



THE  
CLOSING  
GUIDE

*Your Guide To Being An Informed  
Homebuyer*



SOUTHERN TITLE & ESCROW, L.L.C.

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Congratulations on the decision to purchase a new home! There will be many questions that you must consider over the next few weeks and we hope to answer a few of those big questions below. **This is a long document, but once you finish it, I believe you will be fully ready for closing without any surprises on closing day.** If we have failed to address any concern, please never hesitate to call us at the number listed above. We are here to serve you and we look forward to providing you with the finishing touches to a wonderful buying experience.

## ***THE CLOSING PROCESS***

1. Once you enter into a Purchase Agreement:
  - a. If the sale is being financed, your purchase agreement will be sent from your agent to your loan officer. The loan officer will then forward the purchase agreement to the title company of your choice (*Note: if you have a preferred title company, you will need to let your loan officer know this as soon as possible*)
  - b. If the sale is not being financed, then your agent will forward the purchase agreement directly to the title company of your choice.
2. Once we receive the Purchase Agreement, we will immediately contact all parties involved to collect necessary information for the transaction and let them know that we will be handling the closing in case they have questions.
3. We will then order a title search through our in house abstractor. You may hear some refer to the title search as the “abstract.” We perform a title search that will uncover title deficiencies and/or encumbrances affected the property such as a judgment, lien, etc.
4. After the title search is complete (usually within 24 hours), our in house title attorney will review the title search and render a title opinion for a cash sale and a title commitment for a financed sale. (*Note: A lender may or may not require title insurance, but if they do, then a title commitment is provided whereby we agree to provide title insurance in relation to the specified transaction*)
5. If there are any title problems, which are usually referred to as curative issues, then those issues will be dealt with by the in house attorney.
6. Once all curative is complete, if any exists, if it is a cash sale, then we are ready to close!
7. If the sale is financed, we will wait until the lender notifies us that they received a clear to close and sends us the loan documents for final preparation
8. The closing is scheduled and all parties sign all required documentation including the document that transfers the property from the seller to the buyer. Our in house attorney will sit with all parties to review and discuss all questions that may arise during the closing.

9. After the closing, the executed documents are sent to the lender, the funds are deposited into escrow and the legal documents are recorded in the parish records.
10. You will receive a letter from us 7-10 days post-sale wherein we will include a copy of your filed Deed and give you full directions as to how to apply for homestead exemption (this is also discussed in detail at the closing).

## ***DECISIONS TO MAKE BEFORE CLOSING DAY***

There will be two important decisions that you need to make before closing day:

1. ***Should I purchase an Owner's Title Policy?*** This is a question that will be asked at closing, but we recommend that you research it and consider it far in advance of closing. For more information on an Owner's Title Policy, please see the topic below that is captioned Title Insurance.
2. ***Should I purchase a Survey?*** In some cases a survey has to be ordered and in some it does not. Unless we specifically tell you that a survey is required, then it is your option as to whether you would like to purchase a survey. A survey can not only show you the bounds of your property, but can also reveal whether there are any encroachments on your property, it can show all matters of record, along with other important details about your property.

## ***TITLE INSURANCE***

There are two types of title insurance policies in the state of Louisiana – a Lender's Title Policy and an Owner's Title Policy.

### **I. LENDER'S TITLE POLICY**

In general, a lender's title policy is usually required by the lender to protect the lender from encumbrances on the property that may affect its' lien position. If this policy is required, it is not optional. This policy does not protect the homebuyer and the coverage will decrease as the loan value decreases. This policy is required by the lender to protect their interest, but it only protects their interest.

### **II. OWNER'S TITLE POLICY**

An owner's title policy is optional and you will be asked on the day of closing or before that day whether you want to purchase an owner's title policy. We strongly urge you to seek only the advice of a real estate title agent or real estate title attorney with regard to the questions about an owner's title policy.

***Who and what does an Owner's Title Policy protect?*** An owner's title policy protects you -- the owner. An owner's policy says "you own it" and it protects you for as long as you own the property for a one-time fee. An Owner's Policy provides you with assurance that



your title company will stand behind you, with legal defense if needed, if a covered title problem arises after you buy your home. The bottom line is that your title company will be there to help pay valid claims and cover the costs of defending an attack on your title.

***What is the cost of an Owner's Title Policy?*** An owner's title policy can be purchased for a one-time fee at closing. Unlike other insurance policies, once you pay for an owner's policy at closing, you will never have to pay on it again and it will protect you for as long as you own the property. The fee is based on the purchase price of the home that you are buying and it is at a reduced rate since you are simultaneously purchasing a lender's policy. An exact quote can be provided at any time by calling us at the number listed above.

***Where can I find more information on Owner's Title Insurance?*** We have attached informative bulletins provided by First American Title Insurance Company of Louisiana for your review. You can also visit the following websites:

- Go to [www.southerntitlelc.com](http://www.southerntitlelc.com) (select the "Team" Tab, next select the "We Want To Help" tab, then click the link for [www.Homeclosing101.org](http://www.Homeclosing101.org))

## ***WHAT TO CONSIDER WHEN CHOOSING YOUR TITLE COMPANY***

Choosing a title company is YOUR CHOICE and one that should not be made lightly. We recommend that you consider the following:

1. ***Is the title company a local company?*** When you purchase a home, you may own it for months, years or even a lifetime. You want to make sure that you choose a title company that will be here when you need them. A local title company run by local people who are members of the community is a factor to consider.
2. ***Is the title company a full service title company?*** Ask whether the title company has the ability to perform all functions in house from start to finish including – title search, title examination, processing of the loan documents and the closing. If the entire process can be handled in house, this can drastically speed up the time it takes for your title company to get you to the closing table.
3. ***Will an attorney or a notary perform the closing?*** Although either can perform a closing, you may have a preference as to one or the other as a notary cannot give legal advice if a legal question arises at the closing table. You may want to confirm who regularly conducts the closings at the company that you choose.
4. ***Is the title company experienced?*** Investigate your title company and research the company bios to determine whether experienced individuals are employed by the company.

5. ***Does your title company comply with the American Land Title Association's Best Practice Guidelines?*** This is crucial in choosing a title company as these guidelines are the minimum recommended for any title company or title attorney handling a closing. Best practices were designed to protect you, your money and your private information, along with other important safeguards for the title industry. Ask your title company whether they are compliant with Best Practices in all respects. (To learn more about Best Practices, visit [www.ALTA.org](http://www.ALTA.org), click on the Resources Tab and then click on Best Practices).
6. ***Is your title company ready for the August 1, 2015 changes?*** On August 1, 2015, the mortgage and title industry will face drastic changes. The Consumer Financial Protection Bureau is implementing the new TILA-RESPA Integrated Disclosure Rule. One important way this will affect the homebuyer is that new wait times will be in place that will give you more time to review certain loan documents before closing. However, this will also mean that it will take longer to get to the closing table as industry leaders are projecting that it will now take a minimum of 45-60 days to close on a loan for applications received after August 1, 2015. Your loan officer and your title company will have to work hand in hand to make sure that these new changes are implemented correctly and in an efficient manner. Ask whether your title company is trained and ready for the August 1, 2015 changes and most importantly whether they have the software capabilities to handle the upcoming changes. (To learn more about the new TILA-RESPA Integrated Disclosure Rule, visit [www.ALTA.org](http://www.ALTA.org)).

## ***FAQ***

1. ***What do I need to bring to closing?*** A: A valid driver's license displaying your full legal name.
2. ***Is all of the information requested by the title company really necessary?*** A: Absolutely. We only request information that is pertinent to us handling the transaction in accordance with state and federal law. A title company should have a title policy in place that should be readily displayed and should follow Best Practices which also provides for protection of your personal information.

***A Note From Us:*** At Southern Title & Escrow, we believe that exceptional customer service and a combined 45 years of experience sets us apart in the industry. We believe that doing things right still matters and we will be here for you before, during and after your closing to answer your questions about one of the most important purchases that you will ever make – your family's home. As a family owned and operated Title Company we can guarantee that you are never just a number!

Sincerely,



Tiffany Bourque Ashley





## WHY THERE ARE **TWO** TYPES OF TITLE POLICIES

Nearly every sale of a residential property involves the purchase of two policies of title insurance—an Owner's Policy and a Loan Policy.

### **For the Seller**

The purchase of a home is one of the most expensive and important purchases most of us ever make. A buyer will want to make sure that the property is indeed yours to sell and that there are no unknown liens, claims, or encumbrances held against the property. A buyer will choose your property for its features and amenities. If the purchase agreement provides for the seller to select the title company or attorney, providing the buyer with an Owner's Policy of title insurance can be just as important as the work you put into maintaining and improving your property.

### **For the Buyer**

For most of us, buying a home requires help with financing the purchase price. Your home loan is secured by the new home you are buying. Your lender will want to make sure that the security for their loan is protected by title insurance and that you are the owner of record. The Loan Policy of title insurance insures your lender that their lien has priority over other liens not shown in the policy. Many lenders condition their loans upon the purchase of a Loan Policy.

### **According to Real Estate Custom and Practice**

There is a one-time title insurance premium for the new buyer's Owner's Policy based on the sales price of the property. We search the public records to identify and eliminate title risks. The new buyer's Owner's Policy indemnifies the buyer against loss for title threats undiscovered at time of closing and provides a defense in the event of claims against the title pursuant to the terms of the policy.

In most purchases, the buyer will be responsible for paying the title insurance premium for the Loan Policy on their home loan. This premium is calculated on the loan amount, not the sales price of the property. Because an Owner's Policy is also being purchased, we can give a concurrent rate which results in a significant savings on the Loan Policy. In the simplest terms, an Owner's Policy says to the buyer "you own it". Far into the future, the Owner's Policy will be one of the most enduring benefits of this transaction - for seller and buyer.



***First American  
Title Insurance Company  
of Louisiana***



# Could It Happen to YOU?

With all the *uncertainty* in today's real estate market, homebuyers can be *certain* that purchasing a First American Title Owner's Policy is a solid investment that will provide vital protection against losses should a problem with the title arise.

There are two types of title insurance: owner's title insurance, called an *Owner's Policy*; and lender's title insurance, called a *Loan Policy*. Most lenders require a Loan Policy when they issue you a loan, and the fee is usually based on the dollar amount of your loan. It only protects the lender's interests in the property. It does not protect the buyer.

A recent news article tells of a homebuyer who purchased a home on a land contract and made monthly payments of \$1500 to the seller until they were able to secure a loan from a national lender. At the time, the lender required the buyer to purchase a Loan Policy. Because it is not required by law to purchase an Owner's Policy, the homebuyer closed on the home with only the lender's interest being protected by the Loan Policy.

Several years later, the owners of the home were notified that their house was being foreclosed on and the sale date was fast approaching. How could this have happened? As it turns out, there was a prior loan on the home that was never paid off by the previous owner. Because the current lender had required a Loan Policy, their interest in the property was covered. Had the current owners invested in an Owner's Policy, they too would have been covered. Unfortunately, without title insurance, they lost their home. Additionally, the resulting foreclosure may adversely affect their credit standing for years to come.

The homebuyers in the story above stated,

***"We didn't buy title insurance. We were first-time homebuyers. Had we known about title insurance, [we] definitely would have gotten it."***

Many homeowners mistakenly think that because a title search has been done on the property their interest is protected.

One thing is certain...If more homebuyers were aware of the protection a First American Title Owner's Policy provides, they would purchase one, and eliminate the unnecessary risk of losing their home.



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Title Insurance Company  
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