 items with seller, buyer, and inspector.



APPRAISAL

- Contact lender and make sure they have all the contract documents (RE-21, counters/addenda)
- Provide lender with any unpublished comps to make available to appraiser
- Communicate appraiser appointment with listing agent
- Verify that appraisal has been completed and meets lending requirements
- Negotiate any contract changes related to appraisal results

LENDER

- Contact Buyer's lender once a week for update on loan status
- Communicate updates with buyer and listing agent
- Verify if final underwriting is complete
- Find out when will buyer docs be at escrow
- Communicate timeline with title and listing agent

PREPARING FOR CLOSING

- Discuss wire fraud with buyer
- Confirm approval of the Closing Disclosure with lender
- Direct buyer to:
 - Select homeowner's insurance company and provide information to lender
 - Call utility companies to start service (timing: according to contract)
 - Schedule movers
- Address any outstanding requests in SC Office.

- Submit DA in SC Office (2-5 days prior to closing)
- Schedule and complete final walk-through with buyer
- Schedule signing appointment with title company
- Call escrow officer and confirm that buyer's lender has approved final settlement statement and that there are no changes
- Review the settlement statement with buyer
- Coordinate pick up of property keys & garage door openers
- Prior to closing, remind buyer to:
 - Take photo ID
 - Bring proper amount of funds
- Attend closing with your buyer
- Inform title to call you when the closing has funded and recorded
- Call buyer once the file has funded and recorded

CLOSED

- Deliver closing gift to your buyer
- Send thank you card / gift to the lender, escrow officer, listing agent, etc.
- Confirm listing was marked closed in MLS; notify listing agent to include your team name if you are on a team
- Continue to stay in contact with your buyer
- Marketing follow up:
 - Share closing on your social media
 - Send out "Just Sold" postcards to neighborhood
 - Send out "Just Sold" email to your database



SELLER CONSULTATION CHECKLIST

ASSUMES TRADITIONAL RESIDENTIAL SALE

Some items may not be relevant to your transaction

PRE-APPOINTMENT

- Complete Seller Questionnaire
- Prepare CMA
- Order property profile from Title Company
- Research HOA fees, septic, irrigation, lot lines, building plans, existing mortgage, easements, home security, etc.
- Prepare necessary agreements and disclosures

DOCUMENT CHECKLIST

- Agency Disclosure (Blue Brochure)
- Due Diligence Disclosure
- RE-16: Seller Representation Agreement
- RE-25: Seller's Property Condition Disclosure
- Lead Based Paint Disclosure (pre-1978 homes only)
- MLS Residential Data Form

LISTING APPOINTMENT

- Discuss pricing & timing strategy
- Present Silvercreek Offers as a listing option
- Identify property improvements and needed repairs
- Compile list of upgrades / features
- Verify property measurements
- Execute paperwork and disclosures
- Determine showing instructions
- Obtain 2 keys (one for lockbox, one for agent)
- Take copies of utility statements / printouts
- Discuss/enroll in home warranty



SELLER LISTING CHECKLIST

ASSUMES TRADITIONAL RESIDENTIAL SALE

Some items may not be relevant to your transaction

DOCUMENT CHECKLIST

- Agency Disclosure (Blue Brochure)
- Due Diligence Disclosure
- RE-16: Seller Representation Agreement
- RE-25: Seller's Property Condition Disclosure
- Lead Based Paint Disclosure (pre-1978 homes only)
- MLS Residential Data Form

PRE-LISTING

- Save all docs to personal Google Drive / Dropbox folder
- Upload docs to SC Office
- Send seller a copy of all signed documents
- Schedule Stager
- Schedule Photographer
- Schedule sign installation (you or 3rd party)
- Order Property Information Book from Title Company
- Assign lockbox to listing and add CBS code
- Set up showing time for showing scheduling
- Input into MLS as partial listing
- Upload Property Disclosure, Lead Based Paint Disclosure, Utilities, Features List, Legal Description, etc. to MLS
- Create virtual tour and add to MLS
- Upload photos to MLS
- Create flyer & print

LISTING / MARKETING

- Install sign
- Deliver flyers, property book & lockbox
- Activate listing on MLS
- Schedule open house(s)
- Implement Other Marketing:
- Facebook Marketplace Listing
- Verify and enhance info on Zillow
- Share on your social media
- Create any social media paid ads
- Share in "Live Listings" in Silvercreek Agent Forum on Facebook
- Add videos to your YouTube page
- Send out "Just Listed" postcard to neighborhood (obtain list from Title Company)
- Send out "Just Listed" email to your database list

ACTIVE LISTING

- Field calls and questions from other agents and prospective buyers
- Show home to prospective buyers without an agent
- Monitor market changes / new listings & sold listings
- Hold open house(s)
- Communicate with Seller daily for the first week; every other day the 2nd week; weekly thereafter (until offers are received)



SELLER CONTRACT TO CLOSE CHECKLIST

ASSUMES TRADITIONAL RESIDENTIAL SALE

Some items may not be relevant to your transaction

OFFER

- Present all offers to seller with seller net sheet from title company website
- Work with seller to determine next steps (reject, accept, counter)
- Negotiate offers on behalf of your seller
- Prepare needed counter offers
- Send decision (acceptance, counter, rejection) to buyer's agent
- Advise other prospective buyers of current offer
- Upload ALL offers & related documents to SC Office, regardless of acceptance
- Ensure accepted offer is fully executed by seller (RE-21, counter offers, etc.)
- Make sure all utilities are on for buyer's inspection(s)
- Verify access to all points of home for inspection(s) (attic, crawl space, furnace, water heater, electrical panel, etc.)
- Review preliminary title report and provide seller with copy (will receive from title company)
- Research any title issues and discuss with seller
- Negotiate buyer's RE-10 (Inspection Contingency Notice)
- Assist seller in referrals for contractors for repairs, cleaning, etc.
- Verify that seller has completed inspection items per RE-10
- Submit inspection receipts to buyer's agent and escrow

UNDER CONTRACT

- Change status on MLS
- Send introduction email to all parties
- Schedule dates & deadlines on critical date checklist or calendar
- Open title with escrow (contact and send docs)
- Obtain a copy of the earnest money receipt and upload to SC Office
- Request buyer signed Property Disclosure from buyer's agent & upload to SC Office
- Cancel or update open house status
- Submit all counter offers, addenda and inspection notices to escrow, lender and upload to SC Office

APPRAISAL

- Contact lender and make sure they have all the documents (RE-21, counters/addenda)
- Provide lender with any unpublished comps to make available to appraiser
- Stay in contact with lender/buyer's agent regarding scheduling of the appraisal
- Communicate appraiser appointment with seller
- Verify that appraisal has been completed and meets lending requirements
- Negotiate any contract changes related to appraisal results

INSPECTION / TITLE CONTINGENCIES

- Notify seller when inspection(s) are scheduled

LENDER

- Contact Buyer's lender once a week for update on buyer loan status



- Communicate updates with seller
- Verify if final underwriting is complete
- Find out when buyer docs will be at escrow

PENDING CLOSING

- Prepare seller for move out deadline
- Address outstanding requests in SC Office
- Submit DA in SC Office (2-5 days prior to closing)
- Remind seller to:
 - Call all utility companies to stop service (timing: according to contract)
 - Cancel homeowner's insurance
- Determine payout method for seller's closing proceeds
- Provide escrow with any payoff information for seller's mortgage, other liens, etc.
- Send settlement statement to seller for review and answer any questions
- Coordinate where keys will be left for buyer's agent (available after funding & recording)
- Schedule signing appointment for seller

- Remind seller to take photo ID
- Attend closing with your seller
- Inform title to call you when the closing has funded and recorded
- Call seller once the file has funded and recorded

CLOSED

- Deliver closing gift to client
- Change status on MLS to sold
- Remove sign
- Remove lockbox
- Send thank you card / gift to escrow officer, buyer's agent, etc.
- Continue to stay in contact with your seller
- Marketing follow up:
 - Share closing on your social media
 - Send out "Just Sold" postcards to neighborhood
 - Send out "Just Sold" email to your database



CRITICAL DATE CHECKLIST

Property Address: _____

Client Name: _____ Seller Buyer

<u>ACTION</u>	<u>DEADLINE</u>	<u>COMPLETION</u>	<u>NOTES</u>
Home Sale Contingency			
Earnest Money Delivery & Deposit			
Loan Application			
Appraisal			
Removal of All Contingencies			
Prelim Title Commitment Delivery			
Prelim Title Acceptance			
CC&Rs Delivery			
CC&Rs Acceptance			
Primary Inspection			
Secondary Inspection:			
Secondary Inspection:			
Lead Based Paint Test			
Seller's Property Condition Disclosure Delivery			
Re-Inspection Walk Through			
Final Walk Through			
Closing Date			
Possession			

Welcome Letter/Introduction Letter

What is the Welcome Letter or Introduction Letter that is mentioned in the Buyer/Seller checklists?

Once you have an accepted contract between the buyer and seller, make sure you get all the important players of the escrow process introduced. This is accomplished with the Introduction or Welcome letter.

I create an email for the ***other agent*** involved, the ***escrow officer*** named in the contract and the ***lender***, if financing exists. My letter is short and sweet. Something like:

"So excited that we were able to get this under contract! I look forward to working with you all! Please let me know if there is anything else needed on my end."

I attach the fully signed contract, with any addendums and counters that were part of the negotiation. Any explanations for the contract or negotiation pieces the buyer wants to share can also be included.

Now everybody knows who is working together on the transaction and has the accepted documents to get the ball rolling on their end. Good communication throughout the escrow process is so important!

Inspection Tips

One of the **FIRST** tasks with an accepted offer is to schedule any 3rd party inspections!!! **TIME IS OF THE ESSENCE!!!**

Inspection timeframes are getting shorter in an effort for a buyer to be more competitive – If the buyer opts for any repair requests, credits or price changes, this **deadline expires @ 5pm** for the business day stated in the contract! (RE21 line 166)

Remember the Inspection Contingency and timelines apply to **ALL aspects** of the property (RE21 sec 10). The largest piece will most likely be a 3rd party property inspection.

- ✓ **ASK** the buyer if they have a preferred inspector they want to schedule with. If not, provide 3 names of inspectors and encourage them to look online (Silvercreek Facebook Forum is a great resource for vendors). Let them know earliest availability for all 3 options. Usually the buyer, will make the decision based on their timeframe and scheduling.

- ✓ **SCHEDULE** the inspection online through the company's website, or the buyer can set up the appointment. You will be linked to the buyer as their agent and should receive confirmation for the time that was chosen.

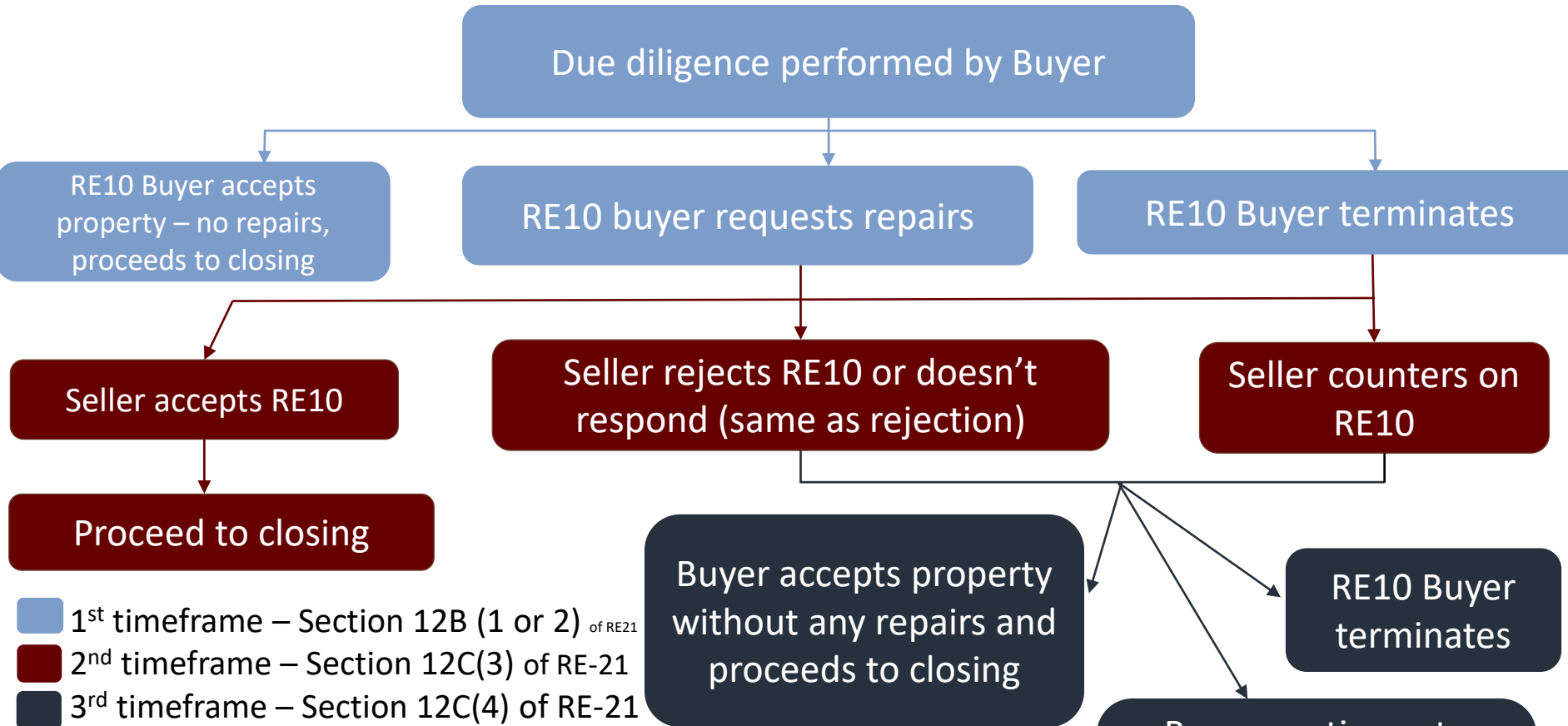
- ✓ **EMAIL/CALL** the listing agent with the inspection time so they can let the seller know. The listing agent may need to provide a CBS code to the inspector to access the lockbox.

- ✓ **REMIND** the buyer that you will meet them at the property for the **last 30 minutes** of the inspection. Remember the buyer **CAN NOT** be at the property without you!!! Inspections can go up to 3 hours and the buyer will just get in the way asking questions. The inspector will recap any major concerns found in that last 30 minutes.

The inspection report will be prepared within the next day. It is emailed to the agent and buyer when the buyer pays for the report online.

Review the inspection report and call the buyer to determine any concerns in preparation for creating requests through an RE-10.

Inspection Timeline Reference



*** Sections above relate to RE-21 Purchase and Sale Agreement
 *** Days are calculated from delivery date of notice
 *** Notices are IRREVOCABLE once delivered
 *** Use separate Re10 for Primary and Secondary inspections
 *** Buyer has 3rd timeframe to terminate. If negotiations continue, delivery of notices do **NOT** reset response timeframes. That 3rd timeframe is critical and can be extended with an addendum signed by all parties.



WHAT TO LOOK FOR ON THE TITLE COMMITMENT...

The commitment is a title insurance document and commits the company to insure. It reflects matters that appear on the record title as of the effective date and time, which may or may not appear in the final policy (i.e. mortgages, easements, liens, restrictions, etc.) as well as setting forth the requirements which must be met before the final policy is issued.

SCHEDULE A

As soon as you receive the title commitment, carefully review the information on Schedule A. If you find any discrepancies contact your real estate agent and title company immediately.

- **OWNER'S POLICY.** Does the type of Owner's Policy match what is marked on the contract?
- **POLICY AMOUNT.** The Owner's Policy amount should match the purchase price on the contract or final addendum.
- **BUYERS.** Are the Buyers listed on the commitment the same as the parties who signed the contract? Are the names spelled correctly?
- **SELLERS.** Are the Sellers listed on the commitment the same as the parties who signed the contract?
- **LEGAL DESCRIPTION.** Does the legal description match what is on the contract?

SCHEDULE B-1

Schedule B-1 lists the Requirements that must be met to close and issue policy. Carefully review for matters that are expected to be resolved before or at closing.

Possible Requirements May Include:

- **POWER OF ATTORNEY.** Are any of the parties using a Power of Attorney to close?
- **ENTITIES.** Is the Seller or Buyer a Corporation, Limited Liability Company or Partnership? Documentation such as Articles of Incorporation, Resolution of Corporate Authority and Partnership Agreements may be required in order to close.
- **DECEASED VESTED OWNER.** Proper administration of the estate of the deceased and/or appropriate documentation will be required.
- **RELEASES.** Deeds of trust/trust indentures, liens and judgments must be satisfied and released.
- **ACCESS.** If no record access is found, an easement may be required.
- **LIEN WAIVERS.** New construction transactions may require lien waivers for work and/or materials.

SCHEDULE B-2

Schedule B-2 lists exceptions to title. An exception is a specific item set forth that is not covered by the policy - something that is excluded from coverage.

- **STANDARD EXCEPTIONS.** Every commitment has standard or regional exceptions. The standard Owner's Policy will not cover any defects in title, losses or claims, which fall within the standard exceptions. These exceptions may be removed on an extended coverage or homeowner's policy for an additional fee and requirements.
- **EXCEPTIONS.** Specific exceptions that affect the subject property are listed after the standard exceptions on the commitment and may include taxes, covenants, conditions and restrictions (CC&Rs), easements, reservations, deeds of trust/trust indentures, mortgages, liens and/or judgments.

Exceptions may be deleted or revised on the final policy. Examples: Payment of prior and current property taxes at closing will be amended to show paid current on final title policy and deeds of trust and mortgages paid at closing will be removed.

Policy endorsements can provide added coverage for an additional fee.

We make things simple.

For more information about the title commitment, contact First American Title Company.



**First American
Title Company**

www.gofirstam.com

88 Types of Turbulence

Things That Might Go Wrong During Your Transaction

The Buyer/Borrower:

1. Does not tell the truth on loan application.
2. Has recent late payments on credit report.
3. Frenzy out about additional debt after loan application.
4. Borrower loses job.
5. Coborrower loses job.
6. Income verification lower than what was stated on loan application.
7. Overtime income not allowed by underwriter for qualifying.
8. Applicant makes large purchase on credit before closing.
9. Illness, injury, divorce or other financial setback during escrow.
10. Lacks motivation.
11. Gift donor changes mind.
12. Cannot locate divorce decree.
13. Cannot locate petition or discharge of bankruptcy.
14. Cannot locate tax returns.
15. Cannot locate bank statements.
16. Difficulty in obtaining verification of rent.
17. Interest rate increases and borrower no longer qualifies.
18. Loan program changes with higher rates, points and fees.
19. Child support not disclosed on application.
20. Bankruptcy within the last two years.
21. Mortgage payment is double the previous housing payment.
22. Borrower/coborrower does not have steady two-year employment history.
23. Borrower brings in handwritten pay stubs.
24. Borrower switches to job with a probation period.
25. Borrower switches from job with salary to 100% commission income.
26. Borrower/coborrower/seller dies.
27. Buyer is too picky about property in price range they can afford.
28. Buyer feels the house is misrepresented.
29. Veterans DD214 form not available.
30. Buyer comes up short of money at closing.
31. Buyer does not properly "paper trail" additional money that comes from gifts, loans, etc.
32. Buyer does not bring cashier's check to title company for closing costs and down payment.

The Seller:

33. Loses motivation to sell (job transfer does not go through, reconciles marriage, etc.).

34. Cannot find a suitable replacement property.
35. Will not allow appraiser inside home.
36. Will not allow inspectors inside home in a timely manner.
37. Removes property from the premises the buyer believed was included.
38. Cannot clear up liens – is short on cash to close.
39. Did not own 100% of property as previously disclosed.
40. Encounters problems getting partners' signatures.
41. Leaves town without giving anyone Power of Attorney.
42. Delays the projected move-out date.
43. Did not complete the repairs agreed to in contract.
44. Seller's home goes into foreclosure during escrow.
45. Misrepresents information about home and neighborhood.
46. Does not disclose all hidden or unknown defects and they are subsequently discovered.

The Realtor(s):

47. Has no client control over buyers or sellers.
48. Delays access to property for inspection and appraisals.
49. Does not get completed paperwork to the Lender in time.
50. Inexperienced in this type of property transaction.
51. Takes unexpected time off during transaction and can't be reached.
52. Misleads other parties to the transaction – has huge ego.
53. Does not do sufficient homework on their clients or the property and wastes everyone's time.

The Lender(s):

54. Does not properly pre-qualify the borrower.
55. Wants property repaired prior to closing.
56. The market raises rates, points or costs.
57. Borrower does not qualify because of a late addition of information.
58. Lender requires a last-minute second appraisal or other documents.
59. Lender loses a form or misplaces entire file.
60. Lender doesn't simultaneously ask for all needed information.
61. Lender doesn't fund loan in time for close.

The Property:

62. County will not approve septic system or well.
63. Termite report reveals substantial damage and seller is not willing to fix.
64. Home was misrepresented as to size and condition.
65. Home is destroyed prior to closing.
66. Home is not structurally sound.
67. Home is uninsurable for homeowner's insurance.
68. Property incorrectly zoned.
69. Portion of home sits on neighbor's property.
70. Unique home and comparable properties for appraisal difficult to find.

The Escrow/Title Company:

71. Fails to notify lender/agents of unsigned or unreturned documents.
72. Fails to obtain information from beneficiaries, lien holders, insurance companies or Lenders in a timely manner.
73. Lets principals leave town without getting all necessary signatures.
74. Loses or incorrectly prepares paperwork.
75. Does not pass on valuable information quickly enough.
76. Does not coordinate well, so that many items can be done simultaneously.
77. Does not bend the rules on small problems.
78. Finds liens or other title problems at the last minute.

The Appraiser:

79. Is not local and misunderstands the market.
80. Is too busy to complete the appraisal on schedule.
81. No comparable sales are available.
82. Is not on the Lender's "approved list."
83. Makes important mistakes on appraisal and brings in value too low.
84. Lender requires a second or "review" appraisal.

Inspectors:

85. Pest inspector not available when needed.
86. Pest inspector too picky about condition of property.
87. Home inspector not available when needed.
88. Inspection reports alarm buyer and sale is cancelled.

BY REFERRAL
ONLY

Title Insurance What is it and the Pitfalls

Real estate title insurance is an important part of most real estate closing transactions. As the name implies, it insures the title of the property for the benefit of the purchaser. Title insurance is a protective measure to insure your ownership interest in real estate. However, it does not insure every possible situation that may threaten your title, and there are extensive "exceptions" in every policy.

When a buyer is engaged in the closing process, they will at some point receive a "title insurance binder" or "commitment." This can be a very thick pile of paper and will contain a lot of information about the history of the ownership of the property.

Tip: READ it!

Yes, there will be a lot of boring stuff. There will also be some very old stuff going way back in history, sometimes even to the original land grants. There is little or nothing you can do to dispute any of this information or get changes made, so why read it?

There can be mentions of old deed restrictions that carry forward to all subsequent owners, and you are subject to obey them. In more rural areas, there have been owners who placed deed restrictions on sale that restrict how the land can be used. One example is a restriction as to the number of trees that could be cut down by future owners. This may seem like a small thing, unless your plan is to clear a chunk of land for growing crops.

If you do it anyway, will you get called on it? Maybe not, unless there are heirs to the original owners who value their memory and wishes. However, when you go to sell, there can be issues with your violation and the new buyers' ownership rights.

More common are homeowner association and subdivision restrictions.

You have driven through the neighborhood and like it. You love the home. You are enthusiastic about moving in and enjoying your new home. One of your first purchases after move-in is a nice wooden storage building that will house your camping and boating gear. You get it all set up and then you get a letter from the homeowner association that you must remove the structure, as it isn't allowed, or the roof is visible above the privacy fencing.

Believe it or not, there are members of these neighborhoods who drive around and watch for violations. One owner who did read the restrictions in the title binder document still got a less than friendly letter. He owned a boat and knew that he couldn't park and store it anywhere on the property where it would be visible. He sacrificed his car to the weather

to keep the boat in the garage. However, when he decided to sell, he called a boat trading magazine to list it. One of their services was to send a person over to take photos of the boat. An agreement was made for the owner to leave a check in the boat glove box and park the boat in the driveway on the day of the photos.

You guessed it. The letter arrived the next week, even though the boat had only been out one day and was promptly returned to the garage.

The owner wasn't happy with the tone of the letter about how "good neighbors" should behave, but all was done and really there was no action to be taken.

This story is one of tens of thousands every year, from tall grass complaints to forced removal of exterior landscaping or home color choices. With this in mind, read the documents that are attached to the title insurance binder, as they can bite you later, reducing your enjoyment of your property.

Pitfall: Not Understanding Exceptions

There will be a section of the binder or commitment that will state what is NOT covered by the policy. Often the buyer doesn't understand that there can be severe limitations or issues that can be in this section. There will always be certain things excepted from coverage, including:

- No claims can be submitted for coverage based on encroachments or activities related to legal exercise of access or easement rights. An example that has been a problem for some owners involves utility easements. We all need electricity, water, sewer and often gas lines serving our property. These easements granted to utility services allow them to come onto the property and dig, construct and repair their lines and infrastructure. When you have an easement that involves 10 feet along one property line, this means that anything you build or install on that 10-foot piece of land is at risk of damage or more. If you put in a concrete patio that extends into this area, it could be broken up by a utility to get to their lines or piping.
- No claims can be submitted for stated items on surveys or in deed restrictions or other items specifically recorded in county records. One example was an access easement granted to a next-door neighbor to repair an existing septic system leach field that encroached on the property. The new buyer was not happy when the next-door neighbor had to take out part of their garden to replace leach field piping. However, it was in the exceptions and not a claim that could be filed for compensation.

Those are a couple of many examples of exceptions to coverage. Reading the exceptions is very important. It is unlikely that there will be anything there that will alarm you, but you should know what they are to avoid problems later.

Tip: Understand the Coverage

Certain aspects of title insurance are regulated by the individual states, so you will want to understand the rules of the state in which the property is located. A good example is the tiered title insurance available in New Mexico. In an effort to make policies as affordable as possible for sellers (negotiable, but sellers usually pay premium for buyers), New Mexico excludes survey coverage from a "basic policy."

A buyer who wants any errors that may be discovered in surveys to be covered if the buyer's ownership is threatened, would have to buy extra coverage. This is advisable, and your real estate agent should say so. Sometimes they don't bring it up, and this can be a big problem later, though rarely. One instance was an error discovered when the neighbor did a survey and 12 feet along the property line belonged to the neighbor. The supposed owner who lost the 12 feet lost a whole line of trees planted years earlier as well. It was not covered, so no compensation came their way.

Pitfall: Relying on Others to Advise Instead of Reading

READ the title insurance commitment and ask as many questions as necessary to completely understand your coverage, as well as what is not covered. Relying upon the title company or real estate agents is at your own risk.