



Your home closing guide

Ensuring your real estate sale is
smooth, secure and on-time.



Home Closing Summary

The process of buying a home should be exciting and memorable. Modus is here to ensure the final chapter of your experience is smooth, secure and on-time.

To help you prepare to close on your home, please consider using this Modus Home Closing Guide to understand what happens next!

Sincerely,

Your Modus Team

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Disclaimer: This brochure is for informational purposes only. Please consult with your title or escrow officer for specific guidance.

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Escrow Process

How we help both parties close

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 the 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.

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, such as 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.

Closing Costs

Who pays for what in Washington

Seller normally pays for

- Real estate commission
- Owner's title insurance premium
- Escrow fee, one half ¹
- Real estate excise tax² (based on sales price & calculated on a tiered percentage)
- Loan costs required under the FHA/VA provisions of contract ³
- Payoff of all loans in Seller's name (or existing loan balance if being assumed by Buyer)
- Statement fees, reconveyance fee (including associated recording charges) and any loan prepayment penalties
- Work orders, such as termite inspection or home repairs ¹
- Home warranty ¹
- Encumbrances (such as judgements and tax liens) against the seller
- Tax pro-ration (for any unpaid taxes up to time of transfer of title)
- Delinquent taxes
- Unpaid homeowner's dues
- Assessments or bonds ¹
- Notary fees (if applicable)
- Courier fees (if applicable)

Buyer normally pays for

- Lender's title insurance premium (if applicable)
- Escrow fee, one half ¹
- Recording charges
- Inspection Fees ¹
- Tax pro-ration (for any taxes from time of transfer of title to end of the tax payment period)
- All new loan charges (except for those required by lender for seller to pay)
- Hazard insurance premium for first year
- Interest on new loan from date of funding to 30 days prior to first payment
- Document preparation (if applicable)
- Home warranty ¹
- Notary fees (if applicable)
- Courier fees (if applicable)

¹ Subject to Purchase and Sale Contract

² 500,000.00 and less: 1.1%, plus local rate of .50%

Greater than \$500,000.00 and less than or equal to \$1,500,000.00: 1.28%, plus local rate of .50%

Greater than \$1,500,000.00 and less or equal to \$3,000,000.00: 2.75%, plus local rate of .50%

Greater than \$3,000,000.00: 3%, plus local rate of .50%

³ Up to \$300 FHA/USDA/VA loans and buyer's share of the escrow fee for a VA loan

This list is not intended to be an all-inclusive list of fees and charges on every transaction, but rather a guide to the major costs of buying or selling real property. Fees are subject to change and are transaction-specific. Modus would be happy to review and explain your closing costs prior to finalizing the transactions.

Seller Closing Tips

Prior to closing

- ❑ Provide Modus with current loan, separate payoff, HOA and company information (loan #, lender name and customer service #), so a payoff statement can be ordered from your lender. If your property is subject to dues by homeowners association, provide name and phone number of the association or management company.
- ❑ Provide documentation of any change in marital status (divorce, marriage, death) from the time of purchase.
- ❑ If you will be unavailable to execute documents at closing and anticipate someone signing on your behalf by Power of Attorney, you must submit a copy of the proposed Power of Attorney to Modus prior to closing for our review and approval. The original executed Power of Attorney must be provided at closing.
- ❑ Forwarding address

Required at closing

- ❑ Valid Driver's license or other state or government photo identification.
- ❑ Social security number for 1099 and payoff request.

Avoid closing delays

- ❑ The lenders and title insurers require single owners who have married during the course of ownership of the property, to have their spouse join in signing the documents at closing.
- ❑ Cancel your homeowners insurance with your insurance agent only after being notified the transfer has funded. If you are remaining at the property after closing, you should notify your title agent of this change prior to closing.

After closing

- ❑ If you have an electronic draft, you may call and cancel as well as provide your forwarding address. Your lender will refund all monies left in your escrow account approximately 15 to 30 business days after they receive the payoff funds. Typically, the lender will mail a package containing your original promissory note marked "PAID" and other loan file documents. Retain these for future reference. They may also include a release of lien document. This document needs to be recorded with the county clerk's office to remove the lien of record.
- ❑ Your closing statement serves as a substitute form 1099 for tax purposes so provide a copy to your CPA

Buyer Closing Tips

Ensuring Good Funds to Close

Washington State Collected funds law requires money to be deposited into escrow timely for closing, recording and disbursement. Typically, this is **24 hours prior to closing or release of earnest money funds.**

Acceptable good funds

Bank Wires

We encourage all customers to send funds via wire transfer as the preferred method of payment. These funds are available for immediate credit and can be disbursed the quickest, thereby ensuring a timely closing. Closing funds must be wired if the total is more than \$50,000.

Cashier's Checks

When a bank issues a cashier's check they first verify the funds are available in the account. Cashier's check are considered good funds once they have been deposited and cleared; this process may take up to 24 hours. Cashier's checks can be accepted by Modus only if all three of the below conditions are met:

- You are paying an amount of \$50,000.00 or less
- Must be issued by an in-state banking branch
- Submitted at least 24 hours in advance of the due date; please note that the office closes at 5pm

Escrow cannot accept

- ACH Transfers
- Foreign & Virtual Currencies
- Cash

Wire fraud alert

Online thieves and fraudsters have become more sophisticated in their ability to attempt online impersonations of escrow companies and real estate firms, potentially causing clients to send money or information to fraudulent sites.

To ensure Modus customers are kept aware of the timing and status of their transactions in the safest environment we can provide, the following measures will be vigilantly enforced:

1. Wire instructions will **ONLY** be available through secure login to our online platform. **Modus will never send wiring instructions by email.**
2. The contact information we will use going forward: email, phone and US mail, will be taken from Modus' Opening Instructions that you complete and return to us.
3. All communications sent from us to you via email with attachments will be encrypted.

Do not send a wire until you have made verbal contact with Modus.

Moving Checklist

One month before the move

- Make arrangements to hire a mover or rent a truck
- Arrange babysitting and/or pet care for moving day
- File a change of address form at the post office
- Change address on newspaper and magazine subscriptions
- Arrange for the transfer of all medical, dental and school records
- Transfer medical, property, fire and auto insurance
- Organize all move-related documents in one place, such as a folder or binder

Two weeks before the move

- Cancel or transfer all utilities (water, gas, electric, telephone, TV/cable/satellite/Internet service)
- Check with your provider about cell phone service in your new location
- Transfer prescriptions to a pharmacy near your new location
- Transfer bank accounts
- Collect or purchase all packing supplies; boxes, wrapping paper, bubble wrap, labels, markers, box cutters or scissors and packing tape
- Pack up items in garage, attic and storage areas
- Confirm arrangements with movers or truck rental place

One week before the move

- Begin packing boxes, labeling each as you fill it
- Empty, defrost and clean refrigerator, freezer and stove
- Return all rented movies, library books, video games, etc.
- Pick up anything outstanding such as dry cleaning, prescriptions, etc.

The day before the move

- Do a final check of closets, cabinets and drawers
- Make sure you have enough cash on hand for the move
- Take out all trash
- Fully charge all cell phones
- Touch base with movers or truck rental place for a final confirmation of arrangements

The date of the move

- Exchange contact information with the movers in case you need to get in touch with them while enroute. Include your old/new address, cell phone number and directions to new location
- Keep jewelry and other valuables with you, in a box that you move yourself
- Prepare a box of supplies that you will need right away on move-in day, such as cleaning supplies, snacks and beverages, toilet, bath and bedding items, trash bags, disposable dishes, pet food, cell phone chargers, prescriptions, eyeglasses, changes of clothing, etc.
- Do a final check before locking the doors. Confirm that you have turned off the furnace/air conditioner, lawn sprinklers, and light switches. Have you turned over or left the keys and controls for garage door opener to your agent/buyer?

Title Insurance FAQs

What is title insurance?

Title insurance protects homebuyers and mortgage lenders against defects or problems with a title when there is a transfer of property ownership. If a title dispute arises during or after a sale, the title insurance company may be responsible for paying specified legal damages, depending on the policy.

The title to a home refers to the legal rights the owner has to the property. When you buy a home, you'll want to ensure the property has a clear title, or free from liens or any other ownership claims. If it isn't, as the new owner, you could be responsible for remedying any issues if you don't have title insurance.

How title insurance works?

Getting title insurance is generally a two-step process.

1. Modus will perform a title search to make sure the property you want to purchase has a clear title. In short, confirming a clear title means making sure that the person selling the property truly owns it and has the right to sell it. If a defect or other issue arises, the title company will make you aware of it.
2. Once Modus confirms a clear title or identifies issues, we will begin the underwriting process. This involves assessing any issues, as well as potentially undiscovered ones, and then offering a quote for a policy based on those risks. If a title has many defects, Modus may decline to offer a policy.

What does title insurance cover?

Title insurance can protect the lender and the homebuyer from the costs associated with fixing a defect on a property's title, such as:

- Liens stemming from contractors that have done work on the home and weren't fully paid, unpaid homeowners associations dues or other outstanding debts
- A falsified or forged deed or documents and other fraud-related issues
- Encroachments
- Disputes pertaining to ownership, such as an unknown heir

Say you buy a property from a deceased person's estate, and an unknown heir later makes a claim that they own the property and that it was improperly sold to you. The title search process would have likely turned up evidence of the heir before the transaction closed, but if not, title insurance would help cover costs related to settling the heir's claim.

Do you need title insurance?

Most mortgage lenders require homebuyers to purchase title insurance, but only a specific type of policy that protects the lender, not the buyer. This is known as lender's title insurance. To protect yourself from having to be responsible for title issues, you have the option to purchase owner's title insurance, which is separate from the lender's policy.

How long am I covered?

Your owner's insurance policy lasts as long as you or your heirs own your property. Your life will change over time, but your peace of mind never will.

Choosing Your Title Policy

We will advise on an option to fit your needs

	ALTA Homeowner's	Extended	Standard
<p>Someone else owns an interest in your title. Someone else has rights affecting your title due to leases, contracts or options. Someone else claims rights due to forgery or impersonation. Someone else has an easement on the land. Someone else has a right to limit your use of the land.</p> <p>Someone else has a lien on your title, including a:</p> <ul style="list-style-type: none"> • Mortgage; • judgment, state or federal tax lien, or special assessment; • charge by a homeowner's or condominium association; • mechanic's lien for labor or materials furnished before policy date. <p>Someone else has an encumbrance on your title. Someone else claims rights affecting your title due to fraud, duress, incompetency or incapacity.</p> <p>A document upon which your title is based is invalid because it was not properly signed, sealed acknowledged, or delivered or recorded.</p>	✓	✓	✓
<p>Your title is defective. Any covered Risks 1-6 occurring after the Policy date. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the title that would be disclosed by an accurate and complete land,</p>	✓	✓	
<p>You are forced to correct or remove an existing violation of any CC&R, which occurred before you acquired title, even if the CC&R is excepted in Schedule B.</p>	✓		✓
<p>You do not have both actual vehicular and pedestrian access, based upon a legal right.</p>	✓		
<p>You cannot use the land, because use as a single-family residence violates an existing zoning law or regulation.</p>	✓		
<p>You are forced to remove your existing structures because they encroach onto your neighbor's land. If the encroaching, are boundary walls or fences, coverage is subject to a deductible and a maximum liability amount.</p>	✓		
<p>Someone has legal right to, and does, refuse to purchase the land, lease it, or make a mortgage on it, because your, neighbor's existing structures encroach onto the land.</p>	✓		

Choosing your title policy

(cont.)

	ALTA Homeowner's	Extended	Standard
You are forced to remove your existing structures because they encroach onto an easement or over a building set back line, even if the easement or building setback line is excepted in Schedule B.	✓		
Your existing improvements are damaged because of the future exercise of a right to use the surface of the land for the,extraction or development of minerals, water, or any other substance, even if those rights are excepted or reserved from, even if the easement or building setback line is excepted in Schedule B.	✓		
Someone else tries to enforce a discriminatory CC&R, based upon race, color, religion, sex, handicap, familial status, or national Origin.	✓		
A taxing authority assesses supplemental real estate taxes not previously addressed for any period before the policy date, because of the construction or a change of ownership or use that occurred before the Policy Date.	✓		
Your neighbor builds any structures after the policy date-other than boundary walls or fences, which encroach onto the land.	✓		
Your title is unmarketable, which allows someone else to refuse to perform a contracts to purchase the land, lease or make a take a mortgage or loan on it	✓		
The residence with the address shown in Schedule A is not located on the land at the policy date.	✓		
The map if any, attached to this policy does not show the correct location of the land according to the public records.	✓		
Any facts, rights, interests or claims not shown by the public records, but which could be shown be an inspection of the land or asserted by persons possession.	✓		
Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the title that would be disclosed by an accurate and complete land ,survey of the land, and that is not shown by the public records.	✓	✓	
Easements, except underground easements, not shown by the public records.		✓	
Any liens for contributions to employee benefit plans, or any lien under Workers' Compensation Acts, not disclosed by the public records.		✓	

Remote Online Notary

What you need to know about RON in WA

Who can sign via RON?

- Buyer/Seller must be U.S. Citizens or permanent resident.
- Sellers and cash buyers can easily utilize RON.
- Buyers using financing will need to have approval from their lender.

Requirements for signers

- All signers must have a Social Security number.
- All signers must have a valid ID
 - US State Issued Driver's License
 - US State Issued Photo ID
 - US Passport Book
 - US Passport Card
 - Foreign Passport
- We can offer notary services in English or Spanish
- Signers must answer identity challenge questions to move forward in the session.
 - A 3rd party ID verification platform creates the questions from information contained in databases such as driver's license records, IRS records, county public records, utility records, etc.
 - The statutory requirements allow signers only 2 minutes to answer 4 of the 5 questions correctly and with only 2 attempts. If signers fail after the 2nd attempt, they will be locked out for 24 hours.

Closing process

- Once a session is ordered, signers will receive an invitation from the notary company
- The invitation will direct the signers through the set-up and ID verification processes, as well as verify the compatibility of their computer and technological components.
- Signers must review the document and contact the closing team with any questions concerning the documents during normal business hours and PRIOR to setting an appointment with the online notary. The current RON system does not provide a way to answer questions and perform a "closing" while the notary session is occurring.
- Signers may connect with a notary 24 hours a day, 7 days a week; however, technical support is only available from 6am to midnight, 7 days a week.
- Once the online session is complete, signers will receive a copy of the online session.

Costs

- Modus includes 1 signing appointment per side of the transaction
- For more than 1 signing per side, approximate costs are:
 - Seller closing - \$100.00
 - Buyer closing - \$150.00
 - Single Document - \$50.00
- To qualify for one session, all signers must be together at the same physical location. If all signers cannot be together for the session, a separate session can be performed for an additional cost.
- Costs will be collected on the closing statement.

Contactless Closing Options

Your clients get more done from the security of their home



Digital Earnest Money Deposit

Encrypted digital earnest money deposit expedites the submission of earnest money and significantly reduces the chances of wire fraud.

Remote Online Notary

With a Remote Online Notary*, your clients can sign safely from the comfort of their home.

*Certified by Fannie Mae and Freddie Mac

Zero Hidden Fees

All-inclusive pricing to meet your closing requirements

Included in our base escrow fee:



Mobile Courier



Wire Transfers



Mobile/Online Notary



Experienced, Local Experts

Our closing teams are experienced local experts dedicated to meeting your personalized needs.

We provide convenience when you need it, including contract set-up and escrow money deposits on the weekends.

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