

MERRIMACK VALLEY HOUSING PARTNERSHIP

First Time Homebuyer's Seminar



PRESENTED BY

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OUTLINE

1. Introductions
2. New Requirements from the Federal Gov.
3. The Offer to Purchase
4. Contingencies and Home Inspection Items
5. The Purchase and Sale Agreement
6. Leading up to the Closing
 1. Due Diligence
 2. Title Insurance
 3. Closing Disclosure
7. Declaration of Homestead
8. Types of Tenancy
9. Estate Planning

TIMING REQUIREMENTS UNDER THE NEW FEDERAL REGULATIONS

LOAN ESTIMATE:

- Three pages: Combines early TIL and GFE
 - Provides summary of key loan terms and estimates of loan and closing costs
 - Designed to promote “Comparison Shopping”
- Who Provides? Lender (Lender/Credit Union) or Mortgage Broker
- When? Provided within THREE (3) business days of application and at least SEVEN (7) business days prior to closing

**Business Day for LE Purposes – any day company offices are open to the public conducting substantially all company business

DEFINITION OF APPLICATION

Previously, regulatory definition of application contained seven (7) elements:

1. Buyer's name
2. Buyer's income
3. Buyer's social security number to obtain credit report
4. Property address
5. Estimate of the value of the property
6. Mortgage loan amount sought
- ➔ 7. ~~"Catch all" provision: "any other information deemed necessary for the originator"~~

INTENT TO PROCEED

Note that an LE expires after ten (10) business days unless the Buyer has indicated their intent to proceed.

Intent to Proceed = Buyer communicating either orally or in writing that the Buyer chooses to proceed after the LE is delivered. Lender to document.

CLOSING DISCLOSURE (CD)

- Five Page Document that combines the Final TIL and HUD -1
- Some Lenders may decide to prepare the CD internally
 - Closing attorneys will supply fees, charges, adjustments for borrowers side of the transaction
 - Real estate professionals will need to supply closing attorneys and/or Lenders with their fees and invoices, adjustments (final water/sewer) at least 7-10 days in advance of closing
- After CD is delivered to Buyer and up until closing:
 - Closing attorneys may supply additional information to the Lender regarding changes to the CD and seek authorization for a revised CD

DELIVERY OF CLOSING DISCLOSURE (“CD”)

Timing:

- Buyer must receive the CD THREE (3) business** days in advance of closing with limited options thereafter to make changes with Lender approval
- Exceptions (bona fide financial emergency)
- Certain changes to CD may require Re-Disclosure of CD and will require additional 3 day review period

**All days except Sunday and 10 Federal Holidays.
Different Definition than LE

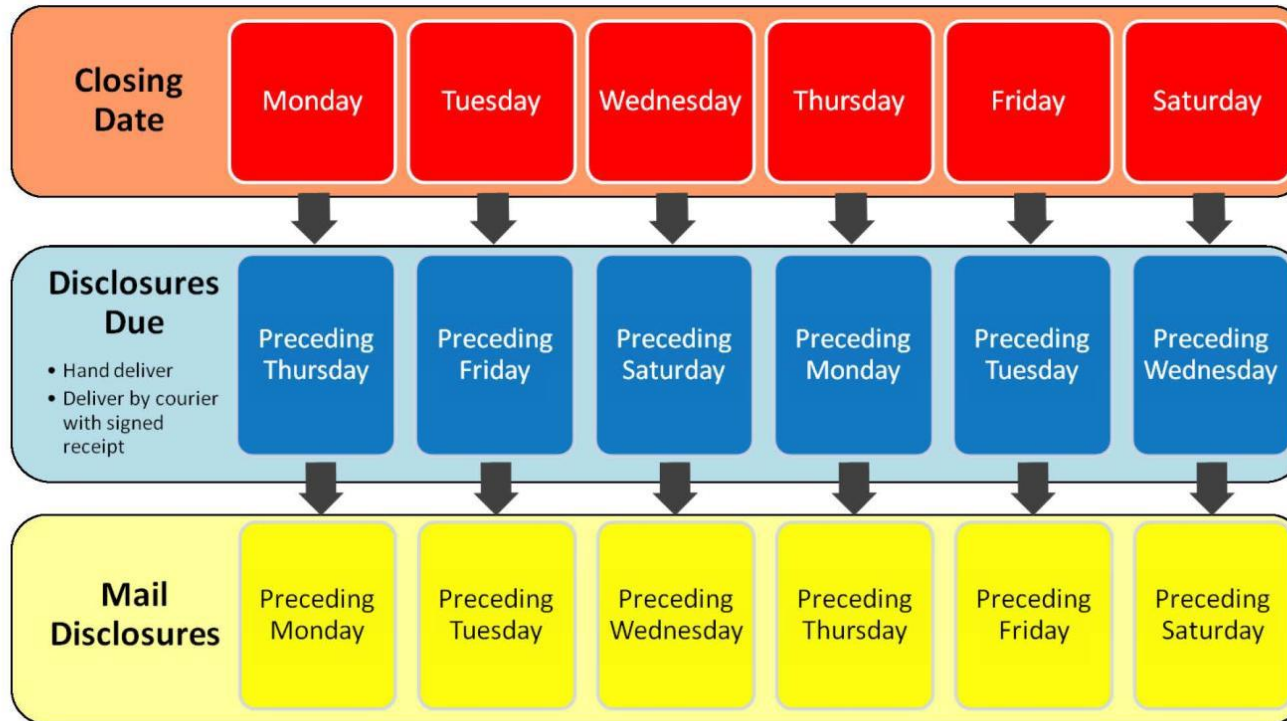
DELIVERY EXAMPLES

www.alta.org/cfpb/

Three-Day Closing Disclosure Rule



American Land
Title Association
Protecting the American Dream Since 1907



Or email with receipt

Or email w/o receipt

Note: If a federal holiday falls in the three-day period, add a day for disclosure delivery.

The three-day period is measured by days, not hours. Thus, disclosures must be delivered three days before closing, and not 72 hours prior to closing.

Disclosures may also be delivered electronically on the disclosures due date in compliance with E-Sign requirements.

RE-DISCLOSURE REQUIREMENTS

Lenders are required to provide an additional three-day review period if:

1. Inaccurate APR (1/8% or 1/4 % depending on loan product- loan amount or interest rate change)
2. Change in loan product
3. Prepayment penalty added

** Although the re-disclosure unlikely, we still all need to be aware of this possibility.

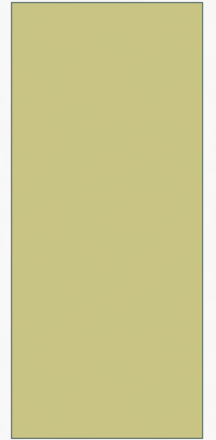
THE OFFER TO PURCHASE

- This is a binding contract
- All of the material terms of this transaction need to be included in this document. It will be much harder to try to include new terms in the Purchase and Sale Agreement
- This is a good time to get your attorney involved to make sure everything you want is included in the offer
- Include all required contingencies

CONTINGENCIES

1. Financing
2. Appraisal
3. Home inspection, including
 - Radon?
 - Water?
 - Pest?
4. Foreclosures / short sales

THE PURCHASE AND
SALE AGREEMENT



THE STANDARD AGREEMENT

- This agreement will reflect and expand on what has been agreed to in the Offer
- Establishes important dates and deadlines
- Defines what is expected by both Buyer and Seller by the time of closing
- Addresses what happens if either side fails to perform
- Your attorney's most important role is to review your P&S.
- We prepare an addendum with added protections since drafted slanted towards Seller, as well as make changes to the agreement itself

HIGHLIGHTS OF THE P&S

- Art 4 – Deed must convey good and marketable title
- Art 8 – time for performance
- Art 9 – premises shall be free of tenants
 - And in broom clean condition, free of personal belongings
- Art 10 – if title defect, Seller has the right to extend for 30 days
 - Make sure doesn't go past your rate lock
- Article 21 – buyer's default damages.
 - We limit this to the deposit and specify it shall be Seller's sole remedy. Limits your liability if you default. Seller won't be able to sue you for specific damages
- Art 26 – Mortgage Contingency

ADDENDUM HIGHLIGHTS

- Access of Buyer/Lender to property
- Disclosure by Seller of any betterments, and specify that Seller shall pay for any that arise between Agreement and closing date
- Disclosure by Seller of any zoning violations, litigation relating to the premises, and warranty of systems
- Seller represents that the property is not in a flood zone
- Seller represents that this is not a short sale
- Grant limited POA for extensions
- Seller shall bear the risk of loss if property damaged or destroyed before closing

HOW WE ADVISE OUR BUYERS

- You make a deposit and promise to perform certain tasks. If you are not clear on what those are, you may lose your deposit.
 - Keep track of you important dates!
- Everything needs to be in writing, including extensions
- You don't have to close at the end of the month
- Give yourself enough time for your financing
- Have home inspections done before the P&S, that way if there are repairs or price adjustments necessary, can be included in P&S
- Add TRID language into offers and/or P&S to allow for possible extension of closing date if lender needs it to comply with new regulations.

LEADING UP TO THE CLOSING:

1. Title Exam – to ensure Seller has marketable title to pass at the closing, free of all liens
2. Municipal Lien Certificate (MLC) – a document from the city or town to determine whether there are any outstanding taxes or betterments owed on the property that need to be paid prior to closing
3. Appraisal – to make sure you are not borrowing more than the property is worth
4. Plot Plan – ensures all structures on the property are within its boundary lines (aka – no deck or pool that crosses into neighbor's yard)
5. Condo Issues

CLOSING ATTORNEY

- Your lender will need an attorney for closing that they will require you to pay for. We believe it is best that you push to have an attorney of your choice, not theirs, someone you are comfortable with, which will also save you money in the long run.

TITLE INSURANCE

- Title is the legal right that a person has to ownership and possession of the land.
- There can be any number of problems that can remain hidden even after the most careful search of the public records
 - Undisclosed heirs
 - Estate probated improperly
 - Fraudulent transfers, or transfers without proper authority
 - Misfilings at the Registry of Deeds
- Dangerous because may not be discovered for months or even years.

TITLE INSURANCE (CONTINUED)

- Title Insurance is a means of protection from financial loss in the event that problems develop with your rights to ownership
- Insurer covers the costs of defending any title issue and pays any loss for the claim
- Your Lender will require Lender coverage, which only protects bank. We strongly recommend Owners Title Insurance to protect your interest in the property.
- Obtaining both at the closing will provide you with a discounted rate, as well as cost savings if you refinance in the future.

AT CLOSING...

- Pay off all liens of record to ensure clear title (Ex: Seller's current mortgage)
- Any funds you need to bring to closing must be bank certified funds
- Bring your driver's license and a check book in case anything comes up at the last moment
- HUD Settlement Statement will detail all expenses and credits at closing.




THE CLOSING DISCLOSURE

REQUIREMENTS AND FORMS


Closing Disclosure

This form is a statement of final loan terms and closing costs. Compare this document with your Loan Estimate.

Closing Information		Transaction Information		Loan Information	
Date Issued	4/15/2013	Borrower	Michael Jones and Mary Stone	Loan Term	30 years
Closing Date	4/15/2013		123 Anywhere Street	Purpose	Purchase
Disbursement Date	4/15/2013		Anytown, ST 12345	Product	Fixed Rate
Settlement Agent	Epsilon Title Co.	Seller	Steve Cole and Amy Doe	Loan Type	<input checked="" type="checkbox"/> Conventional <input type="checkbox"/> FHA
File #	12-3456		321 Somewhere Drive		<input type="checkbox"/> VA <input type="checkbox"/>
Property	456 Somewhere Ave	Lender	Anytown, ST 12345	Loan ID #	123456789
	Anytown, ST 12345		Ficus Bank	MIC #	000654321
Sale Price	\$180,000				

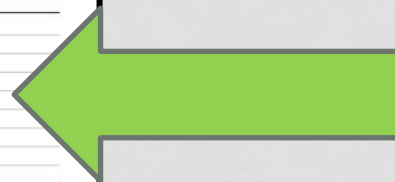
Loan Terms	Can this amount increase after closing?	
Loan Amount 	\$162,000	NO
Interest Rate	3.875% 	NO
Monthly Principal & Interest <i>See Projected Payments below for your Estimated Total Monthly Payment</i>	\$761.78 	NO
Does the loan have these features?		
Prepayment Penalty	YES • As high as \$3,240 if you pay off the loan during the first 2 years	
Balloon Payment	NO	

Projected Payments		
Payment Calculation	Years 1-7	Years 8-30
Principal & Interest	\$761.78	\$761.78
Mortgage Insurance	+ 82.35	+ —
Estimated Escrow <i>Amount can increase over time</i>	+ 206.13	+ 206.13
Estimated Total Monthly Payment	\$1,050.26	\$967.91
Estimated Taxes, Insurance & Assessments <i>Amount can increase over time See page 4 for details</i>	\$356.13 a month	This estimate includes <input checked="" type="checkbox"/> Property Taxes <input checked="" type="checkbox"/> Homeowner's Insurance <input checked="" type="checkbox"/> Other: Homeowner's Association Dues <i>See Escrow Account on page 4 for details. You must pay for other property costs separately.</i>
		In escrow? YES YES NO

Costs at Closing	
Closing Costs	\$9,712.10 Includes \$4,694.05 in Loan Costs + \$5,018.05 in Other Costs – \$0 in Lender Credits. <i>See page 2 for details.</i>
Cash to Close 	\$14,147.26 Includes Closing Costs. <i>See Calculating Cash to Close on page 3 for details.</i>

Closing Cost Details

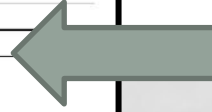
Loan Costs	Borrower-Paid		Seller-Paid		Paid by Others
	At Closing	Before Closing	At Closing	Before Closing	
A. Origination Charges	\$1,802.00				
01 0.25 % of Loan Amount (Points)	\$405.00				
02 Application Fee	\$300.00				
03 Underwriting Fee	\$1,097.00				
04					
05					
06					
07					
08					
B. Services Borrower Did Not Shop For	\$236.55				
01 Appraisal Fee to John Smith Appraisers Inc.					\$405.00
02 Credit Report Fee to Information Inc.		\$29.80			
03 Flood Determination Fee to Info Co.	\$20.00				
04 Flood Monitoring Fee to Info Co.	\$31.75				
05 Tax Monitoring Fee to Info Co.	\$75.00				
06 Tax Status Research Fee to Info Co.	\$80.00				
07					
08					
09					
10					
C. Services Borrower Did Shop For	\$2,655.50				
01 Pest Inspection Fee to Pests Co.	\$120.50				
02 Survey Fee to Surveys Co.	\$85.00				
03 Title – Insurance Binder to Epsilon Title Co.	\$650.00				
04 Title – Lender’s Title Insurance to Epsilon Title Co.	\$500.00				
05 Title – Settlement Agent Fee to Epsilon Title Co.	\$500.00				
06 Title – Title Search to Epsilon Title Co.	\$800.00				
07					
08					
D. TOTAL LOAN COSTS (Borrower-Paid)	\$4,694.05				
Loan Costs Subtotals (A + B + C)	\$4,664.25	\$29.80			
Other Costs					
E. Taxes and Other Government Fees	\$85.00				
01 Recording Fees Deed: \$40.00 Mortgage: \$45.00	\$85.00				
02 Transfer Tax to Any State			\$950.00		
F. Prepays	\$2,120.80				
01 Homeowner’s Insurance Premium (12 mo.) to Insurance Co.	\$1,209.96				
02 Mortgage Insurance Premium (mo.)					
03 Prepaid Interest (\$17.44 per day from 4/15/13 to 5/1/13)	\$279.04				
04 Property Taxes (6 mo.) to Any County USA	\$631.80				
05					
G. Initial Escrow Payment at Closing	\$412.25				
01 Homeowner’s Insurance \$100.83 per month for 2 mo.	\$201.66				
02 Mortgage Insurance per month for mo.					
03 Property Taxes \$105.30 per month for 2 mo.	\$210.60				
04					
05					
06					
07					
08 Aggregate Adjustment	- 0.01				
H. Other	\$2,400.00				
01 HOA Capital Contribution to HOA Acre Inc.	\$500.00				
02 HOA Processing Fee to HOA Acre Inc.	\$150.00				
03 Home Inspection Fee to Engineers Inc.	\$750.00			\$750.00	
04 Home Warranty Fee to XYZ Warranty Inc.			\$450.00		
05 Real Estate Commission to Alpha Real Estate Broker			\$5,700.00		
06 Real Estate Commission to Omega Real Estate Broker			\$5,700.00		
07 Title – Owner’s Title Insurance (optional) to Epsilon Title Co.	\$1,000.00				
08					
I. TOTAL OTHER COSTS (Borrower-Paid)	\$5,018.05				
Other Costs Subtotals (E + F + G + H)	\$5,018.05				
J. TOTAL CLOSING COSTS (Borrower-Paid)	\$9,712.10				
Closing Costs Subtotals (D + I)	\$9,682.30	\$29.80	\$12,800.00	\$750.00	\$405.00
Lender Credits					



CD FORM PAGE 3

Calculating Cash to Close Use this table to see what has changed from your Loan Estimate.

	Loan Estimate	Final	Did this change?
Total Closing Costs (J)	\$8,054.00	\$9,712.10	YES • See Total Loan Costs (D) and Total Other Costs (I)
Closing Costs Paid Before Closing	\$0	-\$29.80	YES • You paid these Closing Costs before closing
Closing Costs Financed (Paid from your Loan Amount)	\$0	\$0	NO
Down Payment/Funds from Borrower	\$18,000.00	\$18,000.00	NO
Deposit	-\$10,000.00	-\$10,000.00	NO
Funds for Borrower	\$0	\$0	NO
Seller Credits	\$0	-\$2,500.00	YES • See Seller Credits in Section L
Adjustments and Other Credits	\$0	-\$1,035.04	YES • See details in Sections K and L
Cash to Close	\$16,054.00	\$14,147.26	



Summaries of Transactions Use this table to see a summary of your transaction.

BORROWER'S TRANSACTION				SELLER'S TRANSACTION			
K. Due from Borrower at Closing \$189,762.30				M. Due to Seller at Closing \$180,080.00			
01	Sale Price of Property		\$180,000.00	01	Sale Price of Property		\$180,000.00
02	Sale Price of Any Personal Property Included in Sale			02	Sale Price of Any Personal Property Included in Sale		
03	Closing Costs Paid at Closing (J)		\$9,682.30	03			
04				04			
Adjustments				Adjustments for Items Paid by Seller in Advance			
05				05			
06				06			
07				07			
Adjustments for Items Paid by Seller in Advance				Adjustments for Items Paid by Seller in Advance			
08	City/Town Taxes	to		09	City/Town Taxes	to	
09	County Taxes	to		10	County Taxes	to	
10	Assessments	to		11	Assessments	to	
11	HOA Dues	4/15/13 to 4/30/13	\$80.00	12	HOA Dues	4/15/13 to 4/30/13	\$80.00
12				13			
13				14			
14				15			
15				16			
L. Paid Already by or on Behalf of Borrower at Closing \$175,615.04				N. Due from Seller at Closing \$115,665.04			
01	Deposit		\$10,000.00	01	Excess Deposit		
02	Loan Amount		\$162,000.00	02	Closing Costs Paid at Closing (J)		\$12,800.00
03	Existing Loan(s) Assumed or Taken Subject to			03	Existing Loan(s) Assumed or Taken Subject to		
04				04	Payoff of First Mortgage Loan		\$100,000.00
05	Seller Credit		\$2,500.00	05	Payoff of Second Mortgage Loan		
Other Credits				Other Credits			
06	Rebate from Epsilon Title Co.		\$750.00	06			
07				07	Seller Credit		\$2,500.00
Adjustments				Adjustments for Items Unpaid by Seller			
08				08			
09				09			
10				10			
11				11			
Adjustments for Items Unpaid by Seller				Adjustments for Items Unpaid by Seller			
12	City/Town Taxes	1/1/13 to 4/14/13	\$365.04	14	City/Town Taxes	1/1/13 to 4/14/13	\$365.04
13	County Taxes	to		15	County Taxes	to	
14	Assessments	to		16	Assessments	to	
15				17			
16				18			
17				19			
CALCULATION				CALCULATION			
Total Due from Borrower at Closing (K)			\$189,762.30	Total Due to Seller at Closing (M)			\$180,080.00
Total Paid Already by or on Behalf of Borrower at Closing (L)			-\$175,615.04	Total Due from Seller at Closing (N)			-\$115,665.04
Cash to Close <input checked="" type="checkbox"/> From <input type="checkbox"/> To Borrower			\$14,147.26	Cash <input type="checkbox"/> From <input checked="" type="checkbox"/> To Seller			\$64,414.96

Similar to HUD1
Page 1 w/o line #s

CLOSING DISCLOSURE – PAGE 4

Additional Information About This Loan

Loan Disclosures

Assumption

- If you sell or transfer this property to another person, your lender
- will allow, under certain conditions, this person to assume this loan on the original terms.
 - will not allow assumption of this loan on the original terms.

Demand Feature

Your loan

- has a demand feature, which permits your lender to require early repayment of the loan. You should review your note for details.
- does not have a demand feature.

Late Payment

If your payment is more than 15 days late, your lender will charge a late fee of 5% of the monthly principal and interest payment.

Negative Amortization (Increase in Loan Amount)

Under your loan terms, you

- are scheduled to make monthly payments that do not pay all of the interest due that month. As a result, your loan amount will increase (negatively amortize), and your loan amount will likely become larger than your original loan amount. Increases in your loan amount lower the equity you have in this property.
- may have monthly payments that do not pay all of the interest due that month. If you do, your loan amount will increase (negatively amortize), and, as a result, your loan amount may become larger than your original loan amount. Increases in your loan amount lower the equity you have in this property.
- do not have a negative amortization feature.

Partial Payments

Your lender

- may accept payments that are less than the full amount due (partial payments) and apply them to your loan.
- may hold them in a separate account until you pay the rest of the payment, and then apply the full payment to your loan.
- does not accept any partial payments.

If this loan is sold, your new lender may have a different policy.

Security Interest

You are granting a security interest in
456 Somewhere Ave., Anytown, ST 12345

You may lose this property if you do not make your payments or satisfy other obligations for this loan.

Escrow Account

For now, your loan

- will have an escrow account (also called an "impound" or "trust" account) to pay the property costs listed below. Without an escrow account, you would pay them directly, possibly in one or two large payments a year. Your lender may be liable for penalties and interest for failing to make a payment.

Escrow		
Escrowed Property Costs over Year 1	\$2,473.56	Estimated total amount over year 1 for your escrowed property costs: Homeowner's Insurance Property Taxes
Non-Escrowed Property Costs over Year 1	\$1,800.00	Estimated total amount over year 1 for your non-escrowed property costs: Homeowner's Association Dues You may have other property costs.
Initial Escrow Payment	\$412.25	A cushion for the escrow account you pay at closing. See Section G on page 2.
Monthly Escrow Payment	\$206.13	The amount included in your total monthly payment.

- will not have an escrow account because you declined it your lender does not offer one. You must directly pay your property costs, such as taxes and homeowner's insurance. Contact your lender to ask if your loan can have an escrow account.

No Escrow		
Estimated Property Costs over Year 1		Estimated total amount over year 1. You must pay these costs directly, possibly in one or two large payments a year.
Escrow Waiver Fee		

In the future.

Your property costs may change and, as a result, your escrow payment may change. You may be able to cancel your escrow account, but if you do, you must pay your property costs directly. If you fail to pay your property taxes, your state or local government may (1) impose fines and penalties or (2) place a tax lien on this property. If you fail to pay any of your property costs, your lender may (1) add the amounts to your loan balance, (2) add an escrow account to your loan, or (3) require you to pay for property insurance that the lender buys on your behalf, which likely would cost more and provide fewer benefits than what you could buy on your own.

CLOSING DISCLOSURE FORM – PAGE 5

Loan Calculations	
Total of Payments. Total you will have paid after you make all payments of principal, interest, mortgage insurance, and loan costs, as scheduled.	\$285,803.36
Finance Charge. The dollar amount the loan will cost you.	\$118,830.27
Amount Financed. The loan amount available after paying your upfront finance charge.	\$162,000.00
Annual Percentage Rate (APR). Your costs over the loan term expressed as a rate. This is not your interest rate.	4.174%
Total Interest Percentage (TIP). The total amount of interest that you will pay over the loan term as a percentage of your loan amount.	69.46%

Questions? If you have questions about the loan terms or costs on this form, use the contact information below. To get more information or make a complaint, contact the Consumer Financial Protection Bureau at www.consumerfinance.gov/mortgage-closing

Contact Information					
	Lender	Mortgage Broker	Real Estate Broker (B)	Real Estate Broker (S)	Settlement Agent
Name	Ficus Bank		Omega Real Estate Broker Inc.	Alpha Real Estate Broker Co.	Epsilon Title Co.
Address	4321 Random Blvd. Somecity, ST 12340		789 Local Lane Sometown, ST 12345	987 Suburb Ct. Someplace, ST 12340	123 Commerce Pl. Somecity, ST 12344

Other Disclosures

Appraisal

If the property was appraised for your loan, your lender is required to give you a copy at no additional cost at least 3 days before closing. If you have not yet received it, please contact your lender at the information listed below.

Contract Details

See your note and security instrument for information about

- what happens if you fail to make your payments,
- what is a default on the loan,
- situations in which your lender can require early repayment of the loan, and
- the rules for making payments before they are due.

Liability after Foreclosure

If your lender forecloses on this property and the foreclosure does not cover the amount of unpaid balance on this loan,

- state law may protect you from liability for the unpaid balance. If you refinance or take on any additional debt on this property, you may lose this protection and have to pay any debt remaining even after foreclosure. You may want to consult a lawyer for more information.
- state law does not protect you from liability for the unpaid balance.

Refinance

Refinancing this loan will depend on your future financial situation, the property value, and market conditions. You may not be able to refinance this loan.

Tax Deductions

If you borrow more than this property is worth, the interest on the loan amount above this property's fair market value is not deductible from your federal income taxes. You should consult a tax advisor for more information.

Confirm Receipt

By signing, you are only confirming that you have received this form. You do not have to accept this loan because you have signed or received this form.

Applicant Signature _____

Date _____

Co-Applicant Signature _____

Date _____

Applicant Signature

Date

Co-Applicant Signature

Date

CLOSING DISCLOSURE – PAGE 5 CONTACT INFORMATION

Contact Information					
	Lender	Mortgage Broker	Real Estate Broker (B)	Real Estate Broker (S)	Settlement Agent
Name	Ficus Bank		Omega Real Estate Broker Inc.	Alpha Real Estate Broker Co.	Epsilon Title Co.
Address	4321 Random Blvd. Somecity, ST 12340		789 Local Lane Sometown, ST 12345	987 Suburb Ct. Someplace, ST 12340	123 Commerce Pl. Somecity, ST 12344
NMLS ID					
ST License ID			Z765416	Z61456	Z61616
Contact	Joe Smith		Samuel Green	Joseph Cain	Sarah Arnold
Contact NMLS ID	12345				
Contact ST License ID			P16415	P51461	PT1234
Email	joesmith@ ficusbank.com		sam@omegare.biz	joe@alphare.biz	sarah@ epsilontitle.com
Phone	123-456-7890		123-555-1717	321-555-7171	987-555-4321



Start gathering license no. information for company and contact within company

DECLARATION OF HOMESTEAD

- An estate of homestead is a type of protection for a person's principal residence. There is an automatic homestead protection of one hundred and twenty-five thousand dollars (\$125,000), however, it is not likely to be sufficient coverage to protect the full value of your home. In order for homeowners in Massachusetts to protect the value of their property up to five hundred thousand dollars (\$500,000) per residence, per family, you must file a document called a "Declaration of Homestead".
- Protects against non-governmental third party creditors
- When you are over the age of 62, each spouse can file, to receive a combined \$1,000,000 of protection
- You definitely want this done at closing!

WAYS TO HOLD TITLE

1. Tenants in Common → (default) Each tenant has the right to possess the entire estate. When one owner dies, the other owners do not have survivorship rights. Instead, the owner's interest passes to his or her heirs.
2. Joint Tenants with Rights of Survivorship → each joint tenant owns an equal share of the property. Because right of survivorship exists, the other owner automatically receives the deceased owner's share without having to go through probate.
3. A married couple, Tenants by the Entirety → Tenancy by the entirety is an interest in property only applicable to a married couple in Massachusetts. Both spouses have the right to the entire property, but neither can dispose of the property without the consent of the other spouse. This means that a creditor cannot seize the property to collect a debt owed by only one spouse. If one spouse dies, the surviving spouse automatically receives title to the property.

BASIC ESTATE PLANNING

Now that you've purchased what is likely to be one of the largest and most important assets of your life, there are some basic but essential estate planning documents you should have in place

1. Power of Attorney
2. Health Care Proxy (unrelated to real estate but just as important)
3. Last Will and Testament (Will)
4. Life Insurance

DURABLE POWER OF ATTORNEY

- A written instrument by which one person designates someone as his or her agent or attorney in fact to perform certain acts, usually business related
- If it is “**durable**,” it continues in effect even if the principal becomes incapacitated
- This can be very important if you or your spouse/parent/loved one becomes incapacitated. It can **avoid the need for the appointment of a guardian or conservator** for the management of assets (both costly and time consuming to go through this court process).

HEALTH CARE PROXY

- Document by which you appoint another to make **health care decisions** for you should you be unable to make or communicate such decisions for yourself due to some physical, emotional or mental incapacity
- The health care agent can make decisions concerning the use or terminating of life support systems. This is extremely important if you become incapacitated.
- These documents are needed not just for the elderly or infirm. There is no way to predict when such a document will be needed which is why they are an important part of every estate plan.
- In light of HIPPA laws, hospitals will NOT give information or allow decisions to be made without this, NOT EVEN for children 18 and over.

LIFE INSURANCE

- Good time to consider Life Insurance if it is important to you that someone be able to remain in the home if you were to pass away and no longer provided income to pay the mortgage.

WILLS

Legal document that takes effect at your death

A **Will** allows you to:

- Name a person you trust to handle your affairs
- Name who you want to receive your assets
- Name a guardian to care for your minor children, as well as a trustee to manage their assets
- Take advantage of potential estate tax saving strategies

THANK YOU!!!

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QUESTIONS?

THANK YOU