

Buyers & Sellers' Guide



In an industry where trust is paramount, we believe in more than just access and representation. We also believe in the value of hard, on-the-ground work and that means we deliver every service with a level of expertise, attention, and care that truly sets us apart.

Table of Contents

Home Ownership	
About California Best Title	5
Title Insurance	
The Importance of Title Insurance	7
The Overall Process	8
Cyber Fraud	
Cyber Fraud	11
Buying a Home	
Home Buying 101	14
Getting Started	16
How Much Mortgage Can You Afford?	18
Property Profile	19
Financing	20
Prequalification for Buyer	21
The Loan Approval Process	22
Selling a Home	
Before You Put Your Home on the Market	25
Showing Your Home	26
15-minute, Preshowing Checklist	27
The Home-selling Process	28
The Home Inspection Process	29
Common Defects Found During Home Inspections	
Understanding a Home Warranty	30
Capital Gain Tax Rates	32
Foreign Investment in Real Property Tax Act	33
Tips for Moving	
Moving Timetable	34
Change of Address	36
Policy, Vesting and Taxes	
Homeowner's Title Policy Comparison Chart	38
Ways to Hold Title	40
Transferring Title by Deed	41
Property Taxes	42
Property Tax Calendar	
Guide to Escrow	
The General Escrow Process	44
Who is Involved in the Escrow Process?	45
You are in Escrow. So Now What?	47
Who Pays for What	48
GLOSSARY OF REAL ESTATE TERMS	50
IMPORTANT CONTACT INFORMATION	53



Home Ownership

The Value of California Best Title

For many people, their home is their largest and most precious asset. Protecting your property rights to your home is vital to protecting your future. When you make the smart choice to purchase title insurance, you'll have the peace of mind that you're protected against defects in title covered by the policy for as long as you or your heirs own the property

Each real estate transaction is unique and comes with different sets of issues to be resolved. Even if your property's title search comes back perfectly clear, each transfer of ownership in your chain of title could pose a hidden issue. Possible problems with the title that may come up include defects in title caused by: forgeries, fraud, unknown heirs, unknown liens, unknown easements and illegal deeds

California Best Title will help you navigate these challenges. As your underwriter, we place a high importance on providing quality service and being there for you if your property rights are threatened. Because title insurance coverage lasts for as long as you or your heirs own your property, we manage our finances to ensure we are positioned to back policies and claims for the long run. We aim to provide you with solid underwriting and financial backing to defend your property when you need it whether that's next year or 40 years from now



Title Insurance

The Importance of Title Insurance

When purchasing a home, the buyer acquires title to the property. This title includes the right of ownership and possession of the land. Sometimes, however, the buyer's rights to the property may be limited by claims asserted by others. If not caught and corrected before closing, these "defects" may threaten the homeowner's and mortgage lender's interests

Title insurance protects against potential title defects. Purchased as a one-time expense, title insurance covers homeowners against loss due to potential preexisting liens and hazards that may not have been uncovered in a general title search. Title defects are an unpleasant and costly surprise and can take many forms:

- » Previously undisclosed heirs with claims against the property
- » A forged deed that doesn't transfer title to real estate
- » Instruments executed under an expired or fabricated power of attorney
- » Mistakes made in public records

Obtaining title insurance through a company like California Best Title is a simple step buyers can take to protect themselves against loss or damage due to potential problems with the title to their property

Title Search – Researching a Title

California Best Title, the title company issuing a title insurance policy through the title insurer California Best Title, will perform a title search before issuing a title insurance policy. This process searches the history of public records of the property. The search results may uncover items that need to be corrected before clear title can be conveyed, such as:

- » Outstanding mortgages, liens and judgments
- » Deeds, wills and trusts that contain improper vesting and incorrect names
- » Improper notary acknowledgments
- » Easements and restrictions

The title company will then issue a preliminary report on the property, which gives the buyer, seller, and lender an opportunity to review any potential title defects to be cured or matters to be shown on the title policy.

1

Home Search Begins

- » Buyer gets prequalified by lender
- » Buyer tours properties for sale
- » Buyer finds a home and makes an offer
- » Buyer's Realtor® presents offer to seller
- » Seller presents a counteroffer; negotiations begin

2

Buyer Begins the Title-and-Escrow Process

- » Purchase agreement and amendments are signed
- » Title and escrow are identified in the purchase agreement
- » Purchase agreement is accepted

5

The Buyer is Now a Proud Homeowner



3

Order is Opened With the Title-and-Escrow Company

- » Buyer deposits earnest money (if applicable)
- » Buyer obtains home inspection and appraisal (if applicable)
- » Title company issues preliminary report
- » Buyer obtains final loan approval
- » Buyer obtains homeowners insurance
- » Escrow prepares documents and obtains signatures (timing varies by office)

4

Closing Begins

- » Buyer (and seller, if applicable) deposits funds for closing costs. Seller executes transfer deed and deposits in escrow
- » Buyer signs loan documents
- » Transaction documents are recorded
- » Escrow is closed, funds are disbursed; transaction is complete





Cyber Fraud

Cyber Fraud

Protecting Yourself from Real-Estate Cyber Fraud

Sensitive information plays a critical role in your real estate transaction, and it's imperative that this information remain safe and protected. California Best Title strives to provide peace of mind by protecting personal information through data security and email encryption. As a consumer, however, you can take steps to protect yourself from cyber fraud, too:

- » Send emails containing sensitive, personal information through encrypted email only
- » When verifying requests to either change wiring instructions or make a wire transfer to locations outside normal business areas, use a trusted method such as a previously verified phone number. Never use the phone number listed in the email
- » Never click on any links in an unverified or unexpected email
- » Always question attachments and links that are sent unencrypted

Common Indicators of Cyber Fraud

- » Emails requesting last-minute changes to wiring information, particularly changes in the beneficiary or receiving bank
- » Requests for wire transfers late in the day or week, or before a holiday or outside of business hours
- » Emails with poor grammar, unusual phrasing or typographical errors
- » Slight alterations to the email address, which are not noticeable at first glance (example: doe@cbtttitle.com or jdoe@calibesttitle.com.com instead of jdoe@californiabesttitle.com)

What to Do If You Believe You Are a Victim of Cyber Fraud

- » If money was wired in response to fraudulent wiring instructions, immediately call your bank or financial institution to put a stop to the wiring.
- » Contact your local police or local municipality's real estate fraud division
- » Contact any other parties who may have been exposed to the cyber fraud so that the appropriate action may be taken
- » Change all usernames and passwords associated with any account that you believe may have been compromised
- » Report any cybercrime activity to the Federal Bureau of Investigation Internet Crime Complaint Center: ic3.gov/complaint/default.aspx
- » If your real estate transaction is with California Best Title, contact your title or escrow office immediately



Buying a Home



Home Buying 101

Home Buying

A real estate professional will draft a purchase agreement for which the buyer (or seller) will select a company like California Best Title to supply title-and-escrow services. Typically a purchase agreement is submitted with an earnest-money deposit. Once the purchase agreement is presented to the seller's real estate professional, the seller may accept, counter or reject the offer

Opening Escrow

Once the agreement is accepted and signed by all parties, escrow will open. Earnest money will then be deposited, and the escrow company will handle all funds associated with the transaction

Entering the Contingency Period

The contingency period, specified in the purchase agreement, is the time used by the buyer and seller to obtain the required items for the transaction. Some of these items are:

- » Physical inspection of property
- » Property pest inspection
- » Property appraisal
- » Seller's transfer disclosure statement
- » Preliminary report from the title company
- » Satisfaction of any purchase contingencies
- » Loan approval
- » Transaction-specific requirements

*See your purchase agreement for more details



Obtaining Homeowners Insurance

When preparing to buy a home, the buyer must give escrow a homeowner's policy that is both in effect and acceptable to the lender by the close of escrow. Your REALTOR® will work with the escrow company and the homeowner's insurance agent to ensure that the policy, sufficient to the lender, is in place

Depositing Funds for a Down Payment and Closing Costs

Money is deposited into escrow, ideally by way of a wire transfer, so that the funds are readily available to close the transaction. The purchase agreement dictates the earnest money to be deposited into escrow. For closing costs, the escrow company provides a statement of the estimated amount of funds to be deposited

Signing Loan Documents

Before escrow can close, the buyer must review and sign all loan documents received from the lender. This is often done at an appointment set up with the escrow company

Closing Escrow

After all conditions of the purchase agreement have been met, the buyer will sign all the closing documents. Once the buyer has deposited the funds needed to close and the lender has approved final loan documents, the lender will deposit the loan funds. Next, the deed executed and deposited by the seller will be recorded as public record and the buyer will be the new homeowner

Lets Get Started

1

Year Out

Review your redit reports

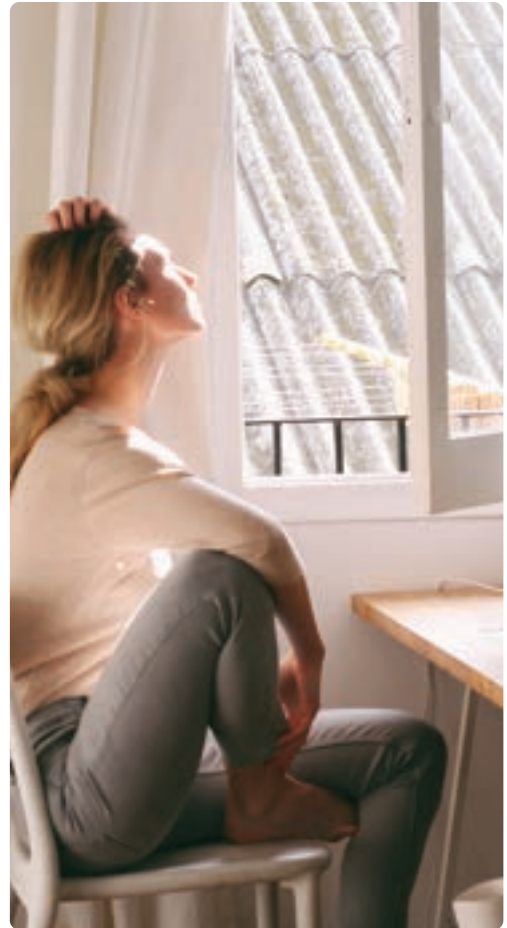
Errors on your credit report can result in a higher interest rate on your mortgage, so it's important to get them resolved. The three major credit bureaus – Equifax®, Experian® and TransUnion® – offer free reports through AnnualCreditReport.com, the only free online credit report authorized by federal law

Check your FICO® credit score

The credit score models most often used by lenders are those developed by the Fair Isaac Corporation. They are most commonly known as FICO scores. Your FICO score indicates your creditworthiness. It helps determine the rates and terms for your loan and can be improved by making positive changes, such as paying creditors on time

Reduce your debt

The more you can live within your means, the better. Credit card debt and payday loans indicate you're living beyond your means. While homeownership is exciting, it's also expensive. Property taxes, decorating, maintenance and improvements are just a few of the many expenses that accompany owning a home



Agents who are members of the National Association of REALTORS® provide many valuable services, including:

- » Helping you understand what you can afford and, if you're selling, what your home is worth
- » Accessing the multiple listing service (MLS) and numerous other resources that help them locate properties for you
- » Arranging financing
- » Setting up appointments for buyers to view homes or bringing potential buyers to view your property if you're trying to sell
- » Explaining and handling the paperwork required for making an offer
- » Helping negotiate the best possible deal for your purchase or sale

6**Months Out**

Research mortgage options

Mortgages vary in length and terms. Do your homework. Find out the risks involved in the various loan types. Doing so will ensure you can afford homeownership over time

Research unforeseen costs

Unforeseen expenses such as Homeowners Association (HOA) fees and roof replacements can wreak havoc on your bank account. Before determining how much you think you can afford, talk to friends and neighbors about unforeseen costs involved in homeownership

3**Months Out**

Reduce your credit usage

Your FICO score is affected by how much of your available credit lines you are using. Even if you pay your balances in full every month, the balance reflected on your most recent statement is the basis for your score. Keep that balance below 30%

Don't open or close any accounts

Until the mortgage process is complete, avoid opening or closing credit lines. When you're close to starting the homebuying process, financial stability is key. about unforeseen costs involved in homeownership

2**Months Out**

Be cautious in having your credit pulled

Every time a lender pulls your credit report, your overall score is lowered slightly. Fortunately, the FICO scoring formula counts all mortgage-related credit inquiries within a specified period of time as one. That's a good reason to do your mortgage shopping in a concentrated period of time

Look into mortgage rates

Unlike pulling your credit report, which slightly lowers your score, checking your FICO score has no adverse affect on your credit score. Plus, a credit score is helpful to have when talking to your mortgage lender. At this stage, you don't need to pull your credit report but discover your options

Get prequalified or preapproved for a mortgage

Being prequalified for a mortgage gives you an idea of how much you can afford, but preapproval is a lender's commitment to giving you a loan. A preapproval letter tells a seller you're a valid potential buyer, but it does not obligate you to use a particular lender

Research neighborhoods and real estate agents

What's considered a great neighborhood varies from person to person. Do you need proximity to work, good schools or great amenities? This is where a real estate agent can be your biggest ally. To find an agent, ask friends for recommendations, and pay attention to For Sale signs in your neighborhood. You can also access the National Association of REALTORS® search engine at realtor.com/realestateagents

How Much Mortgage Can You Afford?

The amount of your monthly mortgage payment shouldn't come as a surprise, and with a little planning, it won't. Most banks offer a simple tool called a mortgage calculator, which is generally located on the mortgage lending home page or on the calculator menu page

By entering just a few figures, such as the purchase price of the home, the amount of the down payment, the amount of the loan and the mortgage term length, you can quickly get an idea of what your monthly mortgage payment for principal and interest will be

Keep in mind that this payment is for only the home loan amount and does not include property tax, homeowners insurance, mortgage insurance or other bills and expenses. Nevertheless, it's a convenient tool for building a monthly budget and determining what size home loan you can afford



Property Profile

Name(s) _____

Current Address _____

Home Phone _____

Work Phone _____

Email _____

Number of
Children _____

Pets _____

Price Range _____

Neighborhood(s) _____

Style & Age
of Home _____

Gated Community ☐ Yes ☐ No

Square Feet _____

Lot Size _____

Bedrooms _____

Bathrooms _____

Garage Size _____

Fireplace ☐ Yes ☐ No

Pool ☐ Yes ☐ No

Kitchen Size _____

Kitchen Amenities _____

Public or Private Schools _____

Access to Public
Transportation _____

How Long Have You
Been Looking? _____

Buying a Home

How Much Mortgage Can You Afford?

Getting Prequalified

Once you have an idea of the size, type and desired location of the home you want, you should get prequalified by a lender before actually looking for a home. Getting prequalified can save you time, energy and frustration in many ways:

Determine how much you can spend on a home. Prequalification helps you avoid paying more for a home than you can afford or being disappointed if you don't qualify for as much as you had hoped

Learn what your total investment will be. You'll know approximately how much money you'll need for the down payment and closing costs

Calculate your monthly payments. Prequalification provides a close estimate of your monthly principal, interest, taxes and insurance (PITI)

Identify your loan program options. With the wide variety of loan programs available, it is important to know which types you qualify for and which will best suit your needs

Strengthen your offer. Sellers are more inclined to accept realistic offers when they know that you've taken the time to be interviewed by a lender and will probably qualify for the loan

At this point, your lender can also present helpful options:

- » Special first-time homebuyer programs
- » Co-mortgage financing
- » Debt-consolidation counseling

In order to be prequalified, the lender will need to know the following:

- » Your employment history and income
- » Your monthly debts and obligations
- » The amount and source of cash available for down payment and closing costs

When you're prequalified by a mortgage company, you'll receive a free prequalification certificate to give to your Realtor® which often can predispose a seller to accept your offer

Prequalification For Buyer

Date _____

Borrower(s) _____

Address _____

Requesting Agent _____

Agent Contact Info _____

Gross Monthly Income

Borrower _____

Co-borrower _____

Additional _____

Total Income _____

Monthly Debt

Car Payment _____

Credit Cards _____

Alimony _____

Child Support _____

Other _____

Total Debt _____

Down Payment

Amount _____

Source _____

Credit

Bankruptcy _____

Judgments _____

General Purchase Information

Purchase Price _____

Down Payment _____

Loan Payment _____

Loan Program _____

Interest Rate _____

Loan to Value _____

Principal & Interest _____

Insurance _____

PITI (Principal, Interest,
Taxes & Insurance)

Monthly Total _____

Homeowner's
Association (HOA) _____

HOA Dues _____

Private Mortgage
Insurance _____

Notes _____

The Loan Approval Process

The Application

After completing the loan application and providing all pertinent documents to the lender, the buyer generally will receive a loan estimate and loan approval within 24 to 72 hours

Loan Submission

The lender may request other documents:

- » A credit report showing credit history
- » An appraisal on the property, once in escrow
- » A preliminary report

Credit Report Fee

Typically the lender charges this one-time fee covering the cost of the credit report processed by an independent credit-reporting agency

Prepaid Interest

This is the interest due to the lender before the first scheduled payment. Prepaid interest is based upon the day your loan closes

FHA Mortgage Insurance Premium (MIP)/Private Mortgage Insurance (PMI)

You pay this insurance premium to protect the lender. MIP/PMI is required when you make a down payment that's less than 20% of the purchase price



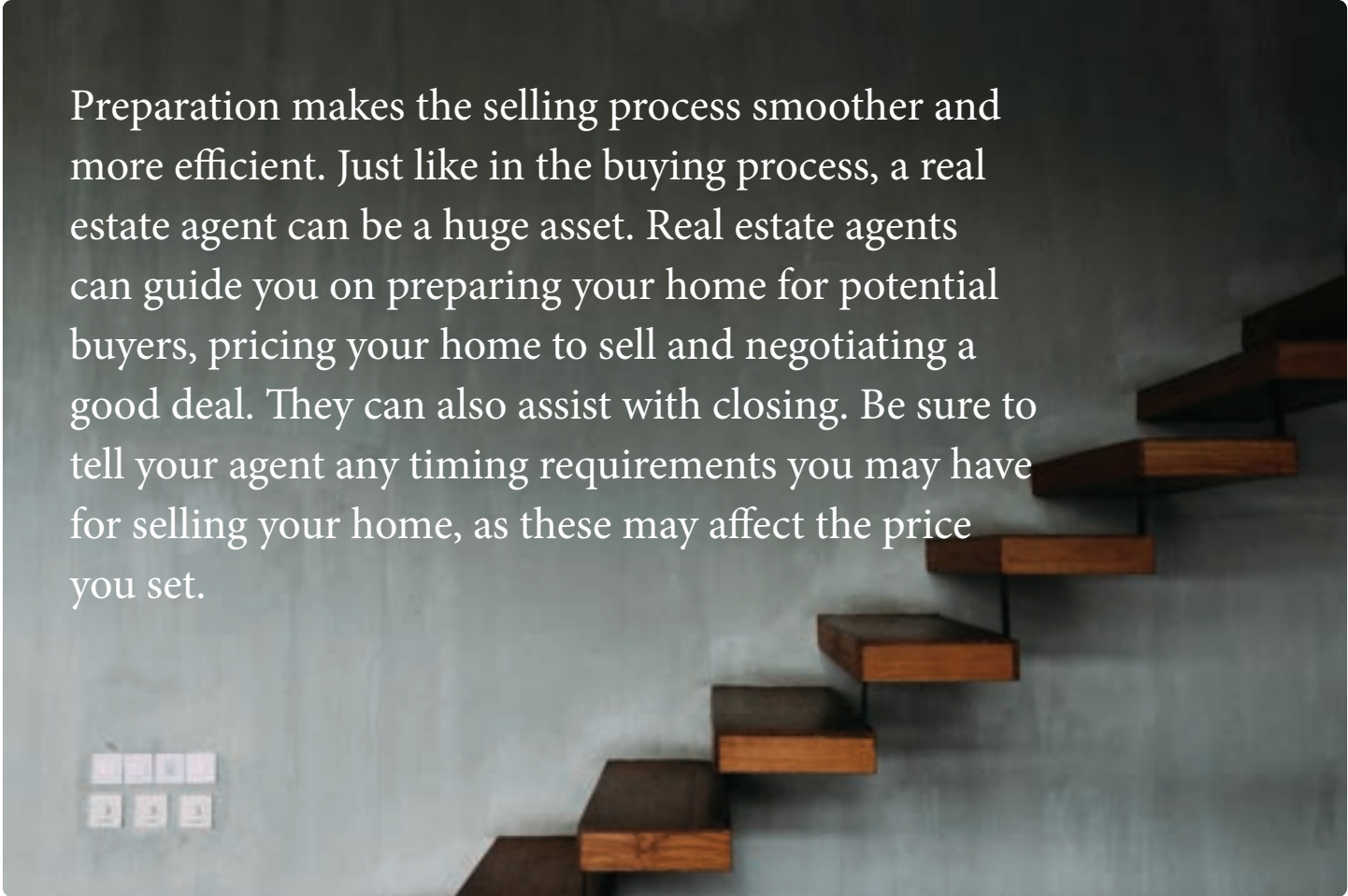


Before You Put Your Home on the Market

Focus on first impressions

Regardless of whether you use a real estate agent, you'll want to get your home ready for prospective buyers prior to putting it on the market. Taking the following steps can mean the difference between a potential buyer going inside and driving by:

- » Walk through the home and ask yourself, "Would I buy this home?"
- » Try to take your feelings out of the equation and look at your home objectively
- » Make a list of things needing repairs or changes, but don't make major changes that will cost more to do than a buyer will pay
- » Prioritize the list in relation to when the house is going on the market (Projects that require numerous resources such as contractors, remodelers, etc., should be first)
- » Prepare a timetable for repairs and changes, and stick to it



Preparation makes the selling process smoother and more efficient. Just like in the buying process, a real estate agent can be a huge asset. Real estate agents can guide you on preparing your home for potential buyers, pricing your home to sell and negotiating a good deal. They can also assist with closing. Be sure to tell your agent any timing requirements you may have for selling your home, as these may affect the price you set.

Showing Your Home

Your home needs to be ready to show at all times. In addition to the steps you've already taken to get your home ready to go on the market, here are some extra tips to help ensure your home makes the best possible impression at showing:

- » Keep every room clean and tidy, and make all the beds
- » Put dirty dishes in the dishwasher or wash and stack them neatly in the sink
- » Eliminate pet smells, clean carpets and drapes, empty trash often, and refrain from cooking strong-smelling foods
- » Introduce good fragrances such as flowers, potpourri and air fresheners. Baking a pie or cookies is another clever tactic
- » Let in light. Brightness improves a home's atmosphere
- » Make sure the temperature is comfortable
- » Set the dining room table to create a homey environment
- » Hire a cleaning service once a week to keep the house in show condition
- » Leave the house during a showing so that the buyers can feel free to ask the real estate agent candid questions
- » Turn off radios and televisions
- » Keep pets out of the way

15-Minute, Preshowing Checklist

When your real estate agent calls and says a potential buyer is en route, here is a quick checklist to make sure you're ready:

Bedrooms, Living Room and Dining Areas

- ☐ Turn on lights
- ☐ Open curtains
- ☐ Make beds
- ☐ Remove random items from tables and floors

Bedrooms, Living Room and Dining Areas

- ☐ Put dirty dishes in the dishwasher
- ☐ Empty the trash
- ☐ Clear and wipe down counters

Bathrooms

- ☐ Flush toilets
- ☐ Shine fixtures
- ☐ Hang towels neatly
- ☐ Empty the trash
- ☐ Wipe counters

Exterior

- ☐ Close garage door
- ☐ Pick up yard debris and trash



The Home-Selling Process

Selling a home involves a complex settlement process that takes careful planning. Our team at California Best Title is here to help simplify the process and ensure a smoother, more enjoyable closing experience

Making an Offer

Once the buyer makes an offer, the real estate professional will present it to the seller. The seller may accept, counter or reject the purchase offer. This process may take anywhere from a few days to a few weeks

Opening Escrow

Escrow opens, and the buyer deposits earnest money. The escrow company will handle all funds associated with the transaction

Entering the Contingency Period

The purchase agreement will outline a period of time during which the seller must satisfy various contingencies, such as obtaining a property inspection and an appraisal. Once the seller's required transaction documents are completed, the real estate agent will present them to the buyer for review. These documents may include the following:

- » Real Estate Transfer Disclosure Statement
- » Physical inspection of property
- » Property pest inspection
- » Other disclosure forms

Entering the Contingency Period

When all conditions of the purchase agreement have been satisfied, the seller will execute all the required closing and transfer documents. The transaction is completed when the buyer's lender funds the loan, the transaction documents are recorded with the county, and the existing mortgage on the home is paid off.

The Home Inspection Process

The purpose of a home inspection is to ensure that a buyer knows the condition of the home prior to completing the transaction

Home inspections can be of many types. A general home inspection is an evaluation of the condition of a residential property's general integrity, functionality and overall safety. A pest home inspection looks for any active infestation by wood-destroying organisms and details the extent to which repairs are needed. Geological inspections evaluate soil condition, ground stability and past geological activity in the area

Occasionally, some sellers opt to do a home inspection when they list their property, in order to determine in advance which items might be challenges to selling and to address issues that positively impact the competitive marketability and desirability of a home. Properly maintained homes typically go into escrow faster

Who Pays?

Your Purchase and Sale Agreement will specify who is responsible for the cost of inspection and for making any needed corrections or repairs. It is negotiable between the parties and should be considered carefully. Your agent will advise you what is customary and prudent

Common Defects Found During Home Inspections

The majority of home inspection findings tend to be routine in nature, but some reveal construction defects and common safety violations:

- » Building violations
- » Roofing defects
- » Ceiling stains
- » Electrical safety hazards
- » Water intrusion
- » Rotten wood
- » Unsafe fireplace and chimney conditions
- » Firewall violations in garages
- » Faulty installation of water heaters
- » Hazardous conditions involving gas heaters

Understanding a Home Warranty

A home warranty is basically an insurance policy that covers the mechanical, electrical and plumbing systems of a house against unforeseeable events after the closing of escrow

The cost typically ranges from \$250 to \$450, depending on coverage, and is prepaid a year in advance. After closing, the policy is mailed to the new policy holder and can be renewed on an annual basis. Home warranties are helpful in warding off potential disputes regarding repair and replacement of covered items after the home has sold. Local customs usually dictate whether the seller or the buyer pays for the home warranty; however, the seller often pays for it so as to avoid dealing with calls from the buyer should something break after closing

Types of Coverage

Coverage varies from state to state and from policy to policy. Basic home warranty plans cover routine heating, plumbing and electrical systems. Air conditioning, pools, spas and appliances are often charged on a per-item basis. More comprehensive plans cover such items as irrigation systems, roofs and garage-door openers

How it Works

Once the policy is in effect and when service is needed, the policy holder often has the option of either having the warranty company call to arrange service from an outside service company or calling the warranty company's in-house service department directly to arrange service. The level of coverage and replacement or repair depends upon the type of home warranty purchased

Understanding Appraisals

If the buyer is securing a new loan to purchase your home, the buyer's lender will require and obtain an appraisal to determine the fair market value of the property. The appraiser will assess both the home's interior and exterior and will also research "comparables": homes in the area that are similar to yours in terms of size, age, construction and amenities, and which have sold in the past six months. The appraiser will then provide the buyer's lender with a report detailing his or her assessment of the home's market value

Don't Like The Appraisal? If you, as a seller, don't believe the appraisal is a fair representation of your property, talk with your Realtor®



Capital Gain Tax Rates

1031 Exchanges Can Defer the 3.8% NIIT and Capital Gains Taxes

1. Depreciation Recapture – First, taxpayers will be taxed at a rate of 25% on all depreciation recapture
2. Federal Capital Gain Taxes – Next, taxpayers owe federal capital gain taxes on the remaining economic gain depending upon their taxable income. Taxpayers exceeding the \$434,550, taxable income threshold for single filers and married couples filing jointly with over \$488,850 in taxable income will be subject to a 20% capital gain tax rate. The 15% capital gain tax rate generally applies to taxpayers below these threshold income amounts
3. Net Investment Income Tax Pursuant to IRC Section 1411 – When applicable, an additional 3.8% surtax applies to taxpayers with “net investment income” who exceed threshold income amounts of \$200,000 for single filers and \$250,000 for married couples filing jointly. Pursuant to IRC §1411, “net investment income” includes interest, dividends, capital gains, retirement income and income from partnerships (as well as other forms of “unearned income”)
4. State Taxes – Last, taxpayers must also take into account the applicable state tax, if any, to determine their total taxes owed

Despite high overall taxes owed when combining these four levels of taxation at the disposition of an investment property, one aspect of the tax code provides real estate investors with a significant tax advantage: Section 1031 exchanges allow taxpayers holding real property for investment purposes to defer taxes that would otherwise be recognized upon the sale of investment property

Federal Capital Gain Tax Rates

Single Taxpayer	Married Filing Jointly	Capital Gain Tax Rate	Section 1411 NIIT Surtax*	Combined Tax Rate
\$0 - \$39,975	\$0 - \$78,750	0%	0%	0%
\$39,976 - \$200,000	\$78,751 - \$250,000	15%	0%	15%
\$200,001 - \$434,550	\$250,001 - \$488,850	15%	3.8%	18.8%
\$434,551 +	\$488,851 +	20%	3.8%	23.8%

* The 3.8% NIIT surtax only applies to “net investment income” as defined in IRC §1411.

Reprinted with permission from Asset Preservation, Inc., a qualified intermediary as defined in the regulations under Internal Revenue Code §1031, and a wholly owned subsidiary of California Best Title.

Capital Gain Tax Rates

The Foreign Investment in Real Property Tax Act (FIRPTA) was enacted for the purpose of imposing a tax on foreign persons selling real-property interests in the United States. FIRPTA requires buyers of real-property interests to withhold taxes from foreign sellers upon the sale of the property. The tax withholding is considered a prepayment of anticipated taxes, which the IRS will require from a foreign person* selling any U.S. real-property interest

	Withholding Rate	Total Sales Price
All investment property sold by foreign persons to buyers that do not intend to reside** in the property as defined in the Internal Revenue Code (IRC)	15%	Any sales price
Buyer intends to "reside"*** in the property (as defined in the IRC)	15%	Full sales price is GREATER THAN OR EQUAL TO \$1 million
Buyer intends to "reside"*** in the property (as defined in the IRC)	10%	Full sales price GREATER than \$300,000 and LESS than \$1 million
Buyer intends to "reside"*** in the property (as defined in the IRC)	0%	Full sales price LESS THAN OR EQUAL TO \$300,000

* Information on the IRS definition of foreign person may be found at <https://www.irs.gov/individuals/international-taxpayers/foreign-persons>.

** The definition of residence, under the Internal Revenue Code (IRC), along with exceptions, may be found at <https://www.irs.gov/individuals/international-individuals>.

Moving Timetable

8

Weeks Before the Move



6

Weeks Before the Move



- » Select your mover, if using one, and get everything in writing
- » Decide how much of your current furniture you will be using. You can save on moving costs by getting rid of unwanted furniture prior to your move
- » Determine which unwanted pieces will be given to charity and which will be sold. This can save you money on your move and put money in your pocket

- » If you are moving yourself, determine how many boxes you will need, then determine the size of the truck required by calculating the cubic feet of the boxes, plus that of large furniture pieces
- » If you're moving to a new community or city, get copies of records from service providers such as doctors, dentists, lawyers and utility companies
- » Make arrangements to transfer your children's school records



2

Weeks Before the Move



2

Days Before the Move



- » Make any special arrangements to move pets
- » Have your car checked and serviced for the trip if you're moving far away
- » Fill out a change-of-address form with the U.S. Postal Service
- » Send a change-of-address notice to your friends and family
- » Review your online accounts and update your address in your profile
- » Transfer any prescriptions to a pharmacy near your new home and return any library books
- » Arrange for a babysitter on moving day if you have small children

- » Defrost your refrigerator and freezer
- » Set aside valuables and legal documents to take with you
- » Pack clothing, toiletries and other first-day essentials to go with you
- » Have your movers begin packing
- » Arrange payment for the driver on moving day if you're using a mover

3

Weeks Before the Move



3

Weeks Before the Move

- » Clean or repair furniture, curtains or carpets, if needed
- » Hold a garage sale
- » Arrange for storage, if needed
- » Make any necessary travel and hotel reservations
- » Determine if you need to transfer local bank accounts or cancel direct deposits.
Coordinate with your bank(s)

- » If movers are not doing your packing, begin gathering packing materials:

- | | |
|----------------------------|-------------------------|
| °° Boxes | °° Nylon packing string |
| °° Bubble wrap | °° Packing peanuts |
| °° Old newspapers | °° Packing tape |
| °° Felt-tip markers | °° Rope |
| °° Furniture pads | °° Scissors |
| °° Large self-stick labels | °° Utility knife |

- » Begin packing items you won't need between now and your move
- » Arrange to cancel utilities and services at your old home after you've moved, and make sure you have electricity and water turned on at your new home by the time you move in

M

Moving Day



3

Delivery Day

- » Pick up the truck early if you're moving yourself
- » Make a list of every item and box loaded into the truck
- » Give your contact information to the mover
- » Read the terms and conditions in your mover's agreement before signing. Keep the agreement in a safe place until your goods are delivered, charges are paid and any claims are settled
- » Check that no leave-behind appliances are still connected in your old house
- » Inspect the attic and garage, and lock all doors and windows

- » Check off all boxes and items as they come off the moving truck (if applicable)
- » Make sure utilities are connected and new locks are installed
- » Be on hand to answer questions, pay the driver, take care of last-minute problems and examine your goods

Tips for Moving

Change of Address

Below you'll find an organized checklist of all of the institutions and individuals you need to notify of your new address. This can reduce some of the stress you're feeling and help to make sure nothing slips through the cracks. Most organizations allow you to make an address change online. The list of utilities to call includes:

- ❑ Electric
- ❑ Water
- ❑ Gas
- ❑ Telephone
- ❑ Cable and internet
- ❑ Sewer
- ❑ Postal service
- ❑ Trash collection
- ❑ Newspaper delivery
- ❑ Regular home care service providers (lawn care, pest control, etc.)

Once you've arrived at your new home, always start your address change process by notifying the Department of Motor Vehicles. In some states, you have less than a month to update your records. Below is comprehensive list of entities that may or may not apply to you, but it's possible you'll need to change your address with the following:

- ❑ Department of Motor Vehicles
- ❑ Post office
- ❑ Bank (order new checks)
- ❑ Voter registration
- ❑ Human resources and payroll where you work
- ❑ Magazine subscriptions
- ❑ Insurance companies (auto, home/renters, life, etc.)
- ❑ Doctors offices
- ❑ Schools (yours/your kids)
- ❑ Cell phone company
- ❑ Credit card companies
- ❑ Loan companies
- ❑ Places of worship
- ❑ Personal and professional clubs, licensing boards, organizations, and memberships such as AAA
- ❑ Gym memberships
- ❑ Lawyer
- ❑ Financial advisor/investment firm
- ❑ Accountant
- ❑ Possibly the IRS (Form 8822), especially if between filing and receiving a return/refund or if you pay quarterly taxes
- ❑ Friends and family



Homeowners Title Policy Comparison Chart

Head-To-head Coverage Comparison

(Coverages Included Without Endorsement)

Assumes compliance with California Best Title's underwriting requirements for issuance of the applicable policy.

ALTA
Owner's policy
(6/17/06)

CLTA/ALTA
Homeowner's
policy (12/2/13)

Covered Risks

Title being vested other than as stated in Schedule A of policy	✓	✓
Forgery, fraud, duress, incompetency, incapacity or impersonation	✓	✓
Liens or encumbrances on the title (e.g., prior mortgage or deed of trust, state or federal tax lien, condominium or homeowners' association lien)	✓	✓
A document affecting title not properly created, executed, sealed, acknowledged or delivered	✓	✓
Defective recording of documents	✓	✓
Unmarketability of the title	✓	✓
No right of access to and from the land	✓	✓
Violation of restrictive covenants limiting your use of the land	✓	✓
Gap Coverage (extending coverage from the closing to the recording of the deed)	✓	✓

Duration

Coverage continues as long as you own the property	✓	✓
Policy insures anyone who inherits the property from you	✓	✓
Policy insures the trustee of an estate-planning trust	✓	✓
Policy insures the beneficiaries of a trust upon your death		

Extended Coverage

Parties in possession of the property that are not disclosed by the public records (e.g., tenants, adverse possessors)	*	✓
Unrecorded easements (e.g., prescriptive easements) affecting the property	*	✓
Policy insures the trustee of an estate-planning trust		
Encroachments and boundary line disputes that would be disclosed by a survey	*	✓
Mechanic's liens (a lien against the property due to non-payment of work)	*	✓
Taxes or special assessments that are not shown as liens by the public records		✓

Additional Coverages

Actual vehicular and pedestrian access, based upon a legal right		✓
Loss of your title resulting from a prior violation of covenant, condition or restriction		✓
A limited amount of coverage is available if you are unable to obtain a building permit due to an existing violation of a subdivision law or regulation or you must correct an existing violation (subject to a deductible)		✓

Head-To-head Coverage Comparison (Coverages Included Without Endorsement)

Assumes compliance with California Best Title's underwriting requirements for issuance of the applicable policy.

ALTA
Owner's policy
(6/17/06)

CLTA/ALTA
Homeowner's
policy (12/2/13)

Additional Coverages

A limited amount of coverage is available if you must remedy or remove an existing structure because it was built without a proper building permit (subject to a deductible)

✓

A limited amount of coverage is available if you must remedy or remove an existing structure due to an existing violation of a zoning law or zoning regulation (subject to a deductible)

✓

A limited amount of coverage is available if you must remove your existing structures if they encroach into an easement or over a setback line

✓

A document affecting title not properly created, executed, sealed, acknowledged or delivered

✓

~~You cannot use the land as a single-family residence because such use violates an existing zoning law or zoning regulation~~

✓

~~You are forced to remove your existing structures because they encroach into an easement or over a setback line~~

✓

~~Damage to existing structures due to an exercise of an existing right to use any easement affecting the land~~

✓

~~Damage to existing improvements due to an exercise of an existing right to use the surface of the land for the extraction or development of minerals, water or any other substance~~

✓

Attempted enforcement of discriminatory covenant

Supplemental taxes because of prior construction or change of ownership or use

✓

Loss if the residence is not located at the address stated in the policy

✓

Pays substitute rent and relocation expenses, if you cannot use your home because of a claim covered by the policy

✓

Automatic increase in policy amount up to 150% of policy amount over five years

✓

Post-policy Coverages

Forgery affecting the title

✓

Unauthorized leases, contracts or options

✓

Ownership claims

✓

Easements or restrictions affecting your use of the land

✓

Encroachment of neighbor's buildings onto your land

✓

* Not automatically included in the basic policy but may be available by extended coverage.

Coverages stated above are merely a sampling. Please refer to the policy jacket for actual coverages related to your transaction. Both policies identified above may contain certain exceptions, stipulations and conditions as set out by California Best Title, the California Land Title Association and the American Land Title Association. If you have any questions regarding your legal rights under the various policies, we suggest that you contact your attorney. The information provided is for informational purposes and is subject to change without notice. Seek legal, tax or other professional advice before relying upon this information.

Ways to Hold Title

	Tenancy in Common	Joint Tenancy	Community Property	Community Property With Right of Survivorship
Parties	Any number of persons (including married or registered domestic partners)	Any number of persons (including married or registered domestic partners)	Only married couples or registered domestic partners have community property rights	Only married couples or registered domestic partners
Division	Ownership can be divided into any number of interests, equal or unequal	Owner interests must be equal	Ownership and managerial interests are equal	Ownership and managerial interests are equal
Title	Each co-owner has a separate legal title to his or her undivided interest	Co-owners must acquire interest at the same time and from the same person (may be created by deed from a sole owner to self and to others)	Title is in the "community." Each interest is separate but management is unified	Title is in the "community." Each interest is separate but management is unified. Title must expressly state community property with right of survivorship
Possession	Equal rights of possession	Equal rights of possession	Both co-owners have equal rights of possession	Both co-owners have equal rights of possession
Conveyance	Each co-owner's interest may be conveyed separately by its individual owner	Conveyance by one coowner without the others will sever (terminate) the individual's joint tenancy	Conveyance requires both parties' signatures	Conveyance requires both parties' signatures
Death	Upon co-owner's death, his or her interest passes to that person's devisees or heirs. No survivorship right	Upon co-owner's death, his or her interest ends and cannot be disposed of by will. Joint tenant survivor(s) own(s) the property. An affidavit may establish fact of death	Upon death of spouse or registered domestic partner, 50% belongs to surviving spouse or registered domestic partner, 50% may go to surviving spouse or registered domestic partner or may be disposed of by decedent's will	Upon death of one spouse or registered domestic partner, his or her interest ends and cannot be disposed of by will. Survivor owns the property 100%. An affidavit may establish fact of death
Successor's Status	Devisees or heirs become tenants in common	Last survivor owns property 100%	If passing by will, tenancy in common between devisees and survivor results	Last survivor owns property 100%
Presumption	Favored in doubtful cases except married couples or registered domestic partners case	Must be expressly stated in the deed	The legal presumption is that the property that has been acquired during the course of the marriage or registered domestic partnership is community property	Must expressly state community property with right of survivorship

Transferring Title By Deed

In California there are a number of common deed forms that may be used by individuals or entities to transfer title to real property. There is also a statutory form of deed called the Revocable Transfer Upon Death deed that does not transfer a present interest in real property but may be used for estate-planning purposes. The chart below provides a comparison of certain characteristics and effects of using a quitclaim deed, grant deed and a Revocable Transfer Upon Death deed

	Quitclaim Deed	Grant Deed	Revocable Transfer Upon Death Deed
Statutory basis	Yes	Yes	Yes
Must be recorded ²	No	No	Yes, within 60 days of execution
Must be signed/dated before a notary ³	No	No	Yes
Conveys present interest	Yes, if any exists	Yes	No
Contains warranties	No	Yes	Depends
Can be rescinded after execution/delivery	No	No	Yes
Transfers only upon death, if at all	No	No	Yes
Subsequent will, judgment, deed voids transfer	Maybe	Maybe	Yes
Primarily used as probate avoidance	No	No	Yes
Used for one to four single-family residences only	Not only	Not only	Yes

The content in this brochure is intended for general information only. It is not intended as legal advice and is subject to change without notice. Seek professional advice before relying upon this information

¹ Assembly Bill No. 139 approved by the governor and chaptered by the secretary of state on September 21, 2015

² Recording is not statutorily required to be effective as between the parties; however, for title insurance purposes and proper notice to third parties, deeds must be recorded

³ Similar to recording, although it may not be statutorily required to have the deed notarized to be effective as between the parties; for title insurance purposes and proper notices to third parties, deeds must be notarized to be recorded

Property Taxes

Property Tax Defined

Local governments, usually at the county level, administer property taxes. Tax rates vary from county to county and are based on a predetermined percentage of the assessed value of your property. Property taxes are paid in two installments each year

Property Tax Payments

Whether property taxes are to be paid at closing depends on when escrow closes. If escrow closes near the time at which a tax payment is due, proof of that payment from the seller will be required. The lender's instructions will advise whether buyer is to pay property taxes monthly through the loan payment and an impound account or directly when due

Supplemental Tax

Typically when there is a change of ownership, a supplemental tax assessment occurs. Most property taxes are based on the assessed value of a home at the time of purchase. The supplemental tax bill is sent to the mailing address of record. The supplemental tax payment is the responsibility of the new homeowner, who should provide proof of payment to the lender

Property Tax Calendar

The Tax and Insurance Impound Schedule

First installment: July 1 through December 31

Add two months for standard loans.

July	August	September	October	November	December
July 1 Beginning of the fiscal tax year		September Tax bills mailed		November 1 First installment due	December 10 Installment delinquent

Second installment: January 1 through June 30

Add four months for government loans.

January	February	March	April	May	June
	February 1 Second installment due	March 1 Assessment date	April 10 Second installment delinquent		

Note: Homeowner must own and occupy property on March 1 in order to be eligible for applicable exemptions.

A tax and insurance impound account is an account through the lender that can be set up with your new home loan through the lender. This will pay your property taxes and/or insurance when due. The account may be optional or may be required by the lender. When the tax and insurance impound account is first set up, a deposit of two to six months of property taxes and generally two to three months of insurance is placed into the account. This is known as the impound deposit. Once the loan has been paid in full, the lender should forward the balance of the impound account to the owner within 30 days

Tax Impound Reserve Schedule

Closing Months	First Payment	In Escrow – Pay First Installment	In Escrow – Pay Second Installment	Estimated Number or Months Required by Lender to Impound (or as Instructed by Lender)
January	March		Yes	6
February	April		Yes	7
March	May		Yes	2
April	June		Yes	3
May	July			4
June	August			5
July	September			6
August	October	No		7
September	November	No		8
October	December	Yes		9
November	January	Yes		4
December	February	Yes		5

Impound accounts generally require an initial deposit of two to six months' worth of property taxes and two to three months' worth of insurance. See prior page for additional information on impound accounts

The information and dates provided are for informational purposes and are subject to change without notice,
Seek legal, tax or other professional advice before relying upon this information

The General Escrow Process

After a purchase agreement has been signed, the escrow company steps in as a neutral third party to process and oversee the money and documents involved in transferring property ownership. The buyer and seller will sign escrow instructions, which list the contingencies from the purchase agreement and any other requirements for escrow to close

The escrow company will require you to also complete a Statement of Identity form in order to differentiate you from others who may have the same name and, possibly, judgments, bankruptcies and liens filed against them

The Escrow Company's Role

While the transaction is in escrow, the escrow company will do the following:

- » Order demands and other documents and information required for closing
- » Contact the buyer's lender to coordinate loan funding
- » Coordinate payoff of the seller's mortgage
- » Forward the deed and other transaction-related documents to the county recorder for recording
- » Handle final accounting and disbursement of any remaining funds to all parties
- » Issue settlement statements, HUD 1s, seller's Closing Disclosures and, if applicable, lender's Closing Disclosures

Funding the Transaction

Typically, buyers deposit a down payment and sellers deposit the deed and other necessary documents with the escrow company. Prior to the close of escrow, the buyer deposits the

Closing Escrow

The length of the escrow period is determined by the buyer, seller and real estate agents. It can range from a few days to several months and will be specified in the purchase agreement. However, before escrow can close, several events must first occur:

- » Put dirty dishes in the dishwasher or wash and stack them neatly in the sink.
- » Eliminate pet smells, clean carpets and drapes, empty trash often, and refrain from cooking strong-smelling foods.
- » Introduce good fragrances such as flowers, potpourri and air fresheners. Baking a pie or cookies is another clever tactic
- » Let in light. Brightness improves a home's atmosphere
- » Make sure the temperature is comfortable.
- » Set the dining room

With the recording of the documents, which signifies the legal transfer of title, escrow closes. The buyer then receives the keys to their new home

Who is Involved in the Escrow Process?



Seller

Seller's Real Estate
Professional

The Escrow Company
(neutral third party)

Buyer

Buyer's Lender

Buyer's Real Estate
Professional



Guide to Escrow

You Are In Escrow, So Now What?

1

Purchase Agreement is provided to escrow and reviewed by the escrow team

8

If financing is involved, loan approval is received and loan documents arrive from the lender

2

Buyer's deposit is received, and preliminary report is requested

9

Escrow prepares estimated closing statements for buyer's and seller's review and approval, together with seller's CD, if required

3

Preliminary report is received, reviewed and distributed

10

Buyer's signing appointment is scheduled, documents are prepped for signing, escrow paperwork is added, and appointment with seller is made, if required

4

Escrow instructions and documents are prepared and distributed as per local practice

11

Funds are requested and received from buyer and seller, if required. Upon receipt of buyer's and seller's funds as may be required, loan funds are requested from lender

5

Information and signatures from principal(s) are requested. This includes payoff of underlying loans and Statements of Information from sellers

12

Upon receipt of all funds required to close, recordable documents are forwarded to county recorder's office with authorization to record.

6

Demand(s) are requested and received

13

Recording confirmation is received

7

Data entries are made for payoffs, commissions, etc

14

Disbursements are made and closing packages are released

The content in this brochure is intended for general information only. It is not intended as legal advice and is subject to change without notice. Seek professional advice before relying upon this information

Who Pays For What

County	Escrow Charges	Title Fees	County Transfer Tax	City Transfer Tax
Alameda	Buyer pays	Buyer pays	Seller pays	\$1.10
Alpine (Calaveras Side)	50/50	50/50	Seller pays	\$1.10
Alpine (El Dorado Side)	50/50	Buyer pays	Seller pays	\$1.10
Amador	50/50	Buyer pays	50/50	\$1.10
Butte (Chico, Oroville)	50/50	50/50	Seller pays	\$1.10
Butte (Paradise)	50/50	50/50	Seller pays	\$1.10
Calaveras (Bear Valley)	50/50	Buyer pays	Seller pays	\$1.10
Calaveras (San Andreas)	50/50	50/50	Seller pays	\$1.10
Colusa	50/50	50/50	Seller pays	\$1.10
Contra Costa	Buyer pays	Buyer pays	Seller pays	\$1.10
				50/50
				Richmond
				\$7.00
Del Norte	Seller pays or split	Seller pays or split	Seller pays	\$1.10
El Dorado	50/50	50/50	Seller pays	\$1.10
Fresno	50/50	Seller pays	Seller pays	\$1.10
Glenn	50/50	50/50	Seller pays	\$1.10
Humboldt	50/50	50/50	50/50	\$1.10
Imperial	50/50	Seller pays	Seller pays	\$1.10
Inyo	50/50	Seller pays	Seller pays	\$1.10
Kern	50/50	Seller pays	Seller pays	\$1.10
Kings	50/50	Seller pays	Seller pays	\$1.10
Lake	Buyer pays	Buyer pays	Seller pays	\$1.10
Lassen	50/50	50/50	Seller pays	\$1.10
Los Angeles	50/50	Seller pays	Seller pays	\$1.10
				Seller pays:
				Culver City
				\$4.50
				Los Angeles
				\$4.50
				Pomona
				\$2.20
				Redondo Beach
				\$2.20
				Santa Monica
				\$3.00
Madera	50/50	Seller pays	Seller pays	\$1.10
Marin	Buyer pays	Buyer pays	Seller pays	\$1.10
				Seller pays:
				San Rafael
				\$2.00
Mariposa	50/50	50/50	Seller pays	\$1.10
Mendocino	Buyer pays	Buyer pays	Seller pays	\$1.10
Merced	50/50	50/50	Seller pays	\$1.10
Modoc	50/50	50/50	Seller pays	\$1.10
Mono	50/50	Seller pays	Seller pays	\$1.10
Monterey (Salinas)	50/50	Seller pays	Seller pays	\$1.10
Monterey (Peninsula)	Seller pays	50/50	Seller pays	\$1.10
Napa	Buyer pays	Buyer pays	Seller pays	\$1.10
Nevada	50/50	50/50	Seller pays	\$1.10
Orange	50/50	Seller pays Owner's Buyer pays Lender's	Seller pays	\$1.10
				None
Placer	50/50	Seller pays	Seller pays	\$1.10
Plumas	50/50	50/50	Seller pays	\$1.10
Riverside	50/50	Seller pays	Seller pays	\$1.10
				Seller pays:
				City of Riverside
				\$1.10
Sacramento	Seller pays	Seller pays	Seller pays	\$1.10
				50/50
				Sacramento
				\$2.75
San Benito	Seller pays	Seller pays	Seller pays	\$1.10
San Bernardino	50/50	Seller pays	Seller pays	\$1.10
San Diego	50/50	Seller pays Owner's Seller pays Lender's	Seller pays	\$1.10
				None

County	Escrow Charges	Title Fees	County Transfer Tax		City Transfer Tax	
San Francisco	Buyer pays	Buyer pays	Seller pays		Included with County Transfer Tax	
			\$0 - \$250,000	\$5.00		
			\$250,001 - \$999,999	\$6.80		
			\$1,000,000 - \$4,999,999	\$7.50		
			\$5,000,000 - \$9,999,999	\$22.50		
			\$10,000,000 - \$24,999,999	\$27.50		
			\$25,000,000 and up	\$30.00		
San Joaquin	50/50	50/50	Seller pays	\$1.10	None	
San Luis Obispo	50/50	Seller pays or split	Seller pays	\$1.10	None	
San Mateo	Buyer pays	Buyer pays	Seller pays	\$1.10	50/50	
					San Mateo	\$5.00
Santa Barbara	50/50	Seller pays	Seller pays	\$1.10	None	
Santa Clara	Seller pays	Seller pays	Seller pays	\$1.10	50/50	
					Mountain View	\$3.30
					Palo Alto	\$3.30
					San Jose	\$3.30
Santa Cruz	50/50	50/50	Seller pays	\$1.10	None	
Shasta	50/50	50/50	Seller pays	\$1.10	None	
Sierra	50/50	Seller pays	Seller pays	\$1.10	None	
Siskiyou	50/50	50/50	Seller pays	\$1.10	None	
Solano	Buyer pays	Buyer pays	Seller pays	\$1.10	Seller pays:	
					Vallejo	\$3.30
Sonoma	Buyer pays	Buyer pays	Seller pays		Seller pays	
			Cloverdale	\$1.10	Petaluma	
			Cotati	\$1.10		
			Healdsburg	\$1.10		
			Petaluma	\$1.10		
			Rohnert Park	\$1.10		\$2.00
			Santa Rosa	\$1.10	Santa Rosa	
			Sebastopol	\$1.10		\$2.00
			Sonoma	\$1.10		
			Windsor	\$1.10		
Stanislaus	50/50	50/50	Seller pays	\$1.10	None	
Turlock	50/50	50/50	Seller pays	\$1.10	None	
Modesto (City)	50/50 or as negotiated	Seller pays or as negotiated	Seller pays	\$1.10	None	
Patterson (City)	50/50 or as negotiated	50/50 or as negotiated	Seller pays	\$1.10	None	
Sutter	Seller pays	Seller pays	Seller pays	\$1.10	None	
Tehama	50/50	50/50	Seller pays	\$1.10	None	
Trinity	50/50	50/50	Seller pays	\$1.10	None	
Tulare	50/50	Seller pays	Seller pays	\$1.10	None	
Tuolumne	50/50	50/50	Seller pays	\$1.10	None	
Ventura	50/50	Seller pays	Seller pays	\$1.10	None	
Yolo (Davis)	50/50	50/50	Seller pays	\$1.10	None	
Yolo (Woodland)	50/50	Seller pays	Seller/Buyer negotiated	\$1.10	Seller/Buyer negotiated	\$2.20
Yuba	Seller pays	Seller pays	Seller pays	\$1.10	None	

50/50 = Buyer Pays 50%, Seller Pays 50%

Please note: The information and rates supplied are customary and subject to change and must be verified with the appropriate governmental agency at the time of purchase or sale to ensure accuracy. The information supplied is accurate as of December 27, 2016. California Best Title is not responsible for the accuracy of this information

Source: SPL Inc.

Glossary of Real Estate Terms

Adjustable Rate Mortgage (ARM)

A loan with an interest rate that changes periodically based on a current index, like one-year treasury bills. Typically, ARMs can't change by more than two percentage points per year or six points above the starting rate. Check the specific rates carefully for any type of mortgage loan

Amortization

A payment plan, that enables the borrower to pay off the debt gradually through equal monthly payments of principal and interest

Appraisal

An expert judgment or estimate of the quality or value of real estate as of a given date. This appraisal is done for financial lending purposes and may not reflect the actual market value

Appraised Value

An estimate of the value of the property offered as security for a home loan

Bridge Finance

A short-term loan, usually at a higher rate of interest than the longer-term mortgage, used by borrowers who have bought a house while waiting for theirs to be sold. May also refer to a second subordinate loan

Caveat Emptor

Latin for "let the buyer beware." This puts the burden on the buyer to be satisfied with the item before purchasing the property. Many states have passed laws that require sellers to disclose any defects or problems with the property being sold

Chattels

Items of personal property that are movable (e.g., clothing, furniture), as distinguished from real property (e.g., land, a house)

Closing Protection Letter (CPL)

A letter from a title insurance company generally given to a lender for one or more closings, which indemnifies the lender for loss caused by the policy issuing agent's or approved attorney's failure to comply with the lender's written closing instructions or for certain kinds of misconduct committed by the issuing agent or approved attorney if the failure or misconduct affects the title or the mortgage

Commission

Fee payable to real estate agents for selling the property by the person authorizing the sale; usually a percentage of the sale price, although this can be negotiated and paid by the buyer or split between the parties. Often the commission is shared by the listing and buyers' real estate agent

The Consumer Financial Protection Bureau® (CFPB)

An independent government agency responsible for consumer protection in the financial sector

Consummation

The point in time when a borrower becomes contractually obligated to the creditor on the loan under state law

Contingent Offer

Offer to buy or sell is subject to some condition, such as the buyers selling their current home or the home passing an inspection. If the condition is not met, then the parties may agree to waive the condition or the contract may terminate

Contract of Sale

Written agreement setting out the terms and conditions of a property sale

Covenant

A promise or agreement in a written contract or deed of real property defining specific conditions or actions concerning the property

Conventional Mortgage

A mortgage loan not insured by the United States Department of Housing and Urban Development or guaranteed by the Department of Veterans Affairs. It is subject to conditions established by the lending institution and state statutes. The mortgage rates may vary with different institutions and between states (States have various interest limits)

Credit Report

A report detailing a loan applicant's credit history used by a lender to determine creditworthiness

This brochure is intended solely to provide helpful information to buyers and sellers. The laws of each state may vary. Please consult with an attorney of your choice for specific information or legal advice

Deposit (or Earnest Money)

An agreed-to percentage of the purchase price of a property placed in escrow as evidence of intention to buy. May be nonrefundable based upon the terms and conditions of the contract. Usually the deposit goes toward the purchase price when the sale goes through

Document Preparation

A charge by an attorney for preparing legal documents for a transaction

Encroachment

When a structure overhangs someone else's property and a fence or other structure is built over the dividing line between the two properties

Encumbrance

An easement, lien or other restriction on a property, which impedes its use or transfer

Equity

The difference between the market value of the property and any loans that are outstanding on the property. If the market value is less than any outstanding loans, there will be a negative equity

Escrow Funds

Funds paid to the escrow agent to hold until the occurrence of a specified event, such as the completion of repairs or the payment of insurance and taxes, after which the funds will be released to the designated individual. After closing, many lenders will require that the buyer make monthly payments (in addition to the principal and interest) to cover these expenses

Exclusions

Any item that is specifically not included in the sale (e.g., an above-ground pool or garden shed). These should be shown in the contract

Fixed Rate Mortgage

A loan that carries an unchangeable interest rate over its entire term – typically a period of 15 to 30 years

(continued on next page)

Homeowners Insurance

Protects the property and contents in case of damage or loss. Most lenders require that the insurance be for at least the loan amount or for 80% of the value of the improvements, whichever is greater

Inclusions

Lights, curtains, blinds, ceiling fans, air-conditioning units, fly screens, dishwasher, range hood, stove, fixed cupboards, clothes hoist or any other removable item that the seller has agreed will be included in the sale

Inspections

An examination to determine the condition of property, such as termite inspections. Inspections are also conducted to see if required repairs were made before funds are disbursed

Interest

A charge paid for borrowing money

Interest-Only Loan

Loan on which just the interest is paid periodically, and the principal is paid at the end of the term. Some loans may be interest-only for a certain period of time and then require that both principal and interest be paid in monthly installments

Inventory

List of items included with a property for sale; usually furniture, furnishings and other removable items

Investment

The purchase of an asset, such as real estate, with the goal of producing income, including capital gains, on the resale of the asset

Joint Tenants With Right of Survivorship

Joint tenancy is the equal holding of property by two or more persons. If one owner dies, the deceased's share passes on to the survivors

Liabilities

Your outstanding debts or what you owe

Glossary of Real Estate Terms (Continued)

Lien

A claim one person holds on the property of another as security for money owed. Such claims may include obligations not met, judgments, unpaid taxes, materials or labor

Loan Application Fee

Paid to the lender at the time of application. The amount varies by lender

Loan Discount (or Discount Points)

Loan discounts are a form of prepaid interest. One point equals generally 1% of the loan amount. By charging a borrower points, a lender effectively increases the yield on the loan above the amount of the stated interest rate. Borrowers can offer to pay a lender points as a method to reduce the interest rate on the loan, thus obtaining a lower monthly payment in exchange for this up-front payment. For each point purchased, the loan rate is typically reduced by 0.125%, but check with your lender for the specific reduction

Loan Estimate Form and Closing Disclosure Form

These forms are intended, in the words of the Consumer Financial Protection Bureau (CFPB), to help consumers make informed decisions when shopping for a mortgage and avoid costly surprises at the closing table. These forms are required in most transactions

Maintenance Fee

Periodic charge by the homeowners association as set out in the subdivision restrictions

Maturity Date

The last day of the term of the home-loan agreement. The home loan must then be paid in full, or the homeloan agreement must be renewed or refinanced

Mortgage (or Deed of Trust)

A legal agreement containing the lender's terms and conditions, in which the owner pledges his/her/its title to real property to the lender as security for a loan described in a promissory note (In a promissory note, a mortgagee lends the money to a mortgagor, the borrower.) Mortgages are normally recorded in the county records

Mortgagee's (or Lender's) Title Policy

A title insurance policy that insures the validity, enforceability and priority of a lender's lien. This policy does not provide protection for the owner

Multiple Listing Service (MLS)

System of offering the property through many real estate agents

Offer to Purchase

A formal legal agreement that offers a specified price for a specified property. The offer may be firm (no conditions attached) or conditional (certain conditions apply)

Option to Buy

Legal agreement giving the buyer the right to purchase property at a certain time and price. An option fee, usually a percentage of the price or fixed amount, is payable and may be forfeited if the buyer does not go through with the transaction. Option may be refunded if conditions are not met

Origination Fee

A fee the borrower pays the lender to originate a new loan

Owner's Title Policy

Insures that the buyer has the title to the property, subject to policy terms

PITI

Abbreviation for principal, interest, taxes and insurance (PITI) – all of which can be lumped together in your monthly mortgage payment

Principal

The actual amount of money that has been borrowed to buy a property

Private Mortgage Insurance (PMI)

Insurance against a loss by a lender (mortgagee) in the event of default by a borrower (mortgagor). PMI is often required for larger loans

Real Estate Professional Fee

Usually called commission, the amount paid to real estate professionals as compensation for their services

Recording Fees

Charged by the county clerk to record documents in the public records

Restrictions

These limit the way in which a property can be used or modified and are written into (or referred to in) the deed for the property. They are usually enforced by the developer or builder, the neighborhood or the homeowners association. A certified copy of deed restrictions is usually required by the lender. Restrictions normally have a termination date but may be renewed

Settlement

Completion of sale when the balance of the contract price is paid to the seller and the buyer is legally entitled to take possession of the property

Survey

Confirms lot size and identifies any encroachments or restriction violations

Tax Proration

The seller and buyer split up property taxes based on the length each party has owned the home during the year

Title Insurance

Title insurance protects real estate owners and lenders against any property loss or damage they might experience because of liens, encumbrances or defects in the title to the property. Each title insurance policy is subject to specific terms, conditions and exclusions

Title Search

The process of examining the land title to determine the terms and conditions under which the title company will issue a title policy

Important Contact Information

Real Estate Agent

Name _____

Company _____

Address _____

City _____ State _____ Zip _____

Work _____ Cell _____

Email _____

Notes _____

Title & Escrow Company

Name _____

Company _____

Address _____

City _____ State _____ Zip _____

Work _____ Cell _____

Email _____

Notes _____







California Best Title

www.calbesttitle.com | open@calbesttitle.com

Los Angeles County | 877 848 5388

Glendale

100 W Broadway, Ste 730, Glendale, CA 91210

Palmdale

38700 W 5th Street, Bldg B, Ste G-1, Palmdale, CA 93551

Orange County | 833 566 4393

Brea

500 S Kraemer Blvd, Ste 300, Brea, CA 92821

© 2023 California Best Title. All rights reserved.

Trademarks are the property of their respective owners.

This information is provided for general informational purposes only,
is subject to change without notice and should not be relied upon.