



Fidelity National Title

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HOME BUYER'S INFORMATION SHEET

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Congratulations on your New Home! **Here are a few tips that will help you as a homeowner:**

Tip 1: Claim and File your Homestead Exemption:

1. Change your Driver's License to reflect new home address
2. Go to Hcad.org and download their app
3. File your Homestead Exemption Form using the app
4. File between January 1, 2021 - April 30th, 2021
5. It's free and reduces your property tax bill by approximately 20%
6. Texas is a NON-disclosure state. You do not have to disclose to HCAD how much you paid for the home.

Tip 2: How to Pay Off Your Mortgage Early:

Make one Extra House Payment each year and it will reduce your amortization term from 30 years to 23 years.

Note: it does not change your payment amount and assumes a 30-year mortgage.

Tip 3: Should I Purchase Flood Insurance?... YES!

Living outside a designated flood zone doesn't mean your property is safe. It's important to speak with your insurance agent to figure out how much coverage to buy, what exactly it covers, and how long your waiting period is.

Tip 4: What is an Escrow Loan?

A mortgage escrow is when the Lender or a third-party holding account that collects money from a homeowner and allocates it to fees, such as **homeowner's insurance, property tax, and private mortgage insurance**. These funds are placed into the mortgage escrow account held by the lender to be paid on behalf of the homeowner. REMEMBER: At closing property taxes are paid at the end of the year but are prorated. Homeowners insurance and your HOA are normally at the beginning of the year.

Tip 5: Owners Title Policy:

The **owner's policy** protects your interest in the property. The policy protects you from the covered risks listed in the policy. The price of the policy is usually included in your closing cost. An owner's policy only covers you up to the value of the property at the time you bought the policy. It doesn't cover any increased value endorsement. An owner's policy remains in effect as long as you or your heirs own the property or are liable for any title warranties made when you sell the property. Keep your owner's policy, even if you transfer your title or sell the property.

The **loan policy** protects the lender's interest. A loan policy covers up to the amount of the principal on your loan.

Tip 6: Private Mortgage Insurance (PMI)

PMI is Insurance paid by you, the Borrower, to offset losses in the case where a mortgagor is not able to repay the loan and the lender is not able to recover its costs after foreclosure and sale of the mortgaged property. This type of insurance is usually only required if the down payment is 20% or less of the sales price or appraisal value. Once the principal is reduced to 80% of value, the PMI is no longer needed.



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TEXAS HOME WARRANTIES FOR NEW BUILDS AND CONSTRUCTION

ONE YEAR WARRANTY: The one-year warranty is the Builder's obligation to the buyer for workmanship and materials include

Paint, exterior concrete, framing, drywall, insulation, exterior siding and trim, masonry, stucco, roofing, carpentry, counter tops, fixtures, electronic gates and pumps, fences, doors and windows and interior flooring.

TWO YEAR WARRANTY: The two-year warranty is the Builder's warranty that the house is free from defects in the wiring, piping and ductwork in the electrical, plumbing, heating, cooling, ventilating and mechanical systems.

TEN YEAR WARRANTY: The ten-year structural warranty begins on the day of closing and lasts for 10 years. **This Warranty covers major structural defects.**

The 10-year warranty typically covers the following load-bearing components of a new home:

- Foundation systems and footings
- Floor framing systems
- Walls and partitions
- Roof framing systems
- Beams
- Headers
- Girders
- Lintels
- Columns
- Masonry Arches