HOME BUYERS GUIDE

TITLE365

ABOUT **TITLE365**

Title365 Company is the most technologically advanced nationwide provider of title insurance and settlement services. Since 2009, we've taken a fresh approach to title insurance and escrow services, ensuring that our offerings are aligned with, and proactively responding to, changing market demands.

Fully licensed in states coast-to-coast, Title365 has local offices throughout California and in key cities throughout the nation. Title365 delivers a faster turnaround of title, escrow and default services thanks to a uniquely centralized, highly efficient alternative to other national title companies. Every day, residential real estate brokers, mortgage and financial institutions, asset managers and independent escrows look to Title365 to deliver traditional title insurance, escrow and national closing services, default services, and diverse technology solutions. All without compromise.

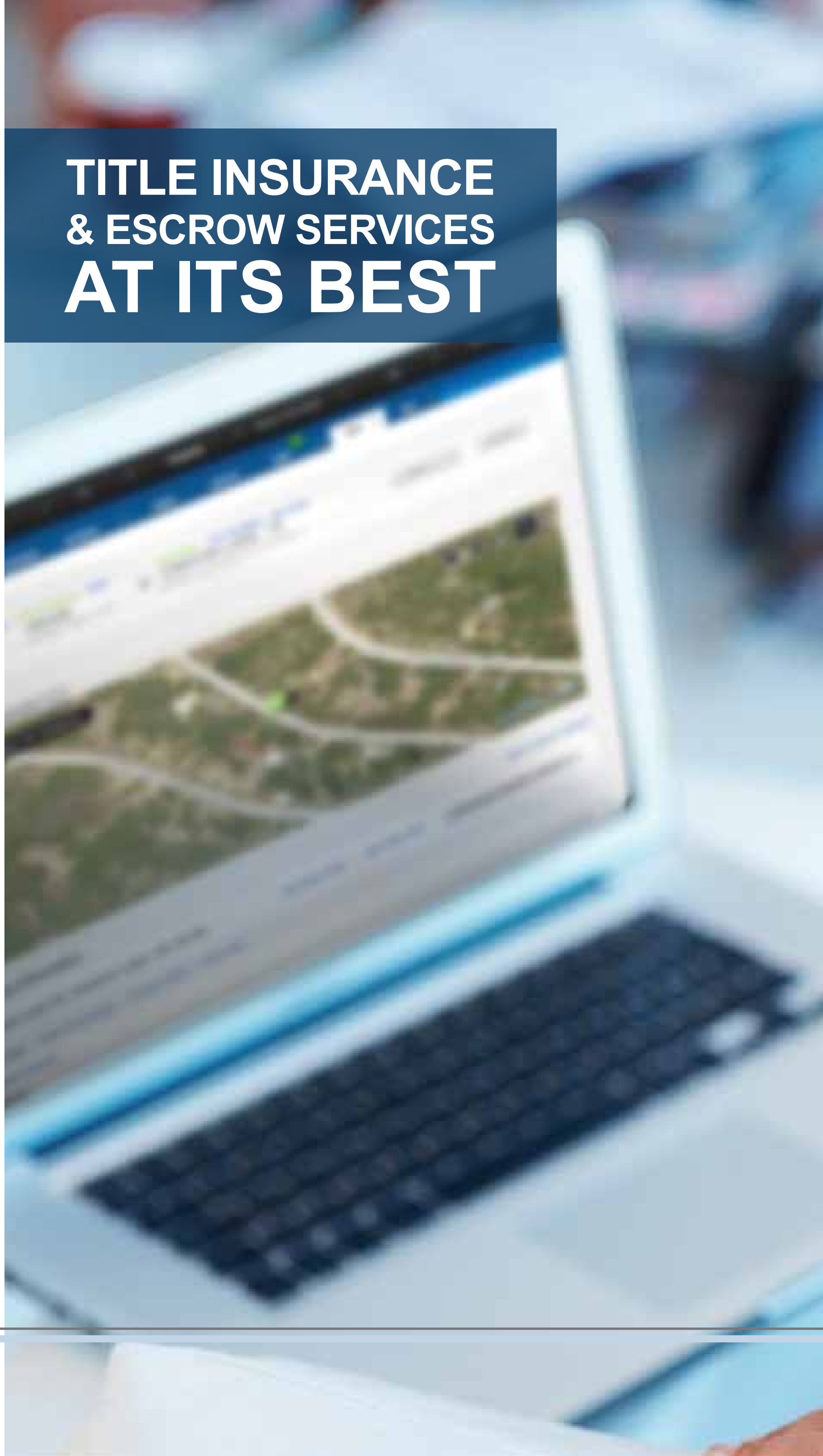
As a title insurance agent, Title365 Company delivers flexibility of choice in title insurance underwriters thanks to our strong national relationships with some of the nation's largest underwriters.

With the Title365 platform, we bring consumers and professionals together while facilitating efficient ordering of all real estate-related services. Follow the progress of your order 24/7 or access order documents indefinitely. Title365's innovative tools heighten your productivity even after a transaction closes.

Regardless of the solutions your order demands, the dependable online convenience, streamlined operations and technical innovation of Title365 will leave a positive impression on your real estate experience from start-to-finish.

Visit www.title365.com to learn more and be sure to ask your real estate professional to request Title365 for all your title insurance and escrow needs.

TITLE INSURANCE & ESCROW SERVICES AT ITS BEST



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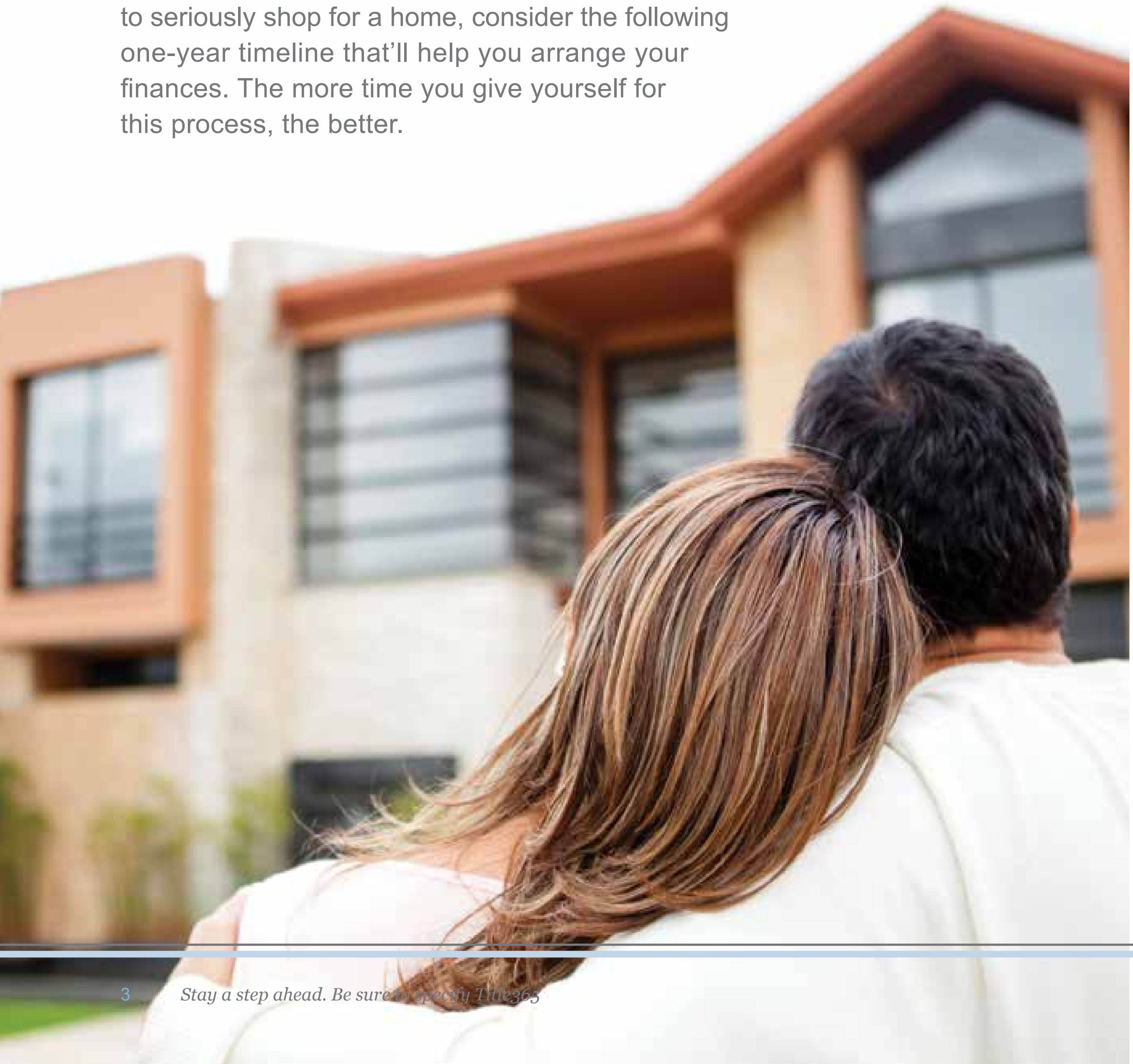
READY TO **BUY A HOME**

Buying a home can be complicated but it helps to be prepared for the process in advance. Before starting to seriously shop for a home, consider the following one-year timeline that'll help you arrange your finances. The more time you give yourself for this process, the better.



A YEAR OUT (OR ASAP)

GET YOUR CREDIT REPORTS. If there are errors on your reports, you will pay a higher interest rate on your mortgage. You might have issues getting a loan. The three major credit bureaus (Equifax, Experian and TransUnion) offer free reports from AnnualCreditReport.com. Scan for suspicious activity, collection accounts for debts you don't owe and negative marks (other than bankruptcy) that are older than seven years.

OBTAIN YOUR FICO CREDIT SCORES. Your credit scores are three-digit numbers used to measure your creditworthiness. They help determine the rates and terms for your loan. While there are hundreds of different credit-scoring formulas, the majority of lenders use FICO.

CONSIDER A CREDIT–MONITORING SERVICE. Given how important your credit and credit scores will be in buying a home, many consumers appreciate the early warning if a collector tries to post a bogus debt.

ATTACK YOUR DEBT. Try to eradicate bad debt such as credit-card balances and payday loans which signal that you are living beyond your means. Getting any overspending problems fixed before you buy a home is key homeownership typically involves big costs such as property taxes, insurance, maintenance, repairs, improvements and decorating.

SAVE MONEY. Cut back on luxury expenses and put as much money aside as possible. Think about your dream of homeownership. Ideally, try to have at least a 5% down payment but putting down 10% will give you even more financing options.

SWITCH TO AUTOMATIC BILL PAY. A single, 30-day late payment can knock 100 points off your score so be sure every bill gets paid when it's due. If you don't have a reliable bill-paying system, consider using automatic debits so payments come directly from your checking account or an online bill-payment system's recurring-payment feature.

6 MONTHS OUT

RESEARCH MORTGAGE OPTIONS. Many people have lost their homes in today's market because they didn't understand their mortgage or listened to poor advice. For some, low teaser payments for a more expensive home were enticing but payments increased and they are unable to pay. Understand the risks of the different types of mortgages.

RESEARCH HOMEOWNERSHIP COSTS. Remember that homeownership not only includes your mortgage, it also involves property taxes, home insurance and perhaps homeowners or condo-association fees. You might face higher utility bills, maintenance and repair costs, too. Speak with your homeowner friends so you know what to expect.

HONE YOUR SAVING STRATEGIES. A bigger down payment could result in a larger home or a lower mortgage payment. Build up your emergency fund for unexpected home expenses.

3 MONTHS OUT

REDUCE YOUR CREDIT UTILIZATION. Remember: less is better. At least when it comes to the FICO scoring formula. It's sensitive to how much of your available limits you're using on your credit cards and other revolving lines of credit. Even if you pay your balances in full every month, the balance that shows on your most recent statement is the formula used. Keep that balance below 30%, or even lower.

DON'T OPEN OR CLOSE ANY ACCOUNTS. Until the mortgage process is completed and you've moved into your new home, avoid actions such as opening credit accounts or closing old ones that could potentially harm your credit.

2 MONTHS OUT

LOOK INTO POTENTIAL MORTGAGE RATES. Checking your FICO credit scores doesn't ding them so order a fresh set and speak to a few mortgage lenders about rates. Don't apply yet or give permission for your credit to be pulled; just get a feel for what you can expect.

UNDERSTAND THE EFFECT OF MORTGAGE SHOPPING ON YOUR SCORE. Everyone wants to get the best loan rate and terms possible. Each time a lender checks your credit, a "hard inquiry" appears on your credit report and dings your score slightly. Good news is that the FICO scoring formula counts all mortgage-related inquiries within a specified period as one. It is important to do your serious mortgage shopping in a fairly concentrated period of time, typically immediately after you enter escrow.

GET APPROVED FOR A MORTGAGE IN ADVANCE. Pre-approval, in which a lender gives a commitment to make you a loan, is different and more valuable to sellers than pre-qualification, which gives you just an idea of an affordable mortgage amount without any commitment. You are not obligated to get a loan from the lender that offers you a pre-approval letter. Even though a pre-approval involves a hard credit inquiry, the small potential ding on your credit is worth it because you'll be in a stronger position with sellers.

CONSIDER A MORTGAGE BROKER. After you are in escrow, shop for a mortgage. Get referrals from family and friends or look on the National Association of Mortgage Brokers website.

RESEARCH NEIGHBORHOODS AND AGENTS. Check Internet listings, attend open houses and talk to others to identify a professional to help you in your home search.

ONCE YOU'RE IN ESCROW

SHOP FOR A MORTGAGE. Consider the national mortgage lenders, local lenders and online brokers. The full approval process typically takes four to six weeks so be sure to move quickly.

CONDUCT APPRAISAL, HOME INSPECTION AND WALK–THROUGH. An appraisal is required for loan approval. An inspection is not required but can alert you to any serious problems before the deal closes. The walk-through is usually done within 24 hours of the deal closing, so you can make sure that the home sellers have performed any agreed-upon repairs and the place is in move-in condition.

GET HOMEOWNERS INSURANCE. Mortgage lenders require this coverage, and you'll need to prove you have it at closing.

CONFIRM CLOSING COSTS. Your "closing" entails signing all loan and escrow paperwork and paying agreed-upon amounts, which can include your down payment and your share of legal fees, paperwork costs, property taxes and title insurance.

BUYING PROCESS

1. GET PRE-QUALIFIED BY LENDER
- Obtain pre-qualification letter.

2. PROPERTY TOURS
- Tour homes that suit your needs and preferences.
- Educate yourself about the current housing market.

3. TARGET AN IDEAL HOME AND WRITE AN OFFER
- Deliver your earnest money deposit (this check will be held until there is a ratified contract).

4. PRESENT THE OFFER
- Your Realtor® will prepare a presentation highlighting the benefits of your offer and your strength as a buyer.
- Your Realtor® will present the offer to the sellers and the sellers' agent.
- The sellers will either accept the offer, counter your offer, or reject it.

5. COUNTER OFFER
- Your Realtor® will discuss the counter offer and how it relates to your goals and prepare a response.

6. ESCROW
- When the offer has been accepted and signed by all parties, your Realtor® will open escrow with Title365.
- Your earnest money will be deposited at this time.
- The escrow officer will order a Preliminary Report and send copies to your agent and lender.

7. LOAN APPLICATION
- Submit a completed loan application to the lender of your choice and provide the lender with all the necessary documents.

8. CONTINGENCY PERIOD
- Buyer's approval of seller's Real Estate Transfer Disclosure Statement.
- Buyer's approval of Preliminary Report.
- Physical inspections/pest inspections.
- Property appraisal and loan approval.

9. HOMEOWNERS INSURANCE COVERAGE
- Select an insurance company and discuss coverage.
- Give insurance agent information to escrow; Escrow will need to order a copy of the policy for the new lender prior to escrow closing.

10. SIGNING DOCUMENTS
- Your lender will send the loan documents directly to Title365.
- You will receive copies of title documents and lender documents.
- You will need a current photo I.D.

11. DOWN PAYMENT AND CLOSING FUNDS
- Submit a cashiers check to Title365 several days prior to closing.
- The escrow officer will provide a Buyer's Estimated Closing Statement which will itemize your costs and credits with an estimate of total moneys due.

12. FUNDING
- The lender will send funds to Title365.

13. CLOSE OF ESCROW
- The deed will be recorded at the County Recorder's office by Title365 (you will receive the original back from the County Recorder in approximately six weeks).
- Your Realtor® will coordinate with you the transfer of the keys and delivery of possessions.

14. MOVE IN!

PROPERTY PROFILE

NAME(S):

CURRENT ADDRESS:

HOME PHONE:

WORK PHONE:

EMAIL:

NO. of CHILDREN:

PETS:

PRICE RANGE:

NEIGHBORHOOD(S):

STYLE & AGE of HOME:

GATED COMMUNITY (Y/N):

SQUARE FEET:

LOT SIZE:

NO. BEDROOMS:

NO. BATHROOMS:

GARAGE SIZE:

FIREPLACE (Y/N):

POOL(Y/N)::

KITCHEN SIZE:

KITCHEN AMENITIES:

PUBLIC or PRIVATE SCHOOLS:

ACCESS to PUBLIC TRANSPORTATION:

HOW LONG HAVE YOU BEEN LOOKING?

WHO'S WHO?

Professionals involved in your transaction.

REALTOR® A licensed real estate agent and a member of the National Association of Realtors, a real estate trade association. Realtors also belong to their state and local associations of Realtors.

LISTING AGENT The listing agent or broker forms a relationship with the homeowner to sell the property and place the property in the Multiple Listing Service.

BUYER'S AGENT A key role of the Buyer's agent or broker is to work with the buyer to locate a suitable property and negotiate the home purchase.

TITLE OFFICER A title officer carries out the title search and examination, takes any necessary corrective action and provides the policy protection to secure a clean title.

ESCROW OFFICER An escrow officer leads the facilitation of your escrow, including escrow instructions preparation, document preparation and funds disbursement.

APPRAISER Before you can get a loan, the bank will have an appraiser look at the home and decide if it's really worth the money you're planning to spend. Many homeowners hire their own appraisers to make sure they're getting the best value.

MORTGAGE BROKER OR LENDER A mortgage broker will find you the best loan and lender to fit your needs. The financing aspect of your home purchase may begin before you find an agent with a loan pre-approval.

MULTIPLE LISTING SERVICE (MLS) The MLS is a database of properties listed for sale by Realtors who are members of the local Association of Realtors.

LIFE OF A **PURCHASE & SALE TRANSACTION**

It all begins with the offer and acceptance skillfully negotiated by the Realtors® representing Buyer and Seller.

BUYER

- Submits a written offer to purchase (or accepts the Seller's counter-offer accompanied by a good faith deposit amount.
- Applies for a new loan by submitting all required forms & often pays certain fees such as credit report & application costs.
- Approves the preliminary report & any property, disclosure or inspection reports called for by the purchase & sale agreement, (Deposit Receipt).
- Approves & signs the escrow instructions, new loan documents & other related instruments required to complete the transaction.
- Fulfills any conditions contained in the contract, lender instructions and/or the escrow instructions.
- Approves any final changes by signing amendments in the escrow instructions or contract.
- Deposits sufficient funds in the escrow to pay the remaining down payment & closing costs.

LENDER (WHEN APPLICABLE)

- Accepts the loan application & related documents from the Buyer(s) & begins the qualification process.
- Orders & reviews the property appraisal, credit report, verification of employment, verification of deposit(s), preliminary report & other related information.
- Submits the entire package to the loan committee and/or underwriters for approval.
- When approved, loan conditions & title insurance requirements are established.
- Informs Buyer(s) of loan approval terms, commitment expiration date, & provides a good faith estimate of the closing costs.
- Deposits the new loan documents & instructions with the escrow holder for Buyer's approval & signature.
- Reviews & approves the executed loan package & coordinates the loan funding with the escrow officer.

ESCROW OFFICER

- Receives order for the title & escrow services for Title365.
- Accepts Buyer's earnest money deposit. Orders the title search & examination on the subject property from Title365's title officer.
- Acts as the impartial "stakeholder" or depository, in a fiduciary capacity for all documents & monies required to complete the transaction per written instructions of the principals.
- With the authorization from the real estate agent or principal, orders demands on existing deeds of trust & liens or judgments, if any. For assumption of loan by Buyers, orders the beneficiary's statement or formal assumption package.
- Reviews documents received in the escrow: preliminary report, payoff or assumption statements, new loan package & other related instruments.
- Reviews the conditions in the Lender's instructions, including the hazard & title insurance requirements.
- Prepares the escrow instructions & required documents, together with a preliminary estimate of settlement charges, for the Buyer & Seller, in accordance with the terms of the purchase & sale agreement.
- Presents the instructions, documents, statements, loan package(s), estimated closing statements & other related documents to the principal(s) for approval & signature.
- Reviews the signed instructions & documents, returns the loan package, & requests the lender's funds.
- Determines when the transaction will be in the position to close & advises the parties.
- Assisted by title personnel, records the deed, deed of trust & other documents required to complete the transaction with the County Recorder & orders the title insurance policies.
- Closes the escrow by preparing the final settlement statements, disbursing the proceeds to the Seller, paying off the existing encumbrances & other obligations. Delivers the appropriate statements, funds & remaining documents to the principals, agents and/or lenders.

SELLER

- Submits documents & information to escrow holder, such as: addresses of lien holders, tax receipts, equipment warranties, home warranty contracts, any leases and/or rental agreements.
- Orders inspections, receives clearances & approves final reports and/or repairs to the property as required by the terms of the purchase & sale agreement (Deposit Receipt).
- Approves & signs the escrow instructions, payoff demands, grant deed & other related documents required to complete the transactions.
- Approves any final changes by signing amendments to the escrow instructions or contract.
- Reviews documents received in the escrow: preliminary report, payoff or assumption statements, new loan package & other related instruments.
- Reviews the conditions in the lender's instructions including the hazard & title insurance requirements.

TITLE OFFICER

- Examines the title to the real property & issues a preliminary report.
- Determines the requirements & documents needed to complete the transaction & advises the escrow officer and/or agents.
- Reviews & approves the signed documents, releases the order for title insurance prior to the closing date.
- When authorized by the escrow officer, the title officer records the signed documents with the County Recorder's office & issues the title insurance policies.

TITLE INSURANCE

In California, most real estate transactions are closed with the issuance of a title insurance policy in favor of the owner, the Lender or both. Many homebuyers erroneously assume that when they purchase a piece of real property, possession of the deed to the property is all they need to prove ownership. Not so, because hidden hazards may attach to real estate. Forgeries, faulty surveys, hidden liens, the false representation of ownership of a married person as being single are just a few examples of factors which may cloud the title to real property ownership. A property owner's greatest protection is a policy of title insurance.

WHAT IS TITLE INSURANCE?

Title insurance insures property owners that they are acquiring marketable title. Unlike casualty insurance (policies which insure against future events), title insurance is designed to eliminate risk or loss caused by defects in title from past events. Title insurance provides coverage only for title problems.

A title insurance policy is a contract of indemnity which insures against loss if the title is not as reported; and if it is not and the owner is damaged, the title policy covers the insured for his/her loss up to the face amount of the policy.

TITLE SEARCH

Issuing a title policy is an extensive and exacting process. Title companies work to eliminate risks by performing a painstaking search of the public records or the title company's own "plant," where public records pertaining to the property and the parties to the escrow are maintained, to determine the current recorded ownership, any record liens, encumbrances, or other matters of record which could affect the title to the property. Once a title search is complete, the title company issues a preliminary report detailing the current vesting, description, taxes and exclusions from coverage.

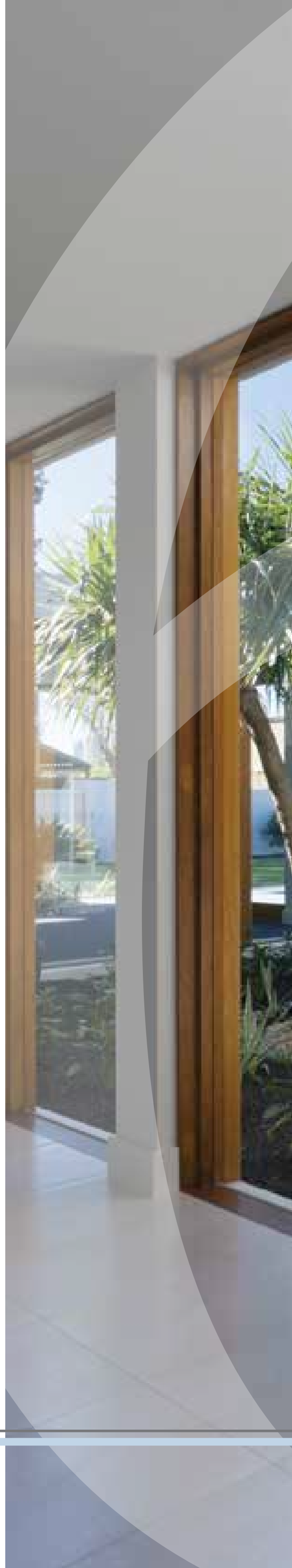
PRELIMINARY REPORT

The preliminary report contains vital information which includes ownership of the subject property, the manner in which the current owners hold title, matters of record which specifically affect the subject property or the owners of the property as well as a legal description of the property and an informational plat map.

WHAT TO LOOK FOR

The Buyer and Realtor® should review the preliminary report as soon as it arrives, with particular attention to certain areas:

- **Verify the ownership vesting**. Be certain the names on the report are the same as the names on the purchase contract. Sometimes the name of an unexpected owner will appear (e.g. a previous spouse or relative who died), and corrective documents may be required.
- **Verify the property address**. The plat map and legal description should match the address. An owner could own two properties adjacent to or across the street from each other, causing confusion in identifying the correct property.
- **Carefully review the exceptions**. Common exceptions include current taxes, bonds, deeds of trust, Mello-Roos assessment district items, CC&Rs and easements. Be sure the CC&Rs or existing easements do not interfere with the Buyer's future plans. For example, an easement across the backyard could have a profound effect on the Buyer's ability to add a swimming pool later.
- **Always look for surprises**. If you cannot locate an easement; if an unexpected deed of trust shows up; if you see an item you weren't aware of before, immediately call the escrow officer or title company to discuss the matter. The title company should be a problem solver, and top notch escrow officers and title officers go out of their way to resolve quickly the majority of "red flag" areas. However, the responsibility for early detection and resolution of problems falls on the entire escrow team: the Realtors®, the escrow and title companies and the Buyers and Sellers as well.



WHAT IS COVERED?

Here are just a few of the many title risks covered in the California Land Title Association (CLTA) standard coverage policy in the event of a loss incl a lack of a right of access to and from the land and a number of recorded defects:

- A forged signature on a deed
- Impersonation of the real owner
- Mistakes in interpretation of wills or other legal documents
- Deeds delivered without the consent of the owner
- Undisclosed or missing heirs
- Deeds and mortgages signed by persons of unsound mind, by minors, or by persons supposedly single but actually married
- Recording mistakes and missed recorded documents
- Falsification of records
- Errors in copying or indexing

In addition to indemnifying the insured against losses which result from a covered claim, the policy also provides for legal fees and defense cost incurred in handling claims against the property.

Extended owner's and lender's policies provide broader coverage and are available in the American Land Title Association (ALTA) policy. Coverage is extended to certain matters that are off-record but which are generally discoverable by an inspection or survey of the property, or by questioning the parties in possession, such as:

- Unrecorded liens and encumbrances
- Unrecorded easements
- Unrecorded rights of parties in possession
- Encroachments, discrepancies or conflicts in the boundary lines

ALTA policies are available for lenders or owners, and a "plain language" ALTA residential policy is also available for owner-occupied residential property of one-to-four units.

Realtors®, Buyers and Sellers should not assume that all title policies and title companies are the same. They're not, and it is important to ask questions of your title company to determine the type and cost of coverage available.

COMMON WAYS OF **HOLDING TITLE**

How should I take ownership of the property I am buying? This important question is one California real property purchasers ask their real estate agent, escrow and title professionals every day. Unfortunately, while these professionals may identify the many methods of owning property, they may not recommend a specific form of ownership, as doing so may constitute practicing law.

Because real property has become increasingly more valuable, the question of how parties take ownership of their property has gained greater importance. The form of ownership taken – the vesting of title – will determine who may sign various documents involving the property and future rights of the parties to the transaction. These rights involve such matters as: real property taxes, income taxes, inheritance and gift taxes, transferability of title and exposure to creditors' claims. Also, how title is vested can have significant probate implications in the event of death. The California Land Title Association (CLTA) advises those purchasing real property to give careful consideration to the manner in which title will be held. Buyers may wish to consult legal counsel to determine the most advantageous form of ownership for their particular situation, especially in cases of multiple owners of a single property.

The CLTA has provided the following definitions of common vestings as an informational overview only. Consumers should not rely on these as legal definitions. The Association urges real property purchasers to carefully consider their titling decision prior to closing, and to seek counsel should they be unfamiliar with the most suitable ownership choice for their particular situation.

SOLE OWNERSHIP

Sole ownership may be described as ownership by an individual or other entity capable of acquiring title. Examples of common vesting cases of sole ownership are:

1. **A Single Man or Woman**: A man or woman who is not legally married or in a registered domestic partnership. For example: Bruce Buyer, a single man.
2. **A Married Man or Woman As His or Her Sole & Separate Property**: A married man or woman who wishes to acquire title in his or her name alone. The title company insuring title will require the spouse of the married man or woman acquiring title to specifically disclaim or relinquish his or her right, title and interest to the property. This establishes that both spouses want title to the property to be granted to one spouse as that spouse's sole and separate property. For example: Bruce Buyer, a married man, as his sole and separate property.
3. **A Registered Domestic Partner As His Or Her Sole & Separate Property**: A registered domestic partner who wishes to acquire title in his or her name alone.

The title company insuring title will require the domestic partner of the person acquiring title to specifically disclaim or relinquish his or her right, title and interest to the property. This establishes that both registered domestic partners want title to the property to be granted to one partner as that persons sole and separate property. For example: Bruce Buyer, a registered domestic partner, as his sole and separate property.

CO-OWNERSHIP

Title to property owned by two or more persons may be vested in the following forms:

1. **Community Property**: A form of vesting title to property owned together by husband and wife or by registered domestic partners. Community property is distinguished from separate property, which is property acquired before marriage or before a registered domestic partnership, by separate gift or bequest, after legal separation, or which is agreed in writing to be owned by one spouse or registered domestic partner.
   In California, real property conveyed to a married person, or to a registered domestic partner, is presumed to be community property, unless otherwise stated. Since all such property is owned equally, both parties must sign all agreements and documents transferring the property or using it as security for a loan. Each owner has the right to dispose of his/her one half of the community property, by will. For example: Bruce Buyer and Barbara Buyer, husband and wife, as community property.
2. **Community Property With Right Of Survivorship**: A form of vesting title to property owned together by husband and wife or by registered domestic partners. This form of holding title shares many of the characteristics of community property but adds the benefit of the right of survivorship similar to title held in joint tenancy. There may be tax benefits for holding title in this manner. On the death of an owner, the decedents interest ends and the survivor owns the property. For example: Bruce Buyer and Barbara Buyer, husband and wife, as community property with right of survivorship.
3. **Joint Tenancy**: A form of vesting title to property owned by two or more persons, who may or may not be married or registered domestic partners, in equal interests, subject to the right of survivorship in the surviving joint tenant(s). Title must have been acquired at the same time, by the same conveyance, and the document must expressly declare the intention to create a joint tenancy estate. When a joint tenant dies, title to the property is automatically conveyed by operation of law to the surviving joint tenant(s). Therefore, joint tenancy property is not subject to disposition by will. For example: Bruce Buyer, George Buyer, as joint tenants.

4. **Tenancy in Common**: A form of vesting title to property owned by any two or more individuals in undivided fractional interests. These fractional interests may be unequal in quantity or duration and may arise at different times. Each tenant in common owns a share of the property, is entitled to a comparable portion of the income from the property and must bear an equivalent share of expenses. Each co-tenant may sell, lease or will to his/her heir that share of the property belonging to him/her. For example: Bruce Buyer, a single man, as to an undivided 3/4 interest and Penny Purchaser, a single woman, as to an undivided 1/4 interest, as tenants in common.

OTHER WAYS OF VESTING TITLE INCLUDE AS:

1. **A Corporation***: A corporation is a legal entity, created under state law, consisting of one or more shareholders but regarded under law as having an existence and personality separate from such shareholders.
2. **A Partnership***: A partnership is an association of two or more persons who can carry on business for profit as co-owners, as governed by the Uniform Partnership Act. A partnership may hold title to real property in the name of the partnership.
3. **Trustees of a Trust***: A trust is an arrangement whereby legal title to property is transferred by the grantor to a person called a trustee, to be held and managed by that person for the benefit of the people specified in the trust agreement, called the beneficiaries.
4. **Limited Liability Companies (LLC)***: This form of ownership is a legal entity and is similar to both the corporation and the partnership. The operating agreement will determine how the LLC functions and is taxed. Like the corporation, its existence is separate from its owners.

* In cases of corporate, partnership, LLC or trust ownership, required documents may include corporate articles and bylaws, partnership agreements, LLC operating agreements and trust agreements and/or certificates.

Remember: How title is vested has important legal consequences. You may wish to consult an attorney to determine the most advantageous form of ownership for your particular situation. Information gathered from the California Land Title Association.

COMMON FORMS OF **OWNERSHIP**

	TENANCY IN COMMON	JOINT TENANCY	COMMUNITY PROPERTY	COMMUNITY PROPERTY (with Right of Survivorship)
PARTIES	Two or more persons[1]	Two or more natural persons	Spouses or domestic partners[2]	Spouses or domestic partners[2]
DIVISION	Ownership can be divided into any number of interests, equal or unequal	Ownership interests must be equal	Ownership interests must be equal	Ownership interests must be equal
CREATION	One or more conveyances (law presumes interests are equal if not otherwise specified)	Single conveyances (creating identical interests); vesting must specify joint tenancy	Presumption from marriage or domestic partnership or can be designated in deed	Single conveyance and spouses or domestic partners must indicate consent which can be on deed
POSSESSION AND CONTROL	Equal right of possession	Equal right of possession	Equal right of possession	Equal right of possession
TRANSFERABILITY	Each co-owner may transfer or mortgage their interest separately	Each co-owner may transfer his/her interest separately but tenancy in common results	Both spouses or domestic partners must consent to transfer or mortgage	Both spouses or domestic partners must consent to transfer or mortgage
LIENS AGAINST ONE OWNER	Unless married or domestic partners, co-owners interest not subject to liens of other debtor/owner but forced sale can occur	Co-owners interest not subject to liens of other debtor/owner but forced sale can occur if prior to co-owners/debtors death	Entire property may be subject to forced sale to satisfy debt of either spouse or domestic partner	Entire property subject to forced sale to satisfy debt of either spouse or domestic partner
DEATH OF CO-OWNER	Descendent's interest passes to his/her devisees or heirs by will or intestacy	Descendent's interest automatically passes to surviving joint tenant ("Right of Survivorship")	Descendants 1/2 interest passes to surviving spouse or domestic partner unless otherwise devised by will	Descendants 1/2 interest automatically passes to surviving spouse or domestic partner due to right of survivorship
POSSIBLE ADVANTAGES/ DISADVANTAGES	Co-owners interests may be separately transferable[3]	Right of Survivorship (avoids probate); may have tax disadvantages for spouses	Qualified survivorship rights; mutual consent required for transfer; surviving spouse or domestic partner may have tax advantage[2]	Right of survivorship; mutual consent required for transfer; surviving spouse or domestic partner may have tax advantage

THIS IS PROVIDED FOR GENERAL INFORMATION ONLY. FOR SPECIFIC QUESTIONS OR FINANCIAL, TAX OR ESTATE PLANNING GUIDANCE, WE SUGGEST YOU CONTACT AN ATTORNEY OR CERTIFIED PUBLIC ACCOUNTANT.

1 "Persons" includes a natural person as well as validly formed cooperation, limited partnership, limited liability company or general partnership. Trust property is vested in the trustee (usually a natural person or corporation).
2 Transfers by spouses/domestic partners may require a quitclaim deed from the other spouse/partner for title insurance purposes.
3 If Co-owners are spouses/domestic partners, property may be subject to legal presumption of "community property" requiring consent of both spouses/partners to convey or encumber title notwithstanding vesting as "joint tenancy."

WHAT IS **ESCROW?**

Escrow is the depositing of funds and documents that establish the terms and conditions for the transfer of property ownership with an impartial third party (Title365) for delivery upon completion of the terms of the escrow instruction.

When the parties deliver documents and money to the impartial escrow holder to be held for further delivery until certain conditions have been met, we say the documents are held "in escrow". We may also say the parties have "opened an escrow". Each of the principals of the escrow (Seller, Buyer, Lender) will give to the escrow holder written instructions setting out the conditions under which the further delivery is to be made.

THE PURPOSE OF AN ESCROW. The common use of an escrow is to enable the parties in a real estate transaction to deal with each other with less risk, since the escrow holder acts as:

- Custodian for funds and documents.
- A clearing house for payment of all demands.
- An agency to perform the clerical details for the settlement of the accounts between the parties.

TYPICAL ESCROW TRANSACTION. An escrow begins with the Realtor® opening the order for title work and providing the Purchase Agreement and all executed documentation to escrow. Once received, Title365 prepares a preliminary report. Upon receipt of the preliminary report, an analysis is made to determine the necessary action and documents required to complete the transaction:

- Demands for satisfaction of liens not acceptable to Buyer and/or Lender.
- Documents for recording.
- Instructions and requirements of the new Lender.

In most areas, Buyer and Seller instructions are prepared for signature from the information gathered. When all the title and financial requirements are met and instructions from all parties can be fully complied with, the escrow is said to be "in perfection" and can close. Once the financial settlement takes place, documents are recorded and the title insurance policies are then issued.

INSPECTION PROCESS

During the contingency period, the Buyer or Seller will order physical inspections as specified in the Purchase Agreement. Legislation mandates (under Civil Code 1102) that the Seller has the responsibility to reveal the true condition of the property on a Transfer Disclosure Statement. This may help determine what kind of property inspections are desired or necessary.

WHO PAYS? Your Purchase Sale Agreement will specify who is responsible for the costs of inspections 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.

STRUCTURAL PEST CONTROL INSPECTION. A licensed inspector will examine the property for any active infestation by wood destroying organisms. Most pest control reports classify conditions as Section I or Section II. The inspection and the ensuing Section I repair work is usually paid for by the Seller. Section II preventative measures are generally negotiated, and not necessarily completed.

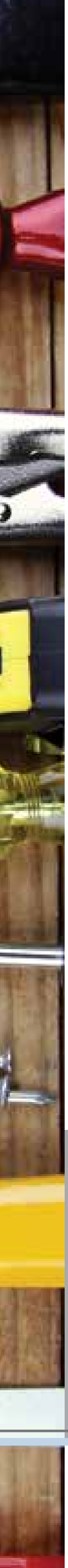
> **Section I Conditions** are those currently causing damage to the property. These conditions generally need to be corrected before a Lender will make a loan on a home.
>
> **Section II Conditions** are those not currently causing damage but which are likely to, if left unattended.

HOME INSPECTION. This inspection may encompass roof, plumbing, electrical, heating, appliances, water heater, furnace, exterior siding, and other visible features of the property. A detailed report will be written with recommendations and pictures which may include the suggestion to consult a specialist (such as a structural engineer or roofing contractor). The inspection fee is usually paid by the Buyer.

GEOLOGICAL INSPECTION. If requested, a soils engineer will inspect the soil conditions and the stability of the ground beneath the structure, as well as research past geological activity in the area. You may also elect to go to the city and research the property's proximity to known earthquake fault lines. Typically, the Buyer pays for this inspection.

HOME **PROTECTION** PLANS

Home protection plans protect the Buyer's major investment beginning immediately upon close of escrow. The plans cover major mechanical systems in the home as well as certain major appliances. Realtors® are familiar with some of the various plans available and will be happy to gather a selection of programs for you to study.



WHO PAYS WHAT

On a real estate purchase in Southern California

THE **SELLER** CAN GENERALLY EXPECT TO PAY FOR:

- Real Estate Broker's commission
- Due and payable property taxes, bonds, assessment
- Prorated taxes, interest, rent HOA dues (could be credit or debit)
- Payoff of all loans, other liens and judgments of record against the property (except those to be assumed by Buyer) including, but not limited to; accrued interest, demand/statement fee, re-conveyance fee, forwarding fee, late fees/prepayment penalty, if any
- Loan fees required by the Buyer's Lender (specifically on FHA & VA loans)
- Homeowner's Association transfer fee, document fee and demand fee
- Pest control inspection reports and cost for repairs
- Home warranty plan
- Title insurance premium for Owner's Policy
- Escrow fee (Seller's portion)
- Document preparation fee for Grand Deed and other recordable document(s) prepared for Seller's benefit
- Demand processing fees
- Notary Public fees ($10.00 per signature to be notarized)
- Document signing service, if requested
- Documents recording charges

THE **BUYER** CAN GENERALLY EXPECT TO PAY FOR:

- County Transfer Tax ($1.10 per $1,000 of sales price)
- City Transfer Tax (varies by city)
- Prorated taxes, interest, rent HOA dues (could be credit or debit)
- Payable taxes (not yet delinquent) required to be paid in advance by Lender
- Inspection fees (physical, roofing, geological, etc.)
- New financing costs, fees, pre-paid interest and impounds, if any (except those costs to be paid by Seller, as required by Lender or as negotiated in Purchase Agreement) or Assumption costs if existing financing is to be assumed by Buyer
- Hazard insurance premium – year paid in advance
- Title insurance premium for Lender's Policy
- Escrow fee (Buyer's portion)
- Document preparation fee for documents prepared for Buyer's benefit
- Notary Public fees ($10.00 per signature to be notarized)
- Document signing service, if requested
- Special delivery/courier fees/wire transfer, if utilized
- Document recording charges

NEGOTIATED TERMS

The costs and charges of a Southern California real estate transaction are fully negotiable between the Buyer and Seller through their respective agents. The negotiated terms will be set forth accordingly in the Purchase Agreement.

NEW RESPA REGULATIONS

In accordance with new RESPA regulations, all fees for Buyer's financing, Owner's Policy of Title Insurance and Documentary Transfer Tax must be disclosed as a cost to the Buyer on the Good Faith Estimate and be charged to the Buyer in Sections 800, 1100 and 1200 accordingly on the HUD Settlement Statement. If negotiated in the Purchase Agreement that Seller pays for these costs and charges, Buyer will receive a credit for same from the Seller which will appear in Section 200 of the HUD Settlement Statement.

FINANCING

GETTING PRE-QUALIFIED

Once you have an idea of the type and size home you want and the area you'd like to look in, you should be pre-qualified by a Lender. By doing this before looking for a home, you'll save yourself time, energy and frustration because pre-qualification can:

DETERMINE HOW MUCH HOME YOU CAN AFFORD. Pre-qualification helps you avoid buying less home than you can afford or being disappointed if you don't qualify for as much as you had hoped.

SHOW WHAT YOUR TOTAL INVESTMENT WILL BE. You'll know approximately how much money you'll need for down payment and closing costs.

INFORM YOU OF YOUR MONTHLY PAYMENTS. You'll have a close estimate of your monthly principal, interest, taxes and insurance (PIT).

IDENTIFY THE LOAN PROGRAMS YOU CAN QUALIFY FOR. 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 have taken the time to be interviewed by a Lender and can probably qualify for the loan.

At this point, your Lender can also help you determine alternatives and strategies that could help you buy the home of your dreams. Some examples include:

- Special first – time homebuyer program.
- Co-mortgage financing.
- Debt consolidation counseling.

In order to be pre-qualified, 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 are pre-qualified by a Mortgage Company, you'll receive a FREE Pre-Qualification Certificate to give to your Realtor®. The Seller may be more likely to accept your offer because you have been qualified to buy their home.

THE LOAN PROCESS

STEP 1 – THE LOAN APPLICATION The key to the loan process going smoothly is the initial interview. At this time, the Lender obtains all pertinent documentation so unnecessary problems and delays may be avoided. The Realtor® opens escrow with the title company at this time as well.

STEP 2 – ORDERING DOCUMENTATION Within 24 hours of application, the Lender requests a credit report, an appraisal on the new property, verifications of employment and funds to close, mortgage or landlord ratings; a preliminary report and any other necessary supporting documentation.

STEP 3 – AWAITING DOCUMENTATION Within 1-to-2 weeks, the Lender begins to receive the supporting documentation. As it comes in, the Lender checks for any problems that might arise and requests any additional items needed.

STEP 4 – LOAN SUBMISSION Once all the necessary documentation is in, the loan processor assembles the loan package and submits it to the underwriter for approval.

STEP 5 – LOAN APPROVAL Loan approval generally takes 1-to-3 days. All parties are notified of the approval and any loan conditions which must be cleared before the loan can close. The loan approval is the beginning of the closing process.

STEP 6 – DOCUMENTS ARE DRAWN Within 1-to-3 days after loan approval, the loan documents (including the note and deed of trust) are completed and sent to the escrow holder. The escrow officer will make an appointment for the borrowers to sign the final documents. At this time, the borrowers are told how much money they will need to bring in to close the loan. Payment must usually be made by a cashiers check.

STEP 7 – FUNDING Once all parties have signed the loan documents, they are returned to the Lender who reviews the package. If all the forms have been properly executed, a check is issued to fund the loan.

STEP 8 – RECORDATION Upon receipt of the loan funds, the title company will record the legal documents necessary to transfer the property into the Buyer's name. At the same time, the deed of trust is recorded to show the new loan on the property. Escrow is now officially closed and you now own your home. Please consult your Mortgage Consultant for more detailed information regarding your loan.

CLOSING COSTS

Below is an overview of the types of closing costs you may incur on your loan. Some are one-time fees while others recur over the life of the loan. When you apply for your loan, you will receive a Good Faith Estimate of settlement charges and a booklet explaining these costs in detail.

LOAN ORIGINATION FEE This fee covers the Lender's administrative costs in processing the loan. It is a one-time fee and is generally expressed as a percentage of the loan amount.

LOAN DISCOUNT Often called "Points", a loan discount is a one-time charge used to adjust the yield on the loan to what market conditions demand. One point is equal to 1% of the loan amount.

APPRAISAL FEE This is a one-time fee that pays for an appraisal, a statement of property value required on most loans. The appraisal is made by an independent appraiser.

CREDIT REPORT FEE This one-time fee covers the cost of the credit report which is processed by an independent credit reporting agency.

TITLE INSURANCE FEES There are two title policies; a Buyer's title policy (which protects the new homeowner) and a Lender's title policy (which protects the Lender against loss due to a defect in the title). These are both one-time fees.

MISCELLANEOUS TITLE CHARGES The title company may charge fees for a title search, title examination, document preparation, notary fees, recording fees and a settlement or closing fee. These are all one-time charges.

DOCUMENT PREPARATION FEE There may be a separate, one-time fee that covers preparation of the final legal papers, including the note and deed of trust.

PREPAID INTEREST Depending on the day of the month your loan closes, this charge may vary from a full month to just a few days interest. If your loan closes at the beginning of the month, you will probably have to pay the maximum amount. If your loan closes near the end of the month, you will only have to pay a few days interest. Your first payment will usually be 30 days after the date pre-paid interest is paid through.

MORTGAGEE INSURANCE MI PREMIUM Depending on the amount of your down payment, you may be required to pay a fee for mortgage insurance (which protects the Lender against loss due to foreclosure). You may also be required to put a certain amount for MI into a special reserve account (called an impound account) held by the Lender.

TAXES AND HAZARD INSURANCE Based on the month you close, property taxes will be prorated between you and the Seller. You will also need to pay an entire years hazard insurance premium upfront (Homeowner's Insurance). In addition, you may be required to put a certain amount for taxes and insurance into a special reserve account (impound account) held by the Lender.

MORTGAGE AFFORDABILITY INDEX

HOW MUCH MORTGAGE CAN YOU AFFORD?

The chart below is a guide to help you estimate how much you can afford. **1.** Across is the monthly house payment you feel comfortable paying. Don't forget to deduct your estimated taxes and insurance from this number, as the bank will do so when considering your mortgage application. **2.** From the monthly payment column, find the interest rate closest to the rate of the type of mortgage you are seeking. At the intersection of the monthly and rate is an approximation of how much mortgage you can afford.

EXAMPLE: If your estimate of monthly payment is $2,000, and you can secure a 6% interest rate, then you can afford a mortgage of up to $333,585

	$500	$750	$1,000	$1,250	$1,500	$1,750	$2,000	$2,250	$2,500	$2,750	$3,000	$3,250	$3,500	$3,750	$4,000	$4,250	$4,500	$4,750	$5,000
2.50%	126,544	189,815	253,087	316,359	379,631	442,902	506,174	569,446	632,718	695,990	759,261	822,533	885,805	949,077	1,012,348	1,075,620	1,138,892	1,202,164	1,265,435
2.75%	122,477	183,715	244,953	306,192	367,430	428,668	489,906	551,145	612,383	673,621	734,860	796,098	857,336	918,575	979,813	1,041,051	1,102,290	1,163,528	1,224,766
3.00%	118,595	177,892	237,189	296,487	355,784	415,081	474,379	533,676	592,973	652,271	711,568	770,865	830,163	889,460	948,758	1,008,055	1,067,352	1,126,650	1,185,947
3.25%	114,888	172,332	229,776	287,220	344,664	402,108	459,552	516,996	574,440	631,884	689,328	746,772	804,216	861,660	919,104	976,548	1,033,992	1,091,436	1,148,880
3.50%	111,347	167,021	222,695	278,369	334,042	389,716	445,390	501,064	556,737	612,411	688,085	723,759	779,432	835,106	890,780	946,454	1,002,127	1,057,801	1,113,475
3.75%	107,964	161,947	215,929	269,911	323,893	377,875	431,858	485,840	539,822	593,804	647,786	701,769	755,751	809,733	863,715	917,697	971,680	1,025,662	1,079,644
4.00%	104,731	157,096	209,461	261,827	314,192	366,557	418,922	471,288	523,653	576,018	628,384	680,749	733,114	785,480	837,845	890,210	942,576	994,941	1,047,306
4.25%	101,638	152,458	203,277	254,096	304,915	355,735	406,554	457,373	508,192	559,011	609,831	660,650	711,469	762,288	813,107	863,927	914,746	965,565	1,016,384
4.50%	98,681	148,021	197,361	246,701	296,042	345,382	394,722	444,063	493,403	542,743	592,083	641,424	690,764	740,104	789,445	838,785	888,125	937,466	986,806
4.75%	95,850	143,775	191,700	239,625	287,551	335,476	383,401	431,326	479,251	527,176	575,101	623,026	670,951	718,876	766,802	814,727	862,652	910,577	958,502
5.00%	93,141	139,711	186,282	232,852	279,422	325,993	372,563	419,134	465,704	512,274	558,845	605,415	651,986	698,556	745,126	791,697	838,267	884,838	931,408
5.25%	90,546	135,819	181,093	226,366	271,639	316,912	362,185	407,458	452,731	498,005	543,278	588,551	633,824	679,097	724,370	769,644	814,917	860,190	905,463
5.50%	88,061	132,091	176,122	220,152	264,183	308,213	352,244	396,274	440,304	484,335	528,365	572,396	616,426	660,457	704,487	748,517	792,548	836,578	880,609
5.75%	85,679	128,519	171,358	214,198	257,037	299,877	342,716	385,556	428,396	471,235	514,075	556,914	599,754	642,593	685,433	728,272	771,112	813,951	856,791
6.00%	83,396	125,094	166,792	208,490	250,187	291,885	333,583	375,281	416,979	458,677	500,375	542,073	583,771	625,469	667,166	708,864	750,562	792,260	833,958
6.25%	81,206	121,809	162,412	203,015	243,618	284,221	324,824	365,428	406,031	446,634	487,237	527,840	568,443	609,046	649,649	690,252	730,855	771,458	812,061
6.50%	79,105	118,658	158,211	197,764	237,316	276,869	316,422	355,974	395,527	435,080	474,632	514,185	553,738	593,291	632,843	672,396	711,949	751,501	791,054
6.75%	77,089	115,634	154,179	192,723	231,268	269,813	308,357	346,902	385,447	423,991	462,536	501,081	539,625	578,170	616,715	655,259	693,804	732,349	770,893
7.00%	75,154	112,731	150,308	187,884	225,461	263,038	300,615	338,192	375,769	413,346	450,923	488,500	526,076	563,653	601,230	638,807	676,384	713,961	751,538
7.25%	73,295	109,942	146,590	183,237	219,885	256,532	293,179	329,827	366,474	403,122	439,769	476,416	513,064	549,711	586,359	623,006	659,654	696,301	732,948
7.50%	71,509	107,263	143,018	178,772	214,526	250,281	286,035	321,790	357,544	393,298	429,053	464,807	500,562	536,316	572,071	607,825	643,579	679,334	715,088
7.75%	69,792	104,688	139,584	174,481	209,377	244,273	279,169	314,065	348,961	383,857	418,753	453,649	488,546	523,442	558,338	593,234	628,130	663,026	697,922
8.00%	68,142	102,213	136,283	170,354	204,425	238,496	272,567	306,638	340,709	374,780	408,850	442,921	476,992	511,063	545,134	579,205	613,276	647,347	681,417
8.25%	66,554	99,831	133,109	166,386	199,663	232,940	266,217	299,494	332,771	366,048	399,326	432,603	465,880	499,157	532,434	565,711	598,988	632,266	665,543
8.50%	65,027	97,540	130,054	162,567	195,080	227,594	260,107	292,621	325,134	357,648	390,161	422,674	455,188	487,701	520,215	552,728	585,241	617,755	650,268
8.75%	63,557	95,335	127,113	158,891	190,670	222,448	254,226	286,005	317,783	349,561	381,340	413,118	444,896	476,674	508,453	540,231	572,009	603,788	635,566
9.00%	62,141	93,211	124,282	155,352	186,423	217,493	248,564	279,634	310,705	341,775	372,846	403,916	434,987	466,057	497,127	528,198	559,268	590,339	621,409
9.25%	60,777	91,166	121,555	151,943	182,332	212,721	243,109	273,498	303,887	334,275	364,664	395,053	425,441	455,830	486,218	516,607	546,996	577,384	607,773

PREQUALIFICATION FOR BUYER

DATE : ______________________ REQUESTING AGENT : ______________________

BORROWER(S) : ______________________ AGENT CONTACT INFO : ______________________

ADDRESS : ______________________ ______________________

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 : ______________

PURCHASE PRICE : ______________

DOWN PAYMENT : ______________

LOAN AMOUNT : ______________

____

LOAN PROGRAM : ______________

INTEREST RATE : ______________

MARGIN : ______________

INDEX : ______________

CAPS : ______________

LOAN TO VALUE : ______________

P&I : ______________

INSURANCE : ______________

PITI : ______________

HOUSING RATIO % : ______________ (Ratio of housing expense to borrower income.)

DEBT RATIO % : ______________ (Ratio of total liabilities to its total assets.)

HOMEOWNER'S ASSOCIATION : ______________________

____

DUES : ______________________

____

PRIVATE MORTGAGE INSURANCE : ______________________

____

____

NOTES : ______________________

____

____

____

____

____

CLOSING COSTS

Below, you will find the averages for fees charged by lenders and third parties. Some lenders charge an application fee, but others don't. If your lender charges an application fee, this chart lets you compare it to the average. But, because not every lender charges every fee, adding up all these fees doesn't result in the overall average.

Origination fees charged by the lender

Points	$489
Application	$343
Document preparation	$73
Broker, originator or lender	$1,143
Processing	$495
Tax service	$74
Underwriting	$200
Wire transfer	$25

Third-party fees

Appraisal	$412
Attorney, closing or settlement	$605
Credit report	$14
Flood certification	$10
Employment verification	$15
Inspections (pest, etc.)	$125
Postage/courier	$55
Survey	$1,200
Title search and title insurance	$1,653

A survey from average closing costs for a $200,000 mortgage to buy a single-family home with a 20 percent down payment in the state's largest city. Costs include fees charged by lenders, as well as third-party fees for services such as appraisals and title insurance. The survey excludes taxes, property insurance, association fees, interest and other prepaid items.

MOVING COUNTDOWN

BEFORE YOU LEAVE

- ☐ Obtain mover's guide from your local post office.
- ☐ Update credit card, other accounts.
- ☐ Subscriptions: six or eight weeks notice.
- ☐ Notify friends & relatives.

BANK

- ☐ Transfer funds and arrange check cashing in your new city.
- ☐ Cancel any automatic payment or direct deposit.
- ☐ Arrange credit references.

INSURANCE

- ☐ Notify companies of new location for coverage.
- ☐ Life, health, fire & auto.

UTILITY COMPANIES

- ☐ Gas, light, water, telephone, fuel, garbage & cable TV.
- ☐ Get refunds on any deposits made.

DELIVERY SERVICE

- ☐ Laundry, newspaper, change-over of services.

CHILDREN

- ☐ Register in school.
- ☐ Transfer school records.
- ☐ Arrange for day care.

RECORDS

- ☐ Ask doctor and dentist for referrals; get prescriptions, eyeglasses, X-rays, if appropriate.
- ☐ Get copies of birth certificates, medical records, children's school records.

PETS:

- ☐ Ask about regulations for licenses, vaccinations, tags.
- ☐ Consult a veterinarian about moving pet.
- ☐ Obtain all records.

DON'T FORGET

- ☐ Empty and defrost freezer & clean refrigerators.
- ☐ Have appliances serviced before moving.
- ☐ Clean rugs or clothing before moving.
- ☐ Clean and/or repair furniture and curtains.
- ☐ Plan for special care needs for your infants & pets.
- ☐ Make arrangements for moving your plants; moving companies do not typically assume responsibility for them.
- ☐ If you are moving to Arizona, California, Florida, or New Mexico, ask about bringing your plants into the state.
- ☐ Cancel or update address for newspaper.
- ☐ Make arrangements for TV & cable.
- ☐ Discuss with your moving counselor: insurance coverage, packing and unpacking labor, arrival day, various shipping papers, method and time of expected payment.
- ☐ Make sure to have the things with you that you will need right away when you arrive – lamp, bowls, utensils, bathroom tissue, snacks, coffee pot, etc.
- ☐ Obtain relocation package from real estate agent or Chamber of Commerce.
- ☐ Arrange for storage (if needed).
- ☐ Find out about tax deductible moving expenses.
- ☐ Obtain all personal records from lawyers & accountants.
- ☐ Assemble packing materials.
- ☐ Have car serviced & checked for the trip.
- ☐ Pack a day or two worth of extra clothing in case of delay.
- ☐ Find a legal way to dispose of items moving companies are not allowed to move - paint, oil, propane tanks, finger nail polish and remover, matches, batteries, ammunition, & any other items that may damage your belongings.

MOVING DAY

- ☐ Make a list of every item and box loaded onto the truck.
- ☐ Carry enough cash or travelers checks to cover cost of moving services and expenses until you make banking connections in your new city.
- ☐ Take jewelry, family photos, and important documents with you - or mail them to yourself by registered mail.
- ☐ Carry an assortment of toys for the children (if needed).
- ☐ Let a close friend or relative know the route and schedule you will travel, including overnight stops; ask him or her to take messages until you get settled.
- ☐ Double check closets, drawers & shelves to be sure they are empty.
- ☐ Turn off all appliances & lock all doors and windows.
- ☐ Leave all old keys needed by new tenant or owner with Realtor or neighbor.
- ☐ Let the movers know where you can be reached.

AT YOUR NEW HOME

- ☐ Check off all boxes & items as they come off the truck.
- ☐ Install new locks.
- ☐ Check on telephone, gas, electricity, water & trash pickup.
- ☐ Check pilot light on stove, hot water heater & furnace.
- ☐ Ask mail carrier for mail that may have been held until your arrival.
- ☐ Apply for drivers license or address change.
- ☐ Register to vote.
- ☐ Register car within five days after arrival in state or a penalty may apply when getting new license plates.
- ☐ Obtain vehicle inspection sticker & transfer motor club membership.
- ☐ Register children in school.
- ☐ Arrange for medical services: doctor, dentist, etc.

UNDERSTANDING **SUPPLEMENTAL PROPERTY TAXES**

Often times, supplemental property taxes come as a surprise to a new homeowner. The following background is provided to help you better understand their purpose and how they affect new homeowners.

HOW DO SUPPLEMENTAL TAXES AFFECT YOU?
Supplemental property taxes only arise upon a transfer of property or completion of construction. After the purchase or new construction is complete, the new owner will receive a bill for supplemental property taxes which will become a lien against the property as of the date of ownership change or the date of completion of new construction.

WHEN AND HOW ARE THE BILLS GENERATED? It's not easy to predict when the new property owner will be billed. It may be as soon as three weeks after escrow closes or the new construction is complete. It also might take six months or more, depending on what county the property is located in and the workloads of the County Assessor, County Controller/Auditor and the County Tax Collector.

The Assessor will appraise the property and advise the owner of the new supplemental assessment amount. The property owner will then have the opportunity to discuss the valuation, apply for a Homeowner's Exemption and be informed of their right to file an Assessment Appeal. The Assessor then calculates the amount of the supplemental tax and the Tax Collector mails a supplemental tax bill to the property owner. The bill will identify the amount of the supplemental tax and the date the taxes will become delinquent.

HOW WILL THE AMOUNT OF THE BILL BE DETERMINED?
A formula is used to determine the tax bill. The total supplemental assessment will be prorated based on the number of months remaining until June 30, the end of the tax year.

The proration factor works like this: The supplemental tax becomes effective on the first day of the month following the month in which the change of ownership or completion of new construction actually occurred. If the effective date is July 1, then there will be no supplemental assessment on the current tax roll and the entire supplemental assessment will be made to the tax roll being prepared which will then reflect the full cash value. If the effective date is not on July 1, the factors represented in Table 1 are used to compute the supplemental assessment on the current tax roll.

CAN THE SUPPLEMENTAL TAX BILL BE PAID IN INSTALLMENTS? All supplemental taxes are payable in two equal installments. The taxes are due on the date the bill is mailed and are delinquent on specified dates depending on the month the bill is mailed as follows:

1. If the bill is mailed within the months of July through October, the first installment will become delinquent on December 10 of the same year.
2. The second installment will become delinquent on April 10 of the next year.
3. If the bill is mailed within the months of November through June, the first installment will become delinquent on the last day of the month following the month in which the bill is mailed.
4. The second installment shall become delinquent on the last day of the fourth calendar month following the date the first installment is delinquent.

WILL SUPPLEMENTAL PROPERTY TAXES BE PRORATED IN ESCROW? No. Unlike ordinary annual taxes, the supplemental tax is a one-time tax due for the period from the date of new ownership or completion of new construction, until the end of the tax year. It is payable entirely by the new property owner.

Table 1.

IF EFFECTIVE DATE IS:	PRORATION FACTOR IS:
August 1	.92
September 1	.83
October 1	.75
November 1	.64
December 1	.58
January 1	.50
February 1	.42
March 1	.33
April 1	.25
May 1	.17
June 1	.08

EXAMPLE: The County Auditor finds that the supplemental property taxes on the new home would be $1,000 for a full year. The change of ownership takes place on September 15 with the effective date being October 1; the supplemental property taxes would be subject to a proration factor of .75 and the supplemental tax would be $750.

TAX CALENDAR

July 1	Beginning of Fiscal Year Owners
September 1	Treasurer - Tax collector mails original secured property tax bills
November 1	**First Installment Due**
December 10	**First Installment Delinquent**
January 1	Assessment Date
February 1	**Second Installment Due**
April 10	**Second Installment Delinquent**
June 1	Publication Date for Delinquent Taxes

TAX PRORATIONS

CLOSING DATE

July 1	No Prorations	No Prorations
August 1	Charge Seller 1 Month	Credit Buyer 1 Month
September 1	Charge Seller 2 Months	Credit Buyer 2 Months
October 1	Charge Seller 3 Months	Credit Buyer 1 Months
November 1	Collect 1st Installment Taxes from Sellers Account	
	Credit Seller 2 Months	Charge Buyer 2 Months
December 1	Charge Buyer 1 Month	Credit Seller 1 Month
January 1	No Prorations	No Prorations
February 1	Collect 2nd Installment Taxes from sellers account	
	Charge Buyer 5 Months	Credit Seller 5 Months
March 1	Charge Buyer 4 Months	Credit Seller 4 Months
April 1	Charge Buyer 3 Months	Credit Seller 3 Months
May 1	Charge Buyer 2 Months	Credit Seller 2 Months
June 1	Charge Buyer 1 Month	Credit Seller 1 Month

CALIFORNIA PROPERTY TAX IMPOUNDS TABLE

FIRST PAYMENT DATE	FUNDING MONTH	MONTHS RESERVED
January	November	3
February	December	4
March	January	5
April	February	3
May	March	4
June	April	5
July	May	6
August	June	7
September	July	8
October	August	9
November	September	3
December	October	4

SOUTHERN CALIFORNIA COUNTY AND CITY TRANSFER TAX

COUNTY	COUNTY TRANSFER TAX PER $1,000	CITY	CITY TRANSFER TAX PER $1,000	TOTAL PER $1,000
Los Angeles	$1.10	Culver City	$4.50	$5.60
		Los Angeles	$4.50	$5.60
		Pomona	$2.20	$3.30
		Redondo Beach	$2.20	$3.30
		Santa Monica	$3.00	$4.10
Orange	$1.10		—	$1.10
Riverside	$1.10		$1.10	$2.20
San Bernardino	$1.10		—	$1.10
San Diego	$1.10		—	$1.10
Ventura	$1.10		—	$1.10

GLOSSARY OF TERMS

ACKNOWLEDGMENT A formal declaration made before an authorized official (usually a notary public) by the person who has executed (signed) a document that his/her own act and deed. In most instances, documents must be acknowledged (notarized) before they can be accepted for recording.

ADJUSTABLE RATE MORTGAGE (ARM) A mortgage with an interest rate that changes over time in line with movements in the index. ARMs are also referred to as AMLs (adjustable mortgage loans) or VRMs (variable rate mortgages).

ADJUSTMENT PERIOD The length of time between interest rate changes on an ARM. For example, a loan with adjustment period of one year is called a one-year ARM, which means that the interest rate can change once a year.

AFFIDAVIT A sworn statement in writing, made before an authorized official.

A.L.T.A. Abbreviation for the American Land Title Association.

AMORTIZATION Repayment of a loan in equal installments of principal and interest, rather than interest-only payments.

ANNUAL PERCENTAGE RATE (APR) The total finance charges (interest, loan fees, points) expressed as a percentage of the loan amount.

ASSESSMENTS Specific and special taxes (in addition to normal taxes) imposed on real property to pay for public improvements within a specific geographic area.

ASSUMPTION OF MORTGAGE A Buyer's agreement to assume the liability under an existing note that is secured by a mortgage or deed of trust. The lender must approve the buyer in order to release the original borrower (usually the seller) from liability.

ATTORNEY-IN-FACT An agent authorized to act for another under a Power of Attorney.

BALLOON PAYMENT A lump sum principal payment due at the end of some mortgages or other long-term loans.

BENEFICIARY As used in a trust deed, the Lender is designated as the Beneficiary, i.e. obtains the benefit of the security.

CAP The limit on how much the interest rate can be adjusted over the life of the mortgage.

CC&Rs Covenants, Conditions and Restrictions. A document that controls the use, requirements and restrictions of a property.

CERTIFICATE OF REASONABLE VALUE (CRV) A document that establishes the maximum value and loan amount for a VA guaranteed mortgage.

CONVENTIONAL LOAN A mortgage loan which is not insured or guaranteed by a governmental agency.

CLOSING STATEMENT The financial disclosure statement that accounts for all of the funds received and disbursed at the closing, including deposits for taxes, hazard insurance, and mortgage insurance.

CONDOMINIUM A form of real estate ownership. The owner receives title to a particular unit and has a proportionate interest in certain common areas. The unit itself is generally a separately owned space whose interior surfaces (walls, floors, and ceilings) serve as its boundaries.

CONTINGENCY A condition that must be satisfied before a contract can be completed. For instance, a sales agreement may be contingent upon the buyer obtaining financing.

CONVERSION TO CLAUSE A provision in some ARMs that enables your to change an ARM to a fixed-rate loan, usually after the first adjustment period. The new fixed rate is generally set at the prevailing interest rate for fixed-rate mortgages. This conversion feature may cost extra.

CRB Certified Residential Broker. To be certified, a broker must be a member of the National Association of Realtors, have five years' experience as a licensed broker and have completed five required Residential Division courses.

DEED Written instrument by which the ownership of land is transferred from one person to another.

DEED OF TRUST Written instrument by which title to land is transferred to a trustee as security for a debt or other obligation. Also called Trust Deed. Used in place of mortgages in many states.

DEPOSIT RECEIPT Used when accepting "Earnest Money" to bind an offer for property by a prospective purchaser; also includes terms of a contract.

DUE-ON-SALE CLAUSE An acceleration clause that requires full payment of a mortgage or deed of trust when the secured property changes ownership.

EARNEST MONEY The portion of the down payment delivered to the seller or escrow agent by the purchaser with written offer as evidence of good faith. It is deposited into escrow upon opening of escrow.

EASEMENT A right to use the property of another for a specified purpose.

ESCROW A procedure in which a third party acts as a stakeholder for both the buyer and the seller, carrying out both parties' instructions and assuming responsibility for handling all of the paperwork and distribution of funds.

FHA (FEDERAL HOUSING ADMINISTRATION) A federal agency, created by the National Housing Act of 1934, for the purpose of expanding and strengthening home ownership by making private mortgage financing possible on a long-term, low-down payment basis. FHA include a mortgage insurance program, with premiums paid by the homeowner, to protect Lender's against loss on these higher-risk loans. Since 1965, FHA has been part of the newly-created Department of Housing and Urban Development (HUD).

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA) Popularly known as Fannie Mae. A privately owned corporation created by Congress to support the secondary mortgage market. It purchases and sells residential mortgages insured by FHA or guaranteed by the VA, as well as conventional home mortgages.

FEE SIMPLE An estate in which the owner has unrestricted power to dispose of the property as he wishes, including leaving by will or inheritance. It is the greatest interest a person can have in real estate.

FINANCE CHARGE The total cost a borrower must pay, directly or indirectly, to obtain credit according to Regulation Z.

GRADUATED PAYMENT MORTGAGE A residential mortgage with monthly payments that start at a low level and increase at a predetermined rate.

GRANT A transfer of real property.

GRANTEE The person to whom a grant is made.

GRANTOR The person who makes a grant.

GRI Graduate Realtors Institute. A professional designation granted to a member of the National Association of Realtors who has successfully completed three courses covering Law, Finance and Principles of Real Estate.

HOME INSPECTION REPORT A qualified inspectors report on a properties overall condition. The report usually includes an evaluation of both the structure and mechanical systems.

HOME WARRANTY PLAN Protection against failure of mechanical systems within the property. Usually includes plumbing, electrical, heating systems and installed appliances.

IMPOUND ACCOUNT Funds retained by a lender to cover such items as taxes and hazard insurance premiums.

INDEX A source of interest rates used to determine changes in an ARMs interest rate over the term of the loan.

JOINT TENANCY An equal undivided ownership of property by two or more persons. Upon the death of any owner, the survivors take the decedents interest in the property.

LIEN A legal hold or claim on property as security for a debt or charge.

LOAN COMMITMENT A written promise to make a loan for a specified amount on specified terms.

LOAN-TO-VALUE RATIO The relationship between the amount of the mortgage and the appraised value of the property, expressed as a percentage of the appraised value.

MARGIN The number of percentage points the lender adds to the index rate to calculate the ARM interest rate at each adjustment.

MORTGAGE BANKER A company or individual engaged in the business of originating mortgage loans with its own funds. Frequently those loans are sold to long-term investors, with the mortgage banker servicing the loans for the investor until they are paid in full.

MORTGAGE LIFE INSURANCE A type of term life insurance often bought by borrowers. The coverage decreases as the mortgage balance declines. If the borrower dies while the policy is in force, the debt is automatically covered by insurance proceeds.

NEGATIVE AMORTIZATION Negative amortization occurs when monthly payments fail to cover the interest cost. The interest that isn't covered is added to the unpaid balance, which means that even after several payments you could owe more than you did at the beginning of the loan. Negative amortization can occur when an ARM has a payment cap that results in monthly payments that aren't high enough to cover the interest.

ORIGINATION FEE A fee or charge for work involved in evaluating, preparing, and submitting a proposed mortgage loan. The fee is limited to 1 percent for FHA and VA loans.

PERSONAL PROPERTY Movable property; all property which is not real property: e.g., furniture, car, clothing.

PITI Principal, interest, taxes and insurance.

PLANNED UNIT DEVELOPMENT (PUD) A zoning designation for property developed at the same or slightly greater overall density than conventional development, sometimes with improvements clustered between open common areas. Uses may be residential, commercial or industrial.

POINT An amount equal to 1 percent of the principal amount of the investment or note. The lender assesses loan discount points at closing to increase the yield on the mortgage to a position competitive with other types of investments.

PREPAYMENT PENALTY A fee charged to a mortgagor who pays a loan before it is due. Not allowed for FHA or VA loans.

PRIVATE MORTGAGE INSURANCE (PMI) Insurance written by a private company protecting the lender against loss if the borrower defaults on the mortgage.

PURCHASE AGREEMENT A written document in which the purchaser agrees to buy certain real estate and seller agrees to sell under stated terms and conditions. Also called a sales contract, earnest money contract, or agreement for sale.

REAL PROPERTY Land and buildings as opposed to personal property or chattels.

REALTOR® A real estate broker or associate active in a local real estate board affiliated with the National Association of Realtors.

RECORDATION Filing for record in the office of the county recorder.

REGULATION Z The set of rules governing consumer lending issued by the Federal Reserve Board of Governors in accordance with the Consumer Protection Act.

TENANCY IN COMMON A type of joint ownership of property by two or more persons with no right of survivorship.

TITLE Evidence of a persons right or the extent of his interest in property.

TITLE INSURANCE POLICY A policy that protects the purchaser, mortgagee or other party against losses.

VA LOAN A loan that is partially guaranteed by the Veterans Administration and made by a private lender.

VETERANS ADMINISTRATION (VA) An independent agency of the federal government created by the Service Mens Readjustment Act of 1944 to administer a variety of benefit programs designated to facilitate the adjustment of returning veterans to civilian life. Among the benefit programs is the Home Loan Guaranty Program designated to encourage Lenders to offer long-term low down payment financing to eligible veterans by guaranteeing the lender against loss on these higher-risk loans.

NOTES

CONTACTS

REAL ESTATE AGENT

NAME

COMPANY

ADDRESS

EMAIL

PHONE

FAX

TITLE CONTACTS

TITLE OFFICER

TITLE ASSISTANT

ADDRESS

EMAIL

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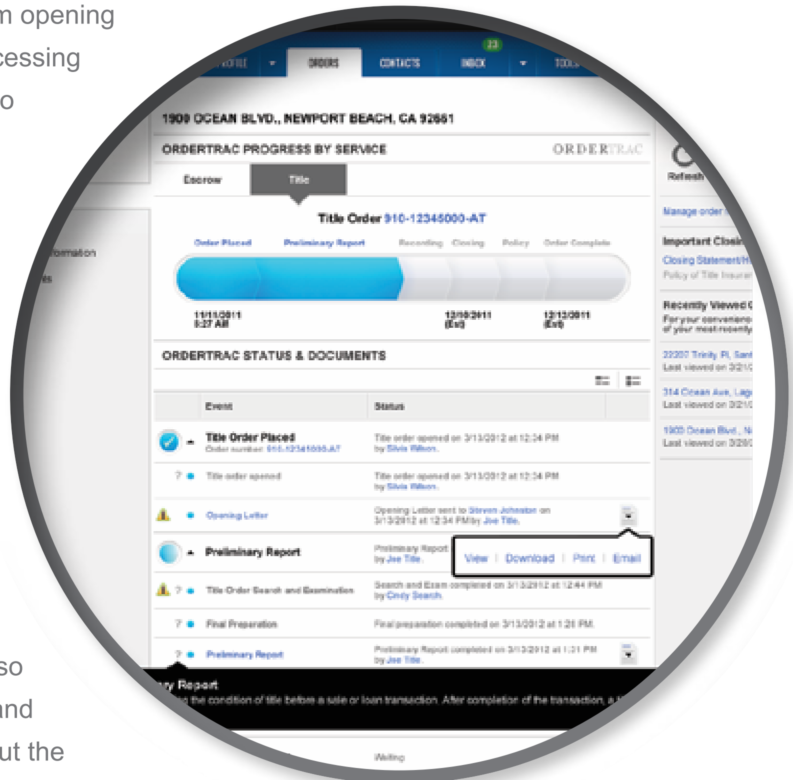

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