

# TITLE REFERENCE GUIDE





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# INDIANA HOME TITLE AND ADVANTAGE TITLE

## YOUR TRUSTED PARTNERS IN REAL ESTATE TRANSACTIONS

Established in 2016, Indiana Home Title has rapidly grown to become a leading full-service title insurance agency serving Central and Southern Indiana. In 2022, we expanded to Lafayette with the purchase of Advantage Title. Our experienced team expertly handles closings for a wide range of transactions. Some of our advantages include:

- Residential and commercial purchases and sales
- Refinance transactions
- New construction closings
- Knowledgeable real estate attorney on staff
- Title issues identified and measures taken to clear before closing
- Secure management of money wires and existing loan payoffs

Contact our team today and let us help you close your next transaction with confidence. We offer title insurance policies backed by some of the nation's most trusted underwriters—First American Title and Stewart Title. This ensures your investment is protected with a comprehensive title insurance policy.

Indiana Home Title simplifies the closing process for our clients. With nine convenient locations across Indiana, we are readily available to meet your title insurance and settlement needs. Our experienced professionals guide you through every step of the closing process, ensuring a smooth and efficient transaction.

We understand the complexities involved in real estate transactions, and our team is dedicated to exceeding your expectations. We prioritize clear communication, timely order processing, and meticulous attention to detail, ensuring your investment is secure and your experience is positive.





At **Indiana Home Title and Advantage Title**, we're committed to making your real estate closing experience as smooth and efficient as possible. Our knowledgeable team provides personalized guidance for residential, commercial, new construction, refinance, and relocation transactions, ensuring your investment is protected every step of the way.

## OUR OFFICES

**Indiana Home Title**  
317.815.4462  
indianahometitle.com

905 E. Tipton St.  
Seymour, IN 47274

**Advantage Title**  
765.420.7730  
advantage-title.com

4630 Lisborn Dr.  
Carmel, IN 46033

1320 E. 53rd St., Ste C  
Anderson, IN 46013

1221 S. Creasy Ln., Ste T  
Lafayette, IN 47905

2765 Brentwood Dr.  
Columbus, IN 47203

10765 Lantern Rd., Ste 102  
Fishers, IN 46038

3801 E. 82nd St.  
Indianapolis, IN 46240

150 Lincolnway Ste. 2000,  
Valparaiso, IN 46383



**Ed Anania**

President/Title Attorney  
317.815.4451  
eanania@indianahometitle.com



**Ben West**

VP of Implementation & Integration  
Indiana Home Title  
Advantage Title  
317.815.4462 x5830  
Ben@indianahometitle.com



**Brad Moss**

VP of Closing Operations  
317.815.4463  
bmoss@indianahometitle.com



**Jenny Mattick**

Director of Processing and Quality Assurance- Fishers Office  
317.815.4453  
jmattick@indianahometitle.com



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# WHAT IS TITLE INSURANCE

When a property is financed—bought or sold—a record of that transaction is generally filed in public archives. Likewise, records of other events that may affect the ownership of a property, like liens or levies, are also archived.

## TITLE SEARCH AND EXAM

That's where title insurance differs from traditional insurance models. When you purchase a policy insuring you for matters relating to your car or health, the insurance company assesses the risk of insuring you and bases its premium on the risk being assumed. With title insurance, the insurer first works to identify the status of ownership, liens, and other matters affecting title by collecting documents affecting title from the public records that are statutorily identified for the recording of real estate transactions. This process is called the search. Once the search is complete, the title insurance underwriter can then determine the insurability of the title and list expectations from coverage and requirements to insure.

## UNDISCOVERED RISKS

Of course, even the most skilled title professionals may not find all title problems. Other risks include matters that are more difficult to identify, such as title issues resulting from filing errors, forgeries, undisclosed heirs, and other unforeseen problems. That's one reason why your title insurance policy can play a key role in protecting your real estate investment.

## LOAN POLICY

When you purchase a new home or other piece of real estate property by securing a mortgage, we will be required by your lender to purchase a loan policy of title insurance. This policy insures the lender against covered title defects up to the amount of insurance. This coverage, in favor of the lender, lasts for the life of the loan under limited circumstances stated within the policy.

## OWNERS POLICY

You will also have the option of purchasing an owner's policy of title insurance, which provides insurance directly to the insured owner listed in the policy and describes the type of real property interest owned. The insurance in both an owner's and loan policy are subject to the policy provisions, which include the covered risks, exclusions from coverage, the conditions and exceptions to title listed on a schedule to the policy.

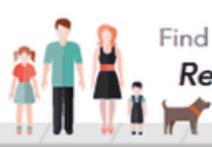
## PREMIUM

You will pay a one-time premium for both the loan policy and the owner's policy at the close of your transaction, based on the total value of your home and the amount of your loan. This is another way in which title insurance differs from other insurance models, where premiums are on an ongoing basis. The purchase of a home or other real estate may be the largest financial investment you ever make. Title insurance can give you added peace of mind in knowing that the title to your investment is insured.





# The life of a real estate transaction



Find Your Family a  
**Real Estate Agent & Lender**



Find or List  
**Your Home**



Complete  
**Property Inspections  
& Needed Repairs**



Sign the **Contract**  
& then **Open Escrow**

*"Escrow" describes the neutral third-party handling of funds, documents, and tasks specific to the closing.*



Review the  
**Title Commitment or  
the Preliminary Report**



Promptly respond to requests for  
**Information & Paperwork**



Deposit Closing Funds  
via **Wire Transfer**



Deliver invoices & info to the  
**Lender/Escrow Officer**  
(at least 10 days prior to signing)



Sign the **Loan Docs**  
& the **Closing Paperwork**

Buyer gets the **Keys**  
Seller receives **Funds**

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# TIPS FOR ORDERING TITLE

## WHEN TO PLACE YOUR ORDER

When a title issue is found, additional time may be required to resolve concerns. Submit your request for title as early as possible to avoid delaying the closing. Orders can be submitted through Qualia or via email:

- IHT: ihtindy@indianahometitle.com
- Advantage Title: packages@advantage-title.com

## PRIOR TITLE POLICY

A discounted rate may be available if you provide your prior title insurance policy to the policy issuing office.

## NEW OR EXISTING SURVEY

If an existing survey of the property is available, the expense of having a new survey may be avoided. The policy-issuing office will review the survey and decide as to whether the existing survey is useful based on the type of transaction, property type, age, and quality of the survey.

## SALES CONTRACT, COUNTERS, AND AMENDMENTS

If any element of the sales contract is difficult to read, supply supporting documentation to ensure the accuracy of the transaction details. If revisions or addendums to the original contract have been made, provide a copy of the documents to the closing agent.

## CONTACT INFORMATION

To help improve communication between all parties, please provide the following:

- Real estate agent(s): Information for listing and selling agents including: email address, cell phone, office phone, address, preferred method of communication, and best time to contact, in addition to assistant's contact information, if applicable.
- Buyer(s) and seller(s): Home phone, cell phone, email address, preferred method of communication, and forwarding address with new contact information to reach the seller once the property has closed.
- Lender: Contact information for the loan officer including email and phone number.
- Legal counsel (if applicable): Name, firm, mailing address, email address, and phone number



# TITLE INSURANCE IS NEGOTIATED IN THE PURCHASE AGREEMENT

271 S. **TITLE APPROVAL:** Prior to closing, Buyer shall be furnished with  a title insurance commitment for the most  
272 **current and comprehensive ALTA Owner's Title Insurance Policy available** in the amount of the purchase price or  **an**  
273 **abstract of title continued to date**, showing marketable title to Property in Seller's name. Seller must convey title free and  
274 clear of any encumbrances and title defects, with the exception of any mortgage assumed by Buyer and any restrictions or  
275 easements of record not materially interfering with Buyer's intended use of the Property. A title company, at Buyer's request,  
276 can provide information about availability of various additional title insurance coverages and endorsements and the associated costs.  
277  
278 **OWNER'S TITLE INSURANCE PREMIUM** and that portion of Title Service Fees incurred to prepare the Owner's Policy  
279 (including title search and examination and commitment preparation), to be paid by  **Buyer (included in allowance,**  
280 **if provided)**  **Seller**  **Shared equally.**  
281  
282 **LENDER'S TITLE INSURANCE PREMIUM** and that portion of Title Service Fees incurred to prepare the Lender's Policy  
283 (including title search and examination and commitment preparation), if applicable, to be paid by  **Buyer (included in**  
284 **allowance, if provided)**  **Seller**  **Shared equally**  **Other** \_\_\_\_\_  
285  
286  
287 The parties agree that  **Seller**  **Buyer** will select a title insurance company to issue a title insurance policy and will  
288 order the commitment  **immediately** or  **other:** \_\_\_\_\_  
289  
290  
291 Pursuant to Federal and State Law, Seller cannot make Seller's selection of a title insurance provider a condition of this  
292 Agreement.  
293  
294 Seller agrees to pay the cost of obtaining all other documents necessary to perfect title (including the cost of the deed  
295 and vendor's affidavit), so that marketable title can be conveyed.  
296  
297 T. **TAXES: (Check appropriate paragraph number)**  
298 1.  Buyer will assume and pay all taxes on the Property beginning with the taxes due and payable on  
299 \_\_\_\_\_, and all taxes due thereafter. At or before closing, Seller shall pay all taxes  
300 for the Property payable before that date.  
301 2.  All taxes that have accrued for any **prior calendar year** that remain unpaid shall be paid by Seller either to the  
302 County Treasurer and/or the Buyer in the form of a credit at closing. All taxes that have accrued for the **current**  
303 **calendar year** shall be prorated on a calendar-year basis as of the day immediately prior to the Closing Date.

(Property Address)  
Page 5 of 9 (Purchase Agreement)  
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## TITLE INSURANCE COMMITMENT (ALTA OWNER'S POLICY)

- Nature: A forward-looking insurance product.
- What it is: A binding promise from the title insurer that it will issue an owner's title insurance policy once certain listed requirements are satisfied (payoffs, releases, signatures, recording, etc.).
- Coverage: The most current and comprehensive ALTA Owner's Title Insurance policy insures against defects, liens, or encumbrances affecting title up to the date of policy issuance. It protects the buyer (and their heirs) financially if covered issues arise in the future.
- Content:
  - Schedule A: basic deal info (property, insured, proposed policy amount)
  - Schedule B-I: requirements that must be met before the policy is issued (pay off liens, record deeds, etc.)
  - Schedule B-II: exceptions (matters not covered unless later insured over)
- Use: Provides assurance to buyers and lenders and is required in nearly all modern real estate transactions.

# ABSTRACT OF TITLE

- Nature: A historical research document.
- What it is: A condensed history of the property’s title taken from the public record—showing deeds, mortgages, judgments, easements, liens, probate transfers, etc.—continued up to a certain date.
- Coverage: No guarantee or insurance. It shows what is of record but does not interpret legal sufficiency or provide protection.
- Content: Chronological summary of recorded instruments, with references to the county records.
- Use: Traditionally used (before title insurance became the norm) to let attorneys or examiners give an opinion of title. Today, still sometimes ordered for legal research or in jurisdictions where abstracts are customary.

## KEY DIFFERENCES

Aspect	Title Commitment (ALTA)	Abstract of Title
Function	Promise of future insurance	Historical record
Protection	Provides insurance coverage upon issuance	Provides no protection
Risk	Insurer assumes risk (subject to exceptions)	Buyer/attorney must interpret risk
Status	Industry standard in most states	Rare in many states, but still used in parts of the Midwest
Content	Present requirements and exceptions	Historical chain of title
Value to Buyer	Assurance + financial coverage	Information only

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# HOMEOWNER'S TITLE VS. OWNER'S TITLE

## MOST CURRENT AND COMPREHENSIVE INSURANCE POLICY

### 1. PURPOSE AND COVERAGE

#### HOMEOWNER'S TITLE POLICY

This enhanced policy provides the most comprehensive protection available for residential property owners. It expands beyond standard title coverage to include post-closing matters such as certain zoning issues, building permit violations, subdivision law violations, and encroachments that may not have been discovered before closing.

#### OWNER'S TITLE POLICY

A traditional policy that protects the owner against title defects, liens, or encumbrances that existed before closing. It ensures the buyer has clear and marketable title but does not cover issues arising after the policy's effective date.

### 2. COVERAGE COMPARISON

Feature	Homeowner's Title Policy	Owner's Title Policy
Coverage Scope	Covers both pre-closing and certain post-closing title risks, offering broader protection for homebuyers.	Covers only pre-closing title defects, liens, and encumbrances that existed prior to ownership.
Zoning / Permit Issues	Includes protection for certain zoning violations or denied building permits affecting existing structures.	Does not cover zoning or building permit issues.
Encroachments	May protect against encroachments discovered after closing that interfere with use or access.	Covers encroachments only if specifically listed as exceptions.
Inflation Protection	Provides automatic increases in coverage over time to match market appreciation.	Coverage amount remains fixed at the policy's issued value.
Successor Coverage	Extends protection to heirs, trusts, and beneficiaries without added cost.	Applies only to the original named insured on the policy.
Cost	Slightly higher one-time premium due to expanded coverage.	Lower one-time premium for standard coverage.

### 3. WHO BENEFITS

The Homeowner's Title Policy provides the greatest protection for buyers of one-to-four family residential properties. The standard Owner's Policy is appropriate for investors or commercial purchasers who may not require enhanced coverage.

### 4. KEY TAKEAWAY FOR REALTORS

■ *The Homeowner's Title Policy is the most current and comprehensive protection available—offering peace of mind for modern homebuyers.*

Realtors should educate clients on these differences and recommend the Homeowner's Policy whenever eligible to ensure maximum protection.



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# THE TITLE COMMITMENT

## WHAT IS A TITLE COMMITMENT?

- Details of the title insurance policy that will be issued after the completion of a transaction, the requirements that must be met before that policy can be issued and any exceptions that will not be covered in the policy.
- Provides a snapshot of the property's title at a specific point in time, showing the current state of ownership and any potential issues.
- Serves as a preview of the final policy and serves as a roadmap for completion of the transaction.

## COMPONENTS OF THE TITLE COMMITMENT:

1. Schedule A
2. Schedule B-I Requirements
3. Schedule B-II Exceptions

## SCHEDULE A:

This section contains the who, what, where, and how much details of the transaction. Schedule A sets forth the effective date, the names of the current property owner (Seller) and proposed insured (Buyer), the legal description of the property, the amount of insurance (sales price), and the name of the lender and loan amount if applicable and available. The type of policy to be issued is also shown on Schedule A.

### WHAT TO LOOK FOR:

Make sure that all information is spelled correctly and matches the contract including the spelling of the buyer's names, purchase price, seller's information, property address, and legal description. Ensure that the policy to be issued is the most comprehensive.

1. **Commitment Date:** April 21, 2025 at 8:00 AM
2. **Policy to be issued:**
  - (a) 2021 ALTA Homeowner's Policy  
Proposed Insured: **Joseph Smith and Jane Smith, Husband and Wife**  
Proposed Amount of Insurance: **\$187,000.00**  
The estate or interest to be insured: **fee simple**
  - (b) 2021 ALTA Short Form Loan Policy  
Proposed Insured: **Bailey and Wood Financial Group, ISAOA**  
**600 Corporation Dr., Suite 200, Pendleton, IN 46064**  
Proposed Amount of Insurance: **\$188,888.00**  
The estate or interest to be insured: **fee simple**
3. **The estate or interest in the Land at the Commitment Date is:**  
fee simple
4. **The Title is, at the Commitment Date, vested in:**  
John Jones and Jennifer Jones, Husband and Wife
5. **The land is described as follows:**  
The land is described as set forth in Exhibit A attached hereto and made a part hereof.



# SCHEDULE B-I REQUIREMENTS

Schedule B-I lists all the items that must be cleared up or satisfied to issue a policy covering the new owner and/or the lender.

Examples might include:

- Requiring approval of a bankruptcy trustee
- Requiring additional parties (heir or former spouse) to execute closing documents
- Requiring a release of various types of liens such as mortgages, judgements, tax warrants
- Satisfying the terms of a divorce
- Payment of property taxes
- Payment of HOA dues

## SCHEDULE B, PART I – Requirements

15. Title agent certifies that a judgment search was run on John Jones and Jennifer Jones, and found:

Terms, conditions, and provisions of Mediated Settlement Agreement entered 03/07/2025 In Re the Marriage of hn Jones and Jennifer Jones under cause number 36D02-2403-DC-000056.

A judgment from RECEIVABLES MANAGEMENT PARTNERS, LLC. against John Jones in the amount of \$3,416.35 entered on August 21, 2023 by Jackson County Superior Court in Case #36D01-2306-SC-000035 and recorded in the official records of Jackson County Recording Office, to be paid with proceeds of loan and released.

16. A mortgage by John Jones and Jennifer Jones to Bailey and Wood Financial Group dated August 18, 2022 in the original principal amount of \$133,308.00 and recorded on October 6, 2022 as Instrument #202207136 in the official records of Jackson County Recording Office, to be paid with proceeds of loan and released.

The beneficial interest under the mortgage recorded on October 6, 2022 as Instrument #202207136 in the official records of Jackson County Recording Office was assigned from Bailey and Wood Financial Group to Planet Home Lending LLC, by assignment recorded on April 4, 2025 as Instrument #202502144 in the official records of Jackson County Recording Office.

17. A Sewer Lien from City of Seymour against John Jones and Jennifer Jones dated March 14, 2025 in the amount of \$167.35 recorded on March 18, 2025 as Instrument #202501830 in the official records of Jackson County Recording Office, to be paid with proceeds of loan and released.

18. A Sewer Lien from City of Seymour against John Jones and Jennifer Jones dated December 11, 2024 in the amount of \$161.31 recorded on December 12, 2024 as Instrument #202407218 in the official records of Jackson County Recording Office, to be paid with proceeds of loan and released.

19. A tax lien in favor of Indiana Department of Revenue against John Jones and Jennifer Jones in the amount of \$4,909.56 with serial/certificate number 31083023 recorded on September 3, 2024 as Instrument #31083023 in the official records of Jackson County Recorder's Office, to be paid with proceeds of loan and released.



# SCHEDULE B-II EXCEPTIONS

This section notifies the buyer and/or lender of exceptions from coverage. While some exceptions can be removed from your policy if certain requirements are met, others are unique to that specific property and cannot be removed.

Examples include: restrictive covenants, mineral or water rights, or utility easements. These exceptions from coverage will not be insured on the title policy.

## SCHEDULE B, PART II – Exceptions

8. Real estate taxes due and payable in 2025, assessed for the prior year, are a lien and are due in two installments:  
Property Address: 1524 Westgate Road, Seymour, IN 47274  
Brief Legal: WESTGATE MANOR 30--1  
Parcel No: 36-65-13-403-106.000-009  
Land: 22,900  
Improvements: 69,700  
Exemptions: 48,000  
May installment \$310.28 UNPAID  
November installment \$310.28 UNPAID
9. Sewer Lien, assessed, due, and payable with the real estate taxes.  
May Installment of \$358.66 UNPAID
10. Real estate taxes assessed for the year 2025, due and payable 2026 and subsequent years.
11. Terms, conditions, and provisions of covenants, conditions, restrictions, and other matters recorded in the Office of the Recorder of Jackson County, Indiana, together with any amendments, corrections, supplements, or cross-references thereto.
12. Covenants, conditions, restrictions, setback lines, easements, and all matters referenced on the plat of the subdivision recorded Plat Book 6, Page 31, together with any corrections, supplements, cross-references and amendments thereto and referenced in the legal description.



# ALTA REVIEW GUIDE

## ALTA CLOSING STATEMENT HOW TO REVIEW GUIDE

Indiana Home Title ALTA Universal ID: 4630 Lisborn Drive Carmel, IN 46033 (317) 815-4462	ALTA Combined Settlement Statement
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<b>File #:</b> IHT-25-1219	<b>Property</b>	11777 Harvard Lane	<b>Settlement Date</b>	10/28/2025
<b>Print Date &amp; Time:</b> 11/07/2025 at 11:08 AM		Carmel, IN 46032	<b>Disbursement Date</b>	10/28/2025
	<b>Buyer</b>	Buyer 1 and Buyer 2		
<b>Closing Agent:</b> EST Bradley M Moss		160 Pope Street		
<b>Settlement Location:</b> 4630 Lisborn Drive Carmel, IN, 46033	<b>Seller</b>	Apt G Indianapolis, IN 46202		
		Seller N. 2 and Seller A. 2		
	<b>Lender</b>	11777 Harvard Lane Carmel, IN 46032		
		Baxter Credit Union		
		340 North Milwaukee Avenue Vernon Hills, IL 60061		

Seller			Buyer	
Debit	Credit		Debit	Credit
		<b>Financial</b>		
	\$400,000.00	Sale Price of Property	\$400,000.00	
		Deposit		\$4,000.00
		Loan Amount		\$280,000.00
		Lender Credit		\$1,000.00
		<b>Prorations/Adjustments</b>		
\$2,744.10		County Taxes 01/01/2025 to 10/28/2025		\$2,744.10
	\$41.29	HOA 10/28/2025 to 11/01/2025	\$41.29	
		<b>Loan Charges</b>		
		Loan Application Fee to Baxter Credit Union (\$400.00 POC by Borrower)		
		Processing Fee to Baxter Credit Union	\$350.00	
		Underwriting Fee to Baxter Credit Union	\$300.00	
		Credit Report Fee to Factual Data	\$80.00	
		Flood Certification Fee to Data Verify	\$9.00	
		Tax Service Fee to Cenlar	\$70.00	
		Prepaid Interest (\$47.64 per day from 10/28/2025 to 11/01/2025)	\$190.56	
		<b>Impounds</b>		
		Homeowner's insurance \$94.5 per month for 3 mo.	\$283.50	
		Property taxes \$280.72 per month for 2 mo.	\$561.44	
		Aggregate adjustment		\$94.48
		<b>Payoff(s)</b>		
\$16,595.99		Payoff to Central Trust Bank		
		<b>Government Recording and Transfer Charges</b>		
		Recording Fees	\$80.00	
		---Deed: \$25.00		
		---Mortgage: \$55.00		
		Sales Disclosure and Transfer Fee to County Auditor	\$30.00	
		<b>Commission</b>		
\$6,000.00		Listing Agent Commission to BHHS Indiana Realty (Carmel)		



This guide will go through section by section of the ALTA statement and highlight the items you should be checking for accuracy and/or ensure they are on the final statement.

In the top section, you will check the highlighted items for accuracy

File #:	IHT-25-1219	Property	11777 Harvard Lane	Settlement Date	10/28/2025
Print Date & Time:	11/07/2025 at 11:08 AM		Carmel, IN 46032	Disbursement Date	10/28/2025
	EST	Buyer	Buyer 1 and Buyer 2		
Closing Agent:	Bradley M Moss		160 Pope Street		
Settlement Location:	4630 Lisborn Drive		Apt G		
	Carmel, IN, 46033	Seller	Indianapolis, IN 46202		
			Seller N. 2 and Seller A. 2		
			11777 Harvard Lane		
		Lender	Carmel, IN 46032		
			Baxter Credit Union		
			340 North Milwaukee		
			Avenue		
			Vernon Hills, IL 60061		

**Financial:** The numbers begin with sales price, deposit (earnest money), and loan amount.

Seller			Buyer	
Debit	Credit		Debit	Credit
		Financial		
	\$400,000.00	Sale Price of Property	\$400,000.00	
		Deposit		\$4,000.00
		Loan Amount		\$280,000.00
		Lender Credit		\$1,000.00

**Prorations:** In the prorations section, ensure that any items that are to be prorated are included. Taxes are the most common. Other possible prorations include HOA dues and prorated rents.

		Prorations/Adjustments		
\$2,744.10		County Taxes 01/01/2025 to 10/28/2025		\$2,744.10
	\$41.29	HOA 10/28/2025 to 11/01/2025	\$41.29	



**Loan charges and impounds loan:** Charges and impounds are all dictated by the lender—nothing to review. In a cash transaction, these sections are omitted.

		<b>Loan Charges</b>		
		Loan Application Fee to Baxter Credit Union (\$400.00 POC by Borrower)		
		Processing Fee to Baxter Credit Union	\$350.00	
		Underwriting Fee to Baxter Credit Union	\$300.00	
		Credit Report Fee to Factual Data	\$80.00	
		Flood Certification Fee to Data Verify	\$9.00	
		Tax Service Fee to Cenlar	\$70.00	
		Prepaid Interest (\$47.64 per day from 10/28/2025 to 11/01/2025)	\$190.56	
		<b>Impounds</b>		
		Homeowner's insurance \$94.5 per month for 3 mo.	\$283.50	
		Property taxes \$280.72 per month for 2 mo.	\$561.44	
		Aggregate adjustment		\$94.48

**Payoffs and recording fees:** If there are payoffs make sure an amount is showing.

Typically, the payoff letter received will be higher than the amount a seller will see on their mortgage statement/online portal. There are additional processing fees

lenders add for a full payoff.

For the recording fees, we want to ensure we have the correct amount of deeds and/or mortgages included. For example, if a Quit Claim Deed is needed, there should be two deed recording fees (one for the QCD and one for the Warranty Deed).

		<b>Payoff(s)</b>		
\$16,595.99		Payoff to Central Trust Bank		
		<b>Government Recording and Transfer Charges</b>		
		Recording Fees	\$80.00	
		--Deed: \$25.00		
		--Mortgage: \$55.00		
		Sales Disclosure and Transfer Fee to County Auditor	\$30.00	



**Commission:** Check the math for both the listing and selling agent!

		<b>Commission</b>
\$6,000.00		Listing Agent Commission to BHHS Indiana Realty (Carmel)
\$12,000.00		Selling Agent Commission to eXp Realty LLC

**Title charges closing:** The fee should be charged according to the Purchase Agreement (Lines 99-100).

Lender's Policy to be charged per the PA (Lines 282-284)

Owner's Policy to be charged per the PA (Lines 278-280)

		<b>Title Charges &amp; Escrow / Settlement Charges</b>	
\$195.00		Title - Closing Fee to Indiana Home Title	\$195.00
\$150.00		Title - Closing Processing Fee to Indiana Home Title	\$150.00
		Title - CPL (Borrower) to First American Title Insurance Company	\$25.00
		Title - CPL (Lender) to First American Title Insurance Company	\$25.00
\$25.00		Title - CPL (Seller) to First American Title Insurance Company	
\$125.00		Title - Document and Deed Preparation to Ambit Solutions, LLC	
		Title - Lender's ALTA 22-06 Endorsement to First American Title Insurance Company	\$50.00
		Title - Lender's ALTA 5-06 Endorsement to First American Title Insurance Company	\$50.00
		Title - Lender's ALTA 8.1 Endorsement to First American Title Insurance Company	\$50.00
		Title - Lender's ALTA 9-06 Endorsement to First American Title Insurance Company	\$50.00
		Title - Lender's Title Policy to First American Title Insurance Company	\$120.00
		Title - Simplifile E-Recording Submission Fee to Indiana Home Title	\$8.50
		Title - Title Insurance Enforcement Fund Fee (Lender's Policy) to First American Title Insurance Company	\$5.00
\$175.00		Title - Title Processing Fee to Indiana Home Title	\$175.00
\$1,210.00		Title - Owner's Title Policy to First American Title Insurance Company	
\$5.00		Title - Title Insurance Enforcement Fund Fee (Owner's Policy) to First American Title Insurance Company	



**Miscellaneous invoices:** These are paid to outside parties. This includes tax bills, HOA dues, homeowner’s insurance, broker DPS fees, contractor invoices, mobile notary fees, etc. Please ensure any invoices are included in this section.

		Miscellaneous		
		Fall 24 Pay 25 Property taxes to Hamilton County Treasurer (\$1,669.33 POC by Seller)		
\$125.00		HOA Certification Fee -- Reimburse to Indiana Home Title	\$125.00	
		New Owner Set Up Fee - HOA to Sentry Management Inc	\$160.00	
		November & December 2025 HOA Dues to The Townhomes at Guildford HOA Neighborhd Assn Inc.	\$640.00	
		October 2025 HOA Dues to The Townhomes at Guildford HOA Neighborhd Assn Inc. (\$320.00 POC by Seller)		
		Homeowner’s Insurance Premium to State Farm Insurance Companies	\$1,134.00	

**Totals credits:** Less debits = Seller proceeds debits less  
Credits = Buyer’s cash to close (wire amount)

Seller		Buyer	
Debit	Credit	Debit	Credit
\$39,350.09	\$400,041.29		
		Subtotals	
		\$404,958.29	\$287,838.58
			Due from Buyer
			\$117,119.71
\$360,691.20			Due to Seller
\$400,041.29	\$400,041.29		
		Totals	
		\$404,958.29	\$404,958.29

**Signatures:** Make sure names are spelled correctly and match the Purchase Agreement.

**Acknowledgement**

We/I have carefully reviewed the Settlement Statement and find it to be a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction and further certify that I have received a copy of the Settlement Statement.  
We/I authorize Indiana Home Title to cause the funds to be disbursed in accordance with this statement.

Buyer 1	Date	Seller N. 2	Date
Buyer 2	Date	Seller A. 2	Date



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# MORTGAGE FRAUDS DO'S AND DON'TS

## MORTGAGE FRAUD: DO'S & DON'TS FOR REALTORS DURING A TRANSACTION

Mortgage fraud is any misrepresentation or omission made to influence a lender's decision on a loan. Even unintentional actions can expose Realtors to liability or criminal penalties. Understanding what to do — and what not to do — helps protect your clients, your license, and your reputation.

### ■ Do's

- ✓ **Verify all information:** Confirm buyer/seller identities, employment, and occupancy intentions. Cross-check all documents for consistency.
- ✓ **Keep transparent records:** Save emails, contracts, and communications. Keep transaction files organized and accessible.
- ✓ **Disclose everything:** Report all credits, concessions, or side agreements. Always disclose repairs, allowances, and payment arrangements.
- ✓ **Educate clients:** Stress the importance of truthful, accurate loan applications. Encourage clients to ask questions before signing anything.
- ✓ **Report suspicious activity:** Speak to your managing broker or compliance officer immediately. Use official channels to report suspected fraud (FBI, HUD OIG, etc.).

### ■ Don'ts

- ✗ **Don't alter or fabricate documents:** Never modify financial statements or identification materials. "Helping" the deal by changing facts = fraud.
- ✗ **Don't hide concessions:** Avoid unreported payments, side addendums, or off-record cash deals. All incentives must appear on the Closing Disclosure.
- ✗ **Don't coach clients to lie:** Never encourage false income, occupancy, or employment claims. Misleading a lender is a federal offense.
- ✗ **Don't ignore red flags:** Watch for inconsistent pay stubs, unverifiable gift funds, or inflated appraisals. If it seems questionable, it probably is.
- ✗ **Don't participate in straw buyer schemes:** A "straw buyer" is someone purchasing on behalf of another—this is illegal. Always verify the true buyer and intended occupant.

### KEY TAKEAWAY

Transparency and integrity protect everyone in the transaction. When in doubt—disclose, verify, and document.



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# VESTING: WAYS TO TAKE TITLE

## TENANCY IN COMMON

An undivided ownership in real property by two or more people. The interest need not be equal, and, in the event of the death of one (or more) of the owners (co-tenants), no right of survivorship in the other owners exist and the interest of the deceased co-tenants passes to his or her heirs.

## JOINT TENANTS WITH RIGHTS OF SURVIVORSHIP

An undivided interest in real estate property, taken by two or more joint tenants. The interests must be equal, occurring under the same conveyance, and beginning at the same time. Upon the death of a joint tenant, the interest passes to the surviving joint tenant(s), rather than to the heirs of the deceased joint tenant.

## TENANCY BY THE ENTIRE (OR A MARRIED COUPLE)

A form of ownership exclusively reserved for a married couple. As tenants by the entirety, a married couple owns all interest in real estate and this tenancy can only be terminated by the death of one of the tenants, the dissolution of the marriage of the tenants or conveyance of the interest in the property. Neither spouse, acting alone, can convey or encumber to a third person an interest in property held as tenants by the entirety. In the event of the death of one of the spouses, the survivor owns the property. In the event of the dissolution of marriage, the former spouse holds the property as tenants in common (unless the judgement of divorce provided otherwise).

## LIVING TRUST

Property can be transferred into a living trust, which can reduce taxes on the estate in the event of the owner's death. However, there is some cost to setting up and maintaining the trust. An estate attorney can assist in establishing a trust.

## CORPORATION OR PARTNERSHIP

A corporation or partnership can hold title to a property. Each has different rights and arrangements that affect the title period. Seek legal counsel in order to make an informed decision

*\*\*The information contained in this flyer is intended for general informational purposes only and should not be construed as legal advice.*

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# TYPES OF DEEDS

## WARRANTY DEED

A general warranty deed is a promise from the grantor that they own the property absolutely, they are granting that ownership to the grantee, and that there are no encumbrances (easements, restrictions, liens, etc.) other than the ones expressly listed on the title commitment. The grantor of the general warranty deed creates a broad and perpetual liability upon themselves to indemnify the grantee against any title problems that arise. In short, Warranty Deeds are insured against any of the prior owners' liens or judgements.

## LIMITED (SPECIAL) WARRANTY DEED

Limited Warranty Deed warranty only that the grantor has not created any encumbrances during their ownership period other than those that have been disclosed. The grantee receives NO GUARANTEE OR INSURANCE about what liens or judgments from prior owners may be on the property. The grantor is only indemnifying the grantee against any claims that may arise from the period of the grantor's ownership of the property.

## QUIT CLAIM DEED

The grantor simply gives up any claim they have in the grantee's favor. The grantor does NOT WARRANT that they have any ownership of the property, they do not warranty that there are no encumbrances they simply let the grantee have the interest in the property.

## TRUSTEES DEED

Trustee Deeds are used by the trustees of a trust or administrators of estates to transfer title to property without incurring any liability for warranties on themselves

TIP: Depending on how title is held could have an impact on whether a judgement or lien will attach. For example, a judgement against a person who holds title as tenant in common or as joint tenant will attach to the real estate. A judgement against a spouse only and title is held as tenants by the entireties will NOT attach. A federal Tax Lien against one spouse, however, will attach to the property even if title is held as tenants by the entireties.

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# INDIANA PROPERTY TAXES

## TAX RATES

January 1, local assessing officials assess the value of all properties in each county based on market value. The values are added together to find the gross assessed value of property in that county. They then deduct all applicable deductions, exemptions, and abatements to calculate the county's net assessed value. After dividing this value into the estimated tax revenue for the county we are given the preliminary tax rate for that county. The department of Local Government Finance, while involved in reviewing and certifying each step of process, then review these rates. Upon approval, the tax rates are set, multiplied by each property's assessed value (after deductions), and tax bills are prepared to be sent by the County Auditor.

## TAX PAYMENTS

Indiana property taxes are paid in two parts on the same days every year: May 10 and November 10. The way you pay these taxes depends on your financing situation. Typically, if you pay a mortgage, taxes are taken out of the escrow portion of your monthly payments. If your property is paid for, you will receive a tax bill in the mail.

*NOTE: If payments are being made by an escrow account, you will still receive what looks like a bill in the mails with a stamp "IN ESCROW" across the front. Do not pay it.*

## INDIANA PROPERTY TAXES – PAID IN ARREARS

What does "arrears" mean? Taxes are billed and paid the year after they are assessed.

Example (2024):

- Property taxes for Jan. 1 – June 30, 2024 → Due May 2025
- Property taxes for July 1 – Dec. 31, 2024 → Due Nov. 2025

In other words: When you pay taxes in 2025, you're paying what was owed for the year 2024.

At Closing: Because taxes are always a year behind, the seller typically credits the buyer for the portion of property taxes that have accrued but not yet been billed (pro-rated through closing day). The buyer then becomes responsible for paying when the bill comes due.

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# INDIANA GOOD FUNDS LAW

Indiana law requires that all money used in a real estate closing be good funds—which means they must be secure, verified, and immediately available. This protects everyone involved in the transaction.

## ACCEPTABLE FORMS OF GOOD FUNDS:

- Wire transfer: safest and most common
  - Cashier's check: from a bank, verified
  - Certified check: guaranteed by a bank
  - ACH/Other electronic transfer: only if cleared in advance
- ✗ Personal checks, money orders, or cash are not acceptable at closing under the law.

## WHY THIS MATTERS:

- Ensures money is available immediately at closing.
- Prevents delays caused by bounced checks or holds.
- Protects buyers, sellers, realtors, and title companies from financial loss.

# PROTECTING YOURSELF FROM WIRE FRAUD

Wire fraud is one of the fastest-growing threats in real estate. Criminals target buyers, sellers, and agents by sending fake wiring instructions that look real.

## TIPS TO STAY SAFE:

1. Always confirm by phone.
  - Call your title company directly using a known, trusted phone number (not one from an email).
  - Verify wiring instructions before sending money.
2. Never rely solely on email.
  - Email accounts can be hacked.
  - Don't click unknown links or open unexpected attachments.
3. Be suspicious of last-minute changes.
  - Title companies rarely change wiring instructions.
  - If you receive updated instructions, treat it as a red flag.
4. Act quickly if something feels off.
  - Contact your bank and title company immediately.
  - Time is critical in recovering funds.

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# BROKER GUIDE: FINCEN RESIDENTIAL REAL ESTATE REPORTS (RRER)

## **BASIC INFO REGARDING FINCEN RESIDENTIAL REAL ESTATE REPORTS (RRER) FOR BROKERS**

### **RRER: WHAT IS IT?**

Beginning March 1, 2026, for applicable residential real estate transfers, a RRER is required to be filed with the Financial Crimes Enforcement Network (FinCEN), a bureau that is a part of the United States Department of Treasury. The collection and reporting of required information aims to combat money laundering and the financing of illegal activity.

### **RRER: WHEN TRIGGERED AND REQUIRED?**

- Residential property – includes unimproved residential land and mixed-use properties;
- Transferee is an entity (LLC, corporation, partnership) or a trust; and
- Cash and transfers without mortgagees that don't have formal anti-money laundering program (private, hard money, and seller financed transfer likely trigger reporting requirement).

Transfers without consideration, i.e. gifts, to LLCs may trigger reporting obligations unless an applicable exemption applies.

### **RRER: WHAT INFORMATION REQUIRED?**

Generally, transferee entities must provide to closing agent responsible for collecting information for the RRER:

- Legal name of entity, address, jurisdiction, taxpayer identification or employer identification number;
- Name(s) and required information of individuals with 25% or more ownership;
- Name(s) and required information of individuals with major decision authority or substantial control;
- If another company owns any part of transferee entity(s), identity(s) and any required information of individual(s) who own the company(s) that own part of the transferee entity(s).

Generally, transferee trusts must provide to closing agent responsible for collecting information for the RRER:

- Name of transferee trust, date executed, and whether trust is revocable;
- All named trustees;
- Any named settlors or grantors authorized to revoke or withdraw assets from transferee trust;
- Beneficiaries authorized to demand withdraw money or substantially all assets of the trust;
- If the trustee of the transferee trust is a company, identity(s) and any required information of individual(s) authorized by company acting as trustee of the transferee trust.

Information collected from individual(s) obligated to provide information for transferee entities or trusts RRER:

- Legal name, home address, and birth date;
- Taxpayer ID (SSN or ITIN);
- Image of government issued identification;
- Source account information, name of bank, account number, for transferee funds and method of transmission or payment of for funds used to fund any required payment to transferor;
- Information required from transferor, including but not limited to, identification info and taxpayer ID.

## **RRER: HOW AND WHEN TO PROVIDE REQUIRED INFORMATION FOR RRER?**

A secure link to provide information required for the completion of the RRER will be provided via email in advance of closing. The complete and accurate information required for the RRER must be provided prior to closing to comply with the FinCent RRER rule. Failure to educate your client or encourage timely, accurate completion of the request for required information may affect whether a transaction closes or closes timely as agreed upon in any applicable purchase agreement.

### **Indiana Home Title | Advantage Title**

*Compliant. Efficient. Closing with Confidence.*

# eClosing and eSigning

## Real Estate Transactions



Many types of documents need to be signed in a real estate transaction. A number of factors are driving the real estate industry to transition from traditional paper and wet-ink signings to electronic signatures on digital paperless documents. This is known as a digital closing or more commonly called an eClosing.

### TYPES OF eCLOSINGS

There are three basic versions of eClosings. Each type is distinguished by which closing documents are electronically signed and the type of notarization used.

#### HYBRID eCLOSING

In a typical hybrid eClosing, the lender's promissory note and any documents that require notarization (deed, mortgage, etc.) are signed with traditional wet ink on paper in the physical presence of a notary public. The rest of the closing documents, which do not need to be notarized, are digital and eSigned.

#### IN-PERSON eCLOSING

(AKA "FULL" ECLOSING)

All documents are digital and eSigned. The lender's promissory note and any documents that require notarization (deed, mortgage, etc.) are eSigned, and the eSignature is executed in the physical presence of a notary public. The documents requiring notarization are eNotarized using a digital notary seal and the notary's eSignature. The rest of the closing documents, which do not need to be notarized, are digital and can be eSigned without a notary being physically present.

#### REMOTE ONLINE NOTARY (RON)

(AKA REMOTE ENOTARIZATION OR WEBCAM NOTARY) ECLOSING

All closing documents are digital and eSigned, and the lender's promissory note and any documents that require notarization (deed, mortgage, etc.) are eSigned as part of an online video session between the notary public and the buyer/seller/borrower. In the online video session, the notary interacts with the consumer in real time while the consumer eSigns documents. The notary then eNotarizes the relevant documents using a digital notary seal and the notary's eSignature. The rest of the closing documents, which do not need to be notarized, are digital and can be eSigned without a notary being physically present.

### TYPES OF eSIGNATURES

  
x *Joan Smith*  
WET INK (SCANNED)

  
x Joan Smith  
PLAIN TEXT

  
x *Joan Smith*  
SCRIPT FONT

  
x *Joan Smith*  
DIGITAL CAPTURE

### A NEW LAYER OF SECURITY

eSignature platforms apply a "tamper-evident seal" to electronic documents. Any attempt to alter the documents will break the seal and expose that the documents have been changed.

### BENEFITS OF AN eCLOSING

eClosings can enhance the closing experience for all the parties involved while improving efficiency.

Consumers can benefit from increased convenience and more time to review documents before signing. eSigning also helps accelerate the final closing with shorter signing appointments.

Settlement agents can benefit from shorter signing appointments and increased efficiency with some documents being signed in advance of the signing appointment. eSigning can also improve quality control by ensuring that there are no missed signatures.

Lenders can benefit from reduced risk and operational errors as a result of missing signatures. eSigning also allows lenders to offer a more convenient closing experience for their borrowers.

Visit the First American eClosing and eSigning Knowledge Center for more information: [www.firstam.com/eclosing](http://www.firstam.com/eclosing)



# 5 things not to do during the closing process.

1

## **Change marital status.**

How you hold title is affected by your marital status. Be sure to make both your lender and the title company aware of any changes in your marital status so that documents can be prepared correctly.

2

## **Change jobs.**

A job change may result in your loan being denied, particularly if you are taking a lower-paying position or moving into a different field. Don't think you're safe because you've received approval earlier in the process, as the lender may call your employer to re-verify your employment just prior to funding the loan.

3

## **Switch banks or move funds to another institution.**

After the lender has verified your funds at one or more institutions, the money should remain there until needed for the purchase.

4

## **Paying off existing accounts unless your lender requests it.**

If your Loan Officer advises you to pay off certain bills in order to qualify for the loan, follow that advice. Otherwise, leave your accounts as they are until your escrow closes.

5

## **Make any large purchases.**

A major purchase that requires a withdrawal from your verified funds or increases your debt can result in your not qualifying for the loan. A lender may check your credit or re-verify funds at the last minute, so avoid purchases that could impact your loan approval.



# TOP TEN QUESTIONS ABOUT FIRPTA

By: Jennifer Bloodworth, Senior Underwriting Counsel, First American Title and Wade Wallace, Underwriting Counsel, First American Title

## 1. WHAT IS FIRPTA?

United States tax law requires that all persons, whether foreign or domestic, pay income tax on the disposition of U.S. real property interests. Domestic persons or entities typically are subject to this tax as part of their regular income tax; however, the U.S. needed a way to collect taxes from foreign persons on the sale of U.S. real property interests. The Foreign Investor in Real Property Act ("FIRPTA") was enacted to provide such a mechanism and requires that a buyer withhold and remit to the IRS a certain percentage of the sales price in anticipation of the taxes that will be due from the foreign seller on such transaction.<sup>1</sup> FIRPTA applies in nearly all transactions, residential and commercial, in which a foreign owner of a U.S. real property interest sells such interest. The amount withheld is not the tax itself, but is payment on account of the taxes that ultimately will be due from the seller.

## 2. WHAT ARE THE WITHHOLDING REQUIREMENTS?

Unless an exemption or reduced rate applies, FIRPTA requires that the buyer withhold fifteen percent (15%) of the sales price in all transactions in which the seller of a U.S. real property interest is a "Foreign Person."

## 3. WHO IS A "FOREIGN PERSON"?

FIRPTA defines a "Foreign Person" by defining who is not a Foreign Person, so it is important to understand the following definitions:

- a. A "Foreign Person" is defined as any person other than a "United States Person."
- b. A "United States Person" is any of the following: (i) a U.S. Citizen; (ii) a resident alien who has a Green Card; (iii) a resident alien who meets the Substantial Presence Test; (iv) a domestic (U.S.) corporation, partnership or other legal entity (except a "Disregarded Entity" as defined by IRS Regulations), trustee or other fiduciary; (v) a Disregarded Entity, the owner of which qualifies as a "United States Person" under (i), (ii), (iii), or (iv), above; or (vi) a foreign entity which has elected to be treated as a domestic corporation (as evidenced by acknowledgment copy of election furnished by IRS).
- c. The Substantial Presence Test: Under FIRPTA, a Foreign Person is considered a U.S. Person for the calendar year of sale if they are present in the United States for at least:
  - 31 days during year of sale AND
  - iv. 183 days during the 3 year period that includes year of sale and the 2 years preceding year of sale, but only counting:
    - a. All days during year of sale;

- b. 1/3<sup>rd</sup> of the days during the first preceding year; and
- c. 1/6<sup>th</sup> of days during the second preceding year.

When counting days, you may not include the days that a Foreign Person is present in the U.S. as a representative of a foreign government (e.g. foreign diplomat), as a teacher or student under a "J", "Q", "F" or "M" Visa, or as a professional athlete in a charitable sports event.

- d. A "Disregarded Entity" is any single-owner domestic business entity (such as a single-member limited liability company) other than a corporation, unless it has elected to be treated as a domestic association for tax purposes.

## 4. WHAT IF THE SELLER IS A DOMESTIC LLC?

**Single-Member LLC:** A single-member domestic limited liability company, while a recognized legal entity, is considered a "Disregarded Entity" for tax purposes. Accordingly, if the seller is a single-member limited liability company, then you have to look to the identity of the sole member of the limited liability company. If the sole member is a "Foreign Person," then the FIRPTA withholding rules apply in the same manner as if the foreign sole member was the seller.

**Multi-Member LLC:** A domestic limited liability company with more than one owner is not considered a "Disregarded Entity" and is taxed differently than single-member limited liability companies. Accordingly, the FIRPTA rules regarding withholding do not apply to multi-member domestic limited liability companies.

## 5. WHAT ARE SOME EXCEPTIONS TO THE WITHHOLDING REQUIREMENTS?

While there are several exceptions to FIRPTA withholding requirements that eliminate or reduce the required withholding, the most common exceptions are discussed below.

- a. **Seller not a "Foreign Person."** One of the most common and clear exceptions under FIRPTA is when the seller is not a Foreign Person. In this case, the seller must provide the buyer with an affidavit that certifies the seller is not a Foreign Person and provides the seller's name, U.S. social security number or taxpayer identification number ("TIN"), and address.
- b. **Personal Residence Exemption.** Under the Personal Residence Exemption, no withholding is due when (1) the buyer is acquiring property that will be used as the buyer's residence, (2) the sales price is \$300,000 or less, and (3) the buyer elects to waive

- a. withholding. See additional requirements set forth, below, under "Reduced Rate of Withholding."
- b. **Reduced Rate of Withholding:** This new exception, which goes into February 16, 2016, is similar to the Personal Residence Exemption, but provides for a reduced rate instead of a full exemption.<sup>8</sup> Under this exception, a reduced withholding equal to ten percent (10%) of the sales price is due when (1) the buyer is acquiring property that will be used as the buyer's residence, (2) the sales price is more than \$300,000 but not more than \$1,000,000, and (3) the buyer elects to waive withholding.

In order to qualify for, either, the Personal Residence Exemption or the Reduced Rate of Withholding, the buyer or a member of the buyer's family must have definite plans to reside at the property for at least 50% of the number of days the property is occupied by any person during each of the two 12-month periods following the date of closing. If the buyer fails to meet the occupancy requirements, the buyer may become liable to the IRS for the difference between the amount that was actually withheld, if any, and the amount that should have been withheld, plus interest and penalties. Under this exception, *the buyer is not required to make this election, even if the facts may support the exemption or reduced rate* and the settlement agent should advise the buyer that, neither, the exemption nor the reduced rate automatically applies. Instead, if the buyer opts to invoke the exemption or the reduced rate, the buyer must make an affirmative election to do so. This election should be in the form of an affidavit from the buyer setting forth the buyer's decision and, if applicable, the facts that entitle the buyer to the exemption or reduced rate.

- c. **Seller Obtains Withholding Certificate.** In some cases, the seller has applied for and received a withholding certificate from the IRS that reduces or eliminates the withholding requirement. A buyer relying on this exception must obtain a copy of the Withholding Certificate and retain a copy in buyer's records for five (5) years.
- d. **Foreign Corporation or Single-Member LLC has "checked the box."** There is an exception for foreign corporations or single-member limited liability companies that are subject to FIRPTA withholding that have "checked the box" on the applicable IRS form to be taxed as a domestic corporation. Domestic corporations are not subject to the withholding rules under FIRPTA, so withholding will not be required in cases where entities otherwise subject to withholding have elected to be taxed as a domestic corporation. Importantly, to take advantage of this exemption from withholding, the entity must file Form 8832 with the IRS, obtain IRS approval, and provide evidence of this status to the buyer. The buyer will need to retain a copy of this approval in buyer's records for five (5) years.

## 6. ARE TINs REQUIRED FOR ALL PARTIES?

IRS regulations require all buyers and foreign sellers of U.S. real property interests to provide their TINs, names, and addresses on withholding tax returns, applications for withholding certificates, notice of non-recognition, and other related IRS documents when disposing of a U.S. real property interest. While it is best practice to have the TINs for all parties at the time of closing, it is possible to close without the TINs under the following guidelines:

1. If the buyer does not have a TIN, the buyer must remit the proper withholding forms within 20 days after closing; however, the buyer will also need to remit, to a separate address in a separate package, a properly completed application (Form W-7) for a TIN simultaneously with remitting the withholding forms. Please refer to the instructions for each form for further instructions and mailing addresses.
2. If the seller does not have a TIN, the buyer must remit the proper withholding forms within 20 days after closing, but the seller's TIN information will be left blank. While the TIN is not necessary for closing, it should be noted that the seller will have to obtain a TIN in order for the IRS to process the funds and, in fact, upon receipt of the withholding documentation, the IRS will follow up with the seller instructing the seller to apply for a TIN. For this reason, many settlement agents provide the friendly advice that the seller submit its separate application for a TIN by the time of closing.

Additional information can be found in the IRS publication entitled "ITIN Guidance for Foreign Property Buyers/Sellers," available at [www.irs.gov](http://www.irs.gov).

## 7. WHAT IF THIS IS A SHORT SALE OR THERE ARE OTHERWISE INSUFFICIENT PROCEEDS FOR WITHHOLDING?

There are times, such as short sales, when the proceeds from the sale are insufficient for withholding under FIRPTA. However, FIRPTA withholding requirements are based on the sales price, not the seller's proceeds, so *there is no automatic exemption for transactions in which the seller is receiving zero or insufficient proceeds*. In these cases, the seller will need to apply for an exemption or reduced withholding from the IRS. As with applying for a TIN, this process can take some time, so it is imperative that the settlement agent raise these issues with the foreign seller as early as possible in the process.

## 8. WHAT IF LESS THAN ALL SELLERS ARE "FOREIGN PERSONS"?

The analysis of whether the buyer must withhold funds under FIRPTA must be undertaken with respect to each seller separately, even if the seller is a married couple. Generally, withholding is required for each Foreign Person based on such person's percentage of ownership. For example, if there are four joint owners, each owning a 25% interest, and one of the sellers is a Foreign Person, then the buyer is required to withhold only 25% of the required withholding. If the seller owns the real property interest as a married couple, the IRS deems each spouse to own 50%. In this case, if only one spouse is a Foreign Person, then withholding only as to such spouse's one-half interest is required.

## 9. WHO IS RESPONSIBLE FOR COMPLYING WITH FIRPTA?

While the seller is the party subjected to the tax, it is up to the **buyer** to withhold the appropriate percentage of the sales price when purchasing U.S. real property from a "Foreign Person." In the event the buyer does not properly withhold, the buyer may be liable to the IRS in an amount equal to the amount of taxes that should have been withheld, plus interest and penalties.

While the buyer has the ultimate liability to the IRS, the collection and disbursement of funds to the IRS as part of the closing process creates a responsibility and potential liability for the settlement agent if the matter is not properly handled and documented. Accordingly, it is important that your file reflect specific written direction from the buyer if anything other than fifteen (15%) is being withheld. For example, if a buyer elects to waive the withholding or withhold a reduced rate, settlement agents should obtain an affidavit from the buyer setting forth the buyer's decision and, if applicable, the facts that entitle the buyer to the exemption or reduced rate along with an acknowledgement that the buyer has been given the opportunity to obtain independent tax or legal advice.

## 10. HOW IS THE WITHHOLDING SUBMITTED AND REPORTED?

Generally, the funds withheld must be forwarded, together with IRS Forms 8288 and 8288-A, to the IRS within 20 days after the closing date. However, if an application for a withholding certificate is submitted to the IRS before the date of a sale and the application is still pending with the IRS on the closing date, the correct withholding tax must be withheld, but does not have to be reported and paid immediately. The amount withheld (or lesser amount as determined by the IRS) must be reported and paid within 20 days following the day on which a copy of the withholding certificate or notice of denial is mailed by the IRS.

## MORE QUESTIONS?

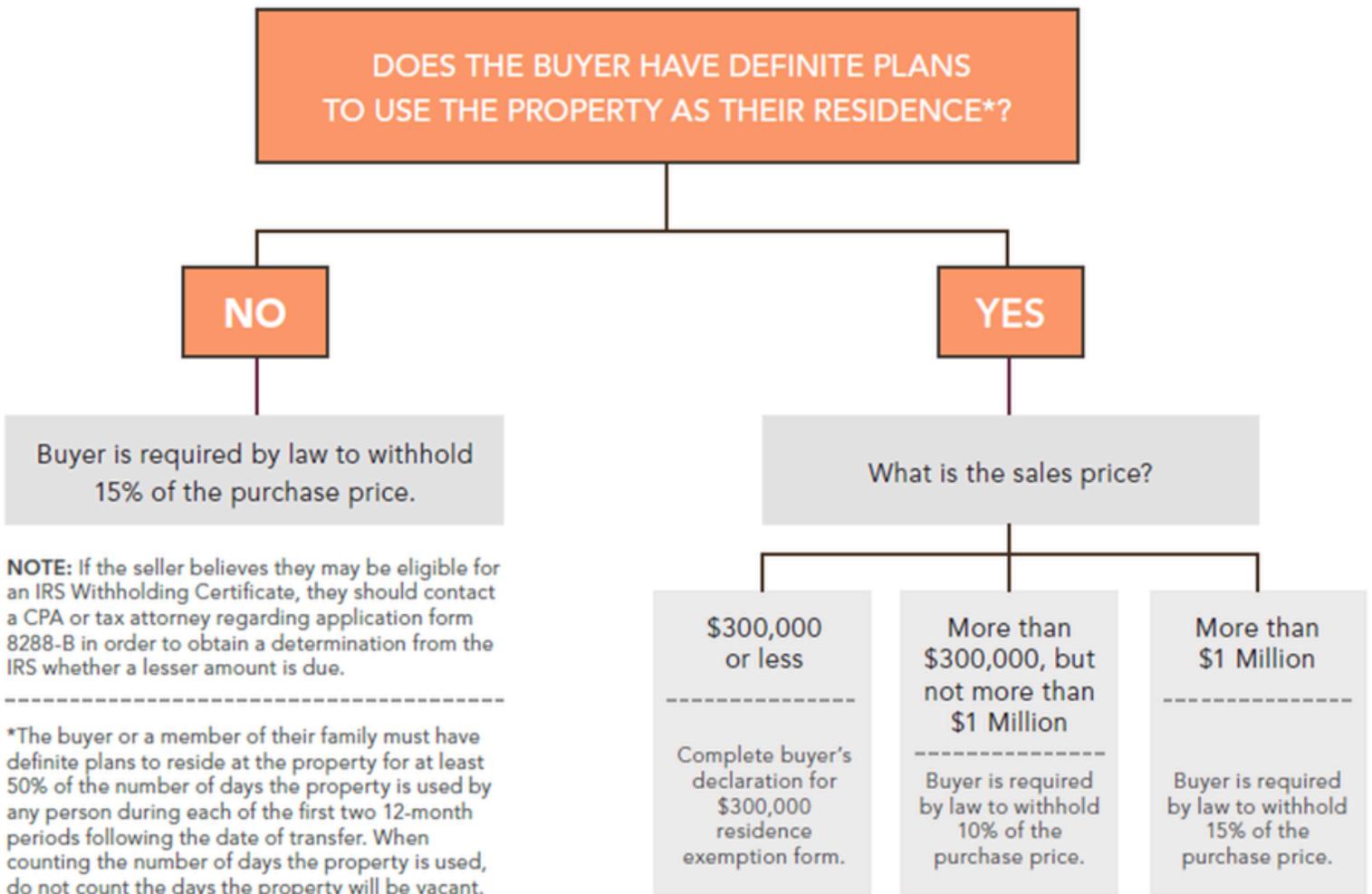
If you have any further questions about FIRPTA withholding, please feel free to contact a First American underwriter; however, please understand that First American cannot provide legal advice to any party regarding FIRPTA. This article is intended as informational only and should any party need legal advice, the settlement agent should advise such party to engage legal counsel.

<sup>1</sup> FIRPTA uses the phrase "amount realized," which typically is the sales price; however, if you or any of the parties involved have any questions, the buyer should consult with legal counsel or buyer's choosing to ensure that the proper figure is being used when calculating the withholding amount.

<sup>2</sup> This amount recently was increased from 10%. According to the strict reading of the effective date for recent amendments to FIRPTA, the fifteen percent (15%) withholding applies to transactions in which the closing, or disposition of real property, occurs on or after February 17, 2016; however, it has come to our attention that the IRS may be interpreting the language to mean that February 16, 2016, is the effective date. While this is ultimately up to the buyer to decide, we recommend using the date that the IRS will be using.

# FIRPTA Foreign Investment In Real Property Tax Act

What are the withholding requirements when a seller is not a U.S. Citizen or U.S. Resident?



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# BUYER AND SELLER ESSENTIALS

## GENERAL REAL ESTATE TERMS

- MLS (Multiple Listing Service): Database where properties are listed.
- Listing agreement: Contract between seller and realtor.
- Offer: Buyer's written proposal to purchase a property.
- Counter-offer: Seller's response with changes.
- Closing costs: Expenses at settlement (title, lender, recording, etc.).
- Escrow: Neutral account holding earnest money and funds until closing.

## FINANCING TERMS

- Pre-approval: Lender confirmation of how much a buyer can borrow.
- Appraisal: Independent estimate of home value for lender.
- PMI (Private Mortgage Insurance): Insurance when down payment < 20%.
- Amortization: Loan repayment schedule (principal vs. interest).
- Interest Rate vs. APR: Loan cost (rate only) vs. full cost (rate and fees).

## INDIANA-SPECIFIC TITLE AND LEGAL TERMS

- Title search: Public record review to confirm ownership and liens.
- Title commitment: Preliminary report of requirements before issuing insurance.
- Owner's title insurance: Protects buyer's ownership rights.
- Lender's title insurance: Protects lender's interest in the property.
- Recording: Filing deed/mortgage with county recorder.
- Property tax caps: Indiana law limiting annual tax (1% owner-occupied, 2% rental, 3% commercial).
- RREAL Reporting: Required state property transfer reporting.
- HOA (Homeowners Association): Governing body for community rules/dues.
- Simultaneous issue credit: Discount for buying both owner's and lender's title policies at once.





# BUYERS, SELLERS AND CLOSING DAY

## BUYER-SPECIFIC TERMS

- Earnest money: Deposit showing good faith, held in escrow.
- Inspection contingency: Buyer may negotiate/exit if inspection reveals issues.
- Appraisal gap coverage: Buyer covers difference if appraisal < purchase price.
- Closing Disclosure (CD): Final breakdown of loan terms, costs, and cash to close.

## SELLER-SPECIFIC TERMS

- Seller's disclosure: Legal form listing known property defects.
- Concessions: Costs seller agrees to pay for buyer's expenses.
- Net proceeds: Profit seller receives after debts and costs.
- Days on market (DOM): Number of days listing is active.

## CLOSING DAY TERMS

- Settlement statement (ALTA/CD): Itemized closing costs for both parties.
- Funding: Lender releases funds to complete the transaction.
- Disbursement: Distribution of funds to seller, realtors, lenders, etc.
- Deed: Legal document transferring ownership.



## OUR PROMISE

At Indiana Home Title and Advantage Title, your security is our top priority. We follow strict procedures to comply with Indiana's Good Funds Law and safeguard your money.

If you ever have questions, please call us directly—we're here to help.

Indiana Home Title: 317-815-4462

Advantage Title: 765-420-7730

