

S T E W A R T

YOUR GUIDE TO

Home Buying & Selling



HOME BUYING PROCESS

FINANCIAL CONSIDERATIONS

THE LOAN PROCESS

UNDERSTANDING ESCROW

HOME SELLING PROCESS

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Stewart Title of California and the Stewart Title family of companies are dedicated to providing accurate and timely answers to your real estate and title questions. With over 9,500 policy-issuing offices and agencies across the nation and internationally, Stewart Title works as a partner with you and your real estate professional, providing the service, technology and tools that make your transaction go smoothly.

Buying or selling a home is a big project with numerous steps. With more than a century of real estate and title experience, Stewart wants to make you feel comfortable with the process of buying or selling a home.

This comprehensive buying and selling guide is a valuable resource whether you're buying your first home or selling your first investment property. We suggest using the checklists and worksheets to help familiarize yourself with the process, and that you use the pocket in the back of this guide to store documents you'll need throughout the transaction.

It's just another way that Stewart Title provides you with the tools you need and the services you trust. Good luck on your new venture.

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Home Ownership



Congratulations on your decision to buy a home! Whether you need a perfect place to make your own, more space for a growing family, or an investment opportunity, the home buying process is an exciting time. Our home buying and selling guide is designed to help you understand the processes involved to make your transaction go smoothly.

One of the biggest motivations for buying a home is financial. Buying a home is a sound financial decision for a number of reasons.

Accumulation of Equity

When you buy a house, your monthly mortgage payments mean that you gradually accumulate what lenders call “equity.” Equity is an ownership interest in the property that you can borrow against or convert into cash by selling your house. As a renter, you must continue paying rent to a landlord, without the opportunity to build equity. As a homeowner, your mortgage payments can help you create financial freedom for yourself.

Stable Housing Costs

Another advantage to home ownership is that mortgage payments can remain unchanged throughout the life of your mortgage. Renters may face an increase in rent payments year after year. With a mortgage, your monthly payments remain the same over the years as other costs of living increase over time due to inflation. As a homeowner, you have the advantage of knowing what your housing costs will be far into the future.

Increased Value

Houses typically increase in value, or “appreciate,” over time. It’s not unusual to find a house that sold for \$150,000 fifteen years ago to be valued at much more today. This increase in value, or appreciation, is like money in the bank to you as the homeowner.

Tax Benefits

As a homeowner, you will enjoy significant tax breaks that are not available to renters. The most important tax benefit of home ownership is that interest paid on your home mortgage is usually deductible. This fact alone can save you a substantial amount each year in federal income taxes.

THE HOME BUYING Process



Begin The Process

- Select Your Real Estate Professional
- Determine Your Budget & Get Pre-Approved
- Find Your Perfect Home
- Make an Offer to Purchase
- Review the Seller's Response
- Purchase Agreement Accepted

Open Escrow

- Choose an Escrow & Title Company
- Deposit Earnest Money
- Enter the Contingency Period
- Inspection & Appraisal of the Property
- Receive Preliminary Property Report
- Final Loan Approval
- Obtain Homeowner's Insurance



Close Escrow

- Deposit Funds for Down Payment & Closing Costs
- Sign Loan Documents
- Record Documents
- Transfer of Deed to Your New Home

You Are Now A Proud Homeowner!

Home Buying



While the process of buying your home may seem overwhelming, you will have an entire team of professionals working on your behalf. Also, most home purchases follow a fairly standard process. By reviewing the items below, you will have a better idea of what to expect during the home buying process.

1 Selecting Your Real Estate Professional

Building a trusting relationship with a real estate professional is crucial. He or she will be working closely with you to find the perfect home to meet your unique needs. Real estate professionals have extensive market knowledge. They also provide assistance and guidance throughout the buying process, from finding a home throughout the close of **escrow**.

2 Determining Your Budget & Getting Pre-Approved

By meeting with a professional lender before you begin to look at properties, you will get an accurate idea of the mortgage amount that fits your budget. You may be surprised at the variety of loan options available today. A professional lender can pre-approve your loan and give you the confidence to make a strong offer once you find the home of your dreams.

3 Finding Your Perfect Home

After you find a real estate professional and a lender, you are ready to get out there and find the perfect home! Your real estate professional can show you homes with the features you want, within your desired price range. The more details you can share with your real estate professional, the more successful your search will be. For more assistance with deciding which features are important to you in a home, see the Home Shopping Wants & Needs worksheet on page 7.

4 Making An Offer To Purchase

Once you find your dream home, your real estate professional will draft a **purchase agreement**, advising you on customary practices, local regulations and any **contingencies**. Most purchase agreements are submitted with an **earnest money deposit**, usually ranging from 1% to 3% of the purchase price. The earnest money deposit is not cashed until the seller accepts your offer. Your real estate professional will present your offer to the seller's real estate professional. The seller will then accept, counter or reject your offer.

*tip

For your convenience, words that are **bolded** in the text appear in the glossary on page 35.



what is escrow?

Escrow means that an impartial third party, the escrow company, handles all of the money and paperwork for both the buyer and seller in a home purchase. Your escrow company is a key member of your home buying team and will be an important resource for you.



5 Reviewing The Seller's Response

You and your real estate professional will review the seller's response, and in some cases, negotiate a new offer. Your real estate professional's knowledge of the process and strong negotiating skills will help you reach the best agreement.

6 Opening Escrow

Once the purchase agreement is accepted and signed by all parties, your real estate professional will open escrow for you. Your **earnest money** will be deposited at this time. Your escrow company will handle all funds associated with your transaction.

7 Entering The Contingency Period

This time period is specified in your purchase agreement and is used to obtain the following items:

- **Physical Inspection** of Property
- Property Pest Inspection
- Property Appraisal
- Approval of Seller's Transfer Disclosure Statement
- **Preliminary Report** Approval from Title Company

In addition, during this time period, you will be able to:

- Satisfy any Purchase Contingencies
- Secure a Lender
- Obtain Loan Approval

8 Obtaining Homeowner's Insurance

In preparation for owning your home, you must provide a homeowner's insurance policy that is in effect by the close of escrow. Your real estate professional will work with your escrow company and insurance agent to ensure that your policy is in effect by the proper date.

9 Depositing Funds For Down Payment & Closing Costs

Before escrow can close, you will need a cashier's check or wire transfer in the amount of your down payment and **closing costs**. Your escrow company will provide a statement of estimated closing costs that shows this amount. For an explanation of closing costs, please see page 30.

10 Signing Loan Documents

Before escrow can close, you will review and sign all loan documents from your lender. This may be done at an appointment with your escrow company.

11 Closing Escrow

When all conditions of the purchase agreement have been met, you will then sign all of the closing documents. After you deposit the balance of your down payment and closing costs with the escrow company, and your lender has approved your final loan documents, your lender will then deposit the balance of the purchase price. Next, the County Recorder's office will record the **deed**. You will then be the proud new owner of your home!

Homeowner's Insurance

You need to have active homeowner's insurance before your loan is approved. To obtain a homeowner's policy, check with the insurance agent that you already use for automobile or renter's insurance. They may be able to offer you a discount for consolidating your insurance needs.

Please see page 03 for a visual guide to the buying process.

Considerations



Financial Worksheet

It helps to review your own finances before meeting with a mortgage lender to determine what price range you can afford. Your mortgage amount is only one factor that affects your home purchasing power. Other factors include your income, expenses, credit history, FICO® score and the money you have available for a down payment. Professional lenders are trained to find a mortgage option suitable for most financial situations. By sharing accurate and up-to-date information with your real estate professional and lender, you enable them to do the best job for you on the way to finding your dream home! This worksheet will help you and your lender determine your mortgage options.

Name _____

Address _____

Home Phone _____

	Buyer 1	Buyer 2
Work Phone		
Employer		
Address		
City / State / Zip		
Title		
Length of Employment		
Annual Income	\$	\$
Other Assets or Income	\$	\$

Have You Contacted a Lender? _____

Lender Name _____

Representative _____

Approved Loan Amount _____

Have You Received a Pre-Qualification Letter? _____

Recent Credit Report No Yes If Yes, When? _____

Closing Costs Estimate _____

What Kind of Loan? _____

Maximum Down Payment Available _____

Source of Down Payment _____

Maximum Monthly Payment Including Principal, Interest & Taxes _____

Present Monthly Payment or Rent Amount _____

Prepayment Penalty on Current Loan? _____

Do You Need to Sell a Home in Order to Buy? _____

Notes _____



Completing this information worksheet will help get the loan pre-approval process started.

HOME SHOPPING Wants & Needs

Type of Home

1-Story
 2-Story

New
 Existing

Style _____

Comments _____

Wants & Needs Worksheet

Your real estate professional will work hard to find your perfect home. How does he or she know what to look for? By considering the information below and sharing it with your real estate professional, he or she will be better prepared to find your perfect home.

Location				
Distance to:	Very Important	Important	Somewhat Important	Not Very Important
Work				
School				
Shopping				
Entertainment				
Cultural Centers				
Transportation				
Parks				
City Services				
Overall Location				
Other				

Exterior				
	Very Important	Important	Somewhat Important	Not Very Important
Landscaping				
Garden				
Side Access				
Paved Driveway				
Sidewalk				
Paint				
Windows				
Doors				
Porches				
Patio				
Roof				
Gutters				
Back Yard				
Front Yard				
Lighting				
Access				
Fencing				
Deck				
Garage/Carport				
Other				

Interior				
	Very Important	Important	Somewhat Important	Not Very Important
Bedrooms				
No./Size _____				
Baths/No. _____				
Square Footage				
Living Room				
Family Room				
Dining Room				
Kitchen				
Appliances				
Fixtures				
Laundry Room				
Walls/Ceilings				
Flooring				
Carpeting				
Attic				
Fireplace				
Layout				
Lighting				
Other				

Systems				
	Very Important	Important	Somewhat Important	Not Very Important
Security				
Heating				
Air Conditioning				
Ventilation				
Plumbing				
Electrical				
Energy Saving				
Insulation				
Overall Systems				
Other				

Extras				
	Very Important	Important	Somewhat Important	Not Very Important
Swimming Pool				
Workshop				
Den / Office				
Hot Tub / Spa				
Other				

Home Loans



Buying a home is an important financial decision. Your lending professional is a key member of the team of experts assisting you in your home purchase. By working with a professional lender, you'll save time and money, and gain critical negotiating power.

What Lending Professionals Will Do For You

A lending professional will work with you to analyze your current finances and mortgage options to come up with the best home financing options for you. By working with a lender before looking at homes, you will have a better idea of what you can afford. This knowledge will make your real estate professional more efficient, strengthen any offer you make, and improve your overall home buying experience.

Many home loan options are available today. You can choose to work with a lender who works with one bank only, or you can choose to work with a loan broker. A loan broker works with many different financial institutions and can shop for the best loan at the best price, allowing you to work with one professional contact instead of doing all the shopping yourself. Regardless of whether you rely on a lender from a particular bank or a loan broker, a professional lender will help you:

- Find the best loan options
- Fill out the application
- Obtain pre-approval
- Work with you throughout the escrow period to ensure timely approval and funding of your loan for a smooth home purchase

Getting Your Loan Pre-Approved

One of the most important steps a lending professional can do for you is to provide pre-approval. A pre-approval means that the mortgage company agrees to provide financing for your home purchase up to a certain amount. A pre-approval from a lender will give you added confidence and negotiating power as you make the offer to purchase your home.



what is a FICO® score?

Your professional lender will use your FICO® credit score to negotiate mortgage terms. This number evaluates your credit history. Higher scores represent lower credit risks, which can equate to better loan terms. There are many resources online that provide you access to your FICO® score.



Completing A Loan Application

The first step in working with a lender is to complete a loan application which requires personal and financial information. Use the Financial Considerations worksheet on page 6 to help you gather this information.

Once the application is submitted, the lender will begin the process of verifying your information. Once your purchase offer is accepted and your home is in escrow, the lender will also verify the information on the appraisal of your home.

Obtaining Insurance

Most lenders require that you obtain **hazard/fire insurance** for the purchase of a single-family home. The lender will also require that you obtain title insurance and other items prior to the close of escrow. For a full list of items required in order to close escrow, please refer to the Guide To Escrow on pages 24-25.

Steps To Closing

After your loan is approved and the loan documents are sent to your escrow company, the escrow company will prepare an estimated **closing statement**. This closing statement specifies the distribution of your purchase funds.

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Stewart Title is dedicated to helping make your home buying or selling experience easier. Please visit our website today for helpful information on finding a title agent, property taxes and 1031 exchanges. It's just another way that Stewart Title gives you the tools you need and the service you trust.



Once all contingencies in the purchase agreement have been satisfied, you will complete and sign your escrow instructions as well as your final loan documents. At this time, you will need to bring a cashier's check for closing costs and down payment funds. The lender will send your loan funds directly to the escrow company.

After you have signed all the necessary loan documents, the escrow company returns them to the lender for review and funding. This process usually takes a few days. After final review, the lender is ready to fund your loan and informs the escrow company. The loan is then funded and the deed of trust is recorded at the County Recorder's office. Escrow is now officially closed and you are a new homeowner!

Together, your real estate professional, lender and escrow company will keep you informed every step of the way. Your team can assist you to obtain all of the required items during the contingency period to ensure a smooth transaction.

THE Loan Process



The Application

The lender will have you fill out a loan application, then he or she will obtain all pertinent documentation to avoid unnecessary problems and delays.

Requesting Documentation

Within 24 hours of submitting your application, the lender requests documentation to verify the information that you have provided. You may choose to bring some of these items with you. For a list of what to bring, please see the Loan Appointment Checklist on page 11.

Loan Submission

With all of your documentation in place, the lender submits the application and documentation as a package to the underwriter for approval.

Loan Approval

Loan approval generally takes anywhere from 24 to 72 hours. All parties involved are notified once the approval has occurred. Any conditions that you may have, such as proof of income or proof of down payment funds, must be met before the loan can close.

Loan Documents

Within 1 to 3 days after the loan approval, the loan documents (including the **note** and deed of trust) are completed and sent to your escrow company. The escrow company will then make an appointment for you to sign all final loan and escrow documents.

Funding

Once all the parties have signed the loan documents, they are returned to the lender, who reviews the package. If the loan documents pass final review, the loan funds are deposited by wire transfer with your escrow company.

Recording The Deed Of Trust

When the escrow company receives funds from the lender, they record the deed of trust at the County Recorder's office. Escrow is now officially closed.

Congratulations!

You are now a proud homeowner!

Property Taxes



Property Tax Defined

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

Property Tax And Escrow

Depending on when you close escrow on your new home, the way that you pay your first year of property taxes may vary. If your home is in escrow right after a deadline for submitting a tax payment, your real estate professional should request proof of that payment from the seller. The preliminary report may show that property taxes are still due because it can take up to six weeks for a property tax payment to post. Proof of payment will address this issue.

Options For Paying Property Tax

Your lender can offer you an option for paying your property tax and insurance costs on a monthly basis. The financial impact of a large tax payment twice a year can be reduced through an option called an **impound account**. Your lender can set up an impound account for you. The impound payment is collected with your monthly mortgage, principal and interest payment.

The lender then pays the Tax Collector and the insurance company directly from this account when the property tax installments and insurance premiums are due. It's important to discuss the financial impacts of having an impound account with your lender. While this kind of account is not right for every home buyer, it can help some buyers manage their finances.

Property Tax Payment Timing

<i>If You Close Escrow</i>	<i>Remember These Tax Tips</i>
Between January & October	Your property tax bill may be forwarded to the seller's new address.
	If you do not receive your property tax bill by the middle of October, contact your Tax Collector and request that a duplicate tax bill be sent to you.
	You are still obligated to pay your first property tax installment by the November 1st due date, even if you have not received a tax bill from the county.
Near December 10th	If the seller has not yet paid property taxes, then the seller will need to make a check payable to the Tax Collector and then forward it to the escrow company.
	The escrow company will see that the title company forwards the property tax check to the county.

Regardless of when you close escrow, the correct taxes must be paid on time.

For important property tax dates, please refer to the Property Tax Calendar on page 13.

PROPERTY TAX Calendar



Important Property Tax Dates

The following is an annual calendar with some important property tax information and deadlines. This information may change, so please check with your Tax Assessor/Collector for the latest information.

January

January 1

Tax Assessment Date

February

February 1

2nd Tax Installment Due

February 10

Last Day to File Homeowner's, Veteran's & Senior Citizen's Exemption 100%

March

March 1

Taxes on Unsecured Roll

April

April 10*

2nd Tax Installment
Delinquent after 5pm:
Add 10% penalty plus an additional fee set by county

Penalty & Fee Valid from
April 10 – June 30

May

June

July (New Fiscal Year)

July 1

One or Both Tax Installments
Still Delinquent: *Add 10% penalty, \$15 fee, plus additional 1.5% per month*

July 1

Homeowners Informed of
New Property Values

August

September

October

November

1st Tax Installment Due

December

December 1

Last Day to File Homeowner's, Veteran's & Senior Citizen's Exemption 80%

December 10*

1st Tax Installment Delinquent after 5pm: *Add 10% penalty plus an additional fee set by county*

** If a delinquent date falls on a weekend or holiday, the delinquent date is the next business day.*

Supplemental Tax

As a home buyer, you may receive a supplemental property tax bill after you purchase your home. Most property taxes are based on the assessed value of a home at the time of purchase. Most likely, when you purchase your home, its assessed value will have increased since the previous owner(s) purchased it. Under state law, whenever there is a change of ownership, a supplemental assessment occurs. A new assessed value for your home may lead to an increase in the tax amount. To address any potential increase, the Tax Assessor may mail you a supplemental tax bill to make up the difference.

The supplemental bill is normally issued within six months after the close of escrow. If you have an impound account with your mortgage company to pay taxes and insurance on a monthly basis, the supplemental tax bill is sent directly to you by the Tax Collector rather than to your mortgage company.

BUYER'S Summary

Buying a new home will be much easier if you have a team of trusted professionals working for you every step of the way. Educating yourself about the home buying process is an important first step to ensuring that you find the perfect home, make a solid offer and get approved for the loan you need. With thoughtful planning, your home will establish the foundation of a sound financial future for you and your family.



Please refer to the sections at the end of this guide for additional information on escrow and title insurance, as well as a helpful glossary of real estate terms. Visit www.stewart.com today to learn more about Stewart products and services, or to access more detailed real estate information and resources.

The content in this guide is intended to provide general information only. Every home transaction is different; please consult an attorney or real estate professional for advice about your specific transaction.

Home Selling



Making the decision to sell your home is personal. Whether you're relocating, moving to accommodate a growing family or simplifying your life for retirement, selling is an involved process that takes careful planning. Our home buying and selling guide is designed to help familiarize you with the process and give you helpful hints to ensure that your home sells quickly for your top asking price.

If you've owned your home for a substantial amount of time, or if the market has grown significantly since your purchase, you have equity, the biggest opportunity that home ownership provides. Before selling your property, talk to your accountant and real estate professional about the reasons for selling your home. He or she will be able to help you decide the best financial strategy.

Buying A Larger Home

If you own a home, you may want to cash in on the equity and increased market value to create a down payment on a larger home or a home in a more desirable area. In this situation, special considerations must be made prior to selling to ensure that you and your family transition smoothly from one home to the next. You may also want to speak with your accountant about the tax benefits and timeframes involved with 1031 exchanges.

Relocating To A New State

Relocation is another common reason for selling. In this situation, you will want to sell your home quickly to avoid paying a mortgage on an empty house. Your real estate professional will help you determine the price and marketing plan that will help you sell quickly.

Downsizing For Retirement

You may have found that your children are out on their own, you have more room than you need, or that your house has significantly increased in value! This may be motivation for you to sell your home, move into a more modest home or condominium, or add to your retirement nest egg. Downsizing is another good opportunity to speak with your accountant. He or she can help you plan for this transition in a way that helps you avoid large capital gains taxes.



For your convenience, words that are bolded in the text appear in the glossary on page 35.

THE HOME SELLING Process



Begin The Process

- Select Your Real Estate Professional
- Decide When to Place Your Home on the Market
- Research Comparable Properties
- Decide on an Asking Price
- Market Your Home to Potential Buyers
- Place Your Home on the Market
- Review Buyer's Purchase Offer
- Present Your Response to the Purchase Offer



Open Escrow

- Buyer Deposits Earnest Money
- Enter the Contingency Period
- Buyer Obtains Inspection & Appraisal of the Property
- Final Loan Approval

Close Escrow

- Buyer Deposits Funds for Down Payment & Closing Costs
- Sign Loan Documents
- Record Documents
- Transfer of Deed to Buyer

Your Transaction is Complete!

Home Selling



Putting your home on the market is a big step. The expertise of your real estate professional will make the process much easier for you and your family. Fortunately, selling a home is a fairly standard process. By reviewing the items below, you will have a better idea of what to expect during the process of selling your home.

1 Meeting & Selecting Your Real Estate Professional

Your real estate professional is a crucial part of your home selling team. He or she will assist you throughout the transaction with the following:

- Deciding your asking price
- Marketing your home to qualified buyers
- Completing the required transaction documents
- Negotiating with any buyers who submit an offer to purchase your home

2 Deciding When To Place Your Home On The Market

Your real estate professional will help you determine the best time to place your home on the market. They will also provide sound advice as you determine an asking price based on:

- Research of comparable properties
- Consideration of current local market conditions
- Your needs and reasons for selling

3 Marketing Your Home To Potential Buyers

When placing your home on the market, your real estate professional will help make your home more attractive to potential buyers. Your real estate professional may make home improvement or decorating suggestions to improve the appeal of your home. He or she will also coordinate with you and other real estate professionals to arrange showings of your home to qualified buyers. For more tips on how to improve the appeal and value of your home, please refer to the Home Selling Tips on pages 20-21.



Staging, or beautifying, your home to potential buyers can increase its value. See Home Selling Tips on pages 20-21.

what is earnest money?

A portion of money provided to the seller or escrow company by the buyer with a written purchase offer. Earnest money is intended as evidence of the buyer's good faith. It is deposited with the escrow company once the purchase agreement is executed, and is applied towards the purchase price of the home.



4 Reviewing The Buyer's Purchase Offer

Once an offer is made, your real estate professional will review the offer with you and help you prepare a response to that offer. Your real estate professional's strong negotiating skills and knowledge of this process will help you reach the right agreement.

5 Presenting Your Purchase Offer Response

With the assistance of your real estate professional, you may accept, counter or decline the purchase offer. This process may take anywhere from a few days to a week, depending on the time deadlines specified in your response to the buyer's offer.

6 Opening Escrow

Escrow is opened and the buyer's earnest money will be deposited at this time. Your escrow company will handle all funds associated with your transaction.

7 Entering The Contingency Period

This time period is specified in your purchase agreement. During this time, the buyer works to satisfy contingencies to the purchase agreement, such as obtaining a property inspection and an appraisal. You will work with your real estate professional to ensure that all of the transaction documents are completed and provided to the buyer for review. Transaction documents can include:

- Real Estate Transfer Disclosure Statement
- Physical Inspection of Property
- Property Pest Inspection
- Other Disclosure Forms

8 Closing Escrow

When all conditions of the purchase agreement have been met, you will sign all of the closing documents. The transaction is completed when the buyer's lender funds the loan and the existing mortgage on the home is paid off. Next, the County Recorder's office will record the **deed** in the buyer's name, and your home transaction will be complete!

A MARKETING Plan

A marketing plan is one of the most important services your real estate professional will provide. It's a good idea to ask your real estate professional how he or she plans to market your property before you begin the selling process.

Marketing plans may include:

- Placing a 'For Sale' sign on your property
- Placing a lockbox on your front door or other location to enable other real estate professionals to show your home to interested buyers
- Listing your home with the local **MLS** (multiple listing service), to maximize exposure to other real estate professionals
- Arranging tours of your home by other real estate professionals
- Creating a brochure or flyer highlighting the features of your home
- Hosting Open Houses at your home
- Advertising your home on the internet, in local newspapers or other publications

Your real estate professional may have more ideas about how to gain exposure for your home among qualified buyers.

Selling Tips



Potential buyers usually decide within minutes about whether or not a home is right for them. As you prepare your home to go on the market, try to view it through the eyes of a buyer. We have provided some tips below to assist you in preparing your home for showings and tours of interested buyers and their real estate professionals.

General Tips

A fresh coat of paint is the fastest, easiest and most affordable way to make your home more attractive to buyers. Consider repainting the kitchen, bathrooms, bedrooms or other areas that may need a quick facelift.

To make your home appealing to the most diverse group of buyers, use a neutral scheme when making any decorating choices. Avoid strong colors and patterns; choose white, pastel or neutral shades.

Neatness makes a home look bigger. Straighten up closets, put excess furniture in storage and avoid clutter.

Make sure the entire house is clean and uncluttered before any showings.

Kitchen

The kitchen is the most important room in your home for many prospective buyers. Make sure it is bright and attractive.

For a quick makeover, try new paint and new curtains.

Make sure the entire kitchen is spotless including the stove, countertops, floor, windows, cabinets and ventilation hood.

If any flooring is badly worn, replace it.

Replace any loose or cracked tiles on the counters and walls.

Avoid leaving dirty dishes in the kitchen sink or on the counters.

Clean and uncluttered counters add a sense of spaciousness. Remove any appliances or decorative items from the counters.

Bathroom

Consider painting the bathrooms.

Repair any dripping faucets.

Always hang fresh, clean towels in the bathrooms.

Remove any stains from toilets, sinks, bathtubs and/or showers.

Unclog sinks, bathtubs or showers that drain slowly.

Living Areas

Make sure wall surfaces are in good shape.
Repair all cracks and nail holes.



Wash the windows.

Replace cracked or broken glass and torn screens.

Make sure windows open and close smoothly.

Check ceilings for leak stains. Fix the source of the leak,
repair the ceiling and repaint.

Replace faded curtains or bedspreads.

If you have a fireplace, clean it out and put in fresh logs.

Replace burned-out light bulbs and make sure light
switches work.

Clean floors and vacuum rugs and carpeting.

Fix any doors or sliding glass doors that stick.

Keep toys in the kids' rooms.

Garage

Clean out your garage and dispose of
anything you are not going to keep.



Make sure the garage door opener is in good
working condition.



Outside

Make sure the front door and entry area are
clean and welcoming. Repaint the front
door if necessary.



Keep the lawn and shrubs trimmed and neat looking.

Freshly-planted flowers add an attractive and inviting touch.

Sweep walkways and/or driveways.

Consider painting your house. This can do more to improve
the appeal of your home than any other item. If you don't
want to paint the whole house, consider touching up trim,
window frames and/or shutters.

Check the roof and gutters. Replace any missing shingles,
broken gutters or downspouts.

Preparing For A Showing



Open the draperies and window coverings to
let in light.

Empty trash cans throughout the house. Make sure
outdoor trash cans are sealed properly.

Keep radios, stereos and TVs off or at a very low volume.

Remember the importance of scent: consider burning lightly
scented candles, or baking cookies to fill your home with an
appealing scent.

If your real estate professional has scheduled a showing or an
Open House, make arrangements for you and your family
to be out of the house. Let your real estate professional discuss
the price, terms, possession and other factors with the
potential buyers.

Take pets outdoors or with you when your house is
being shown.

Let the buyer's real estate professional show your home to
the potential buyer. He or she knows the buyer's requirements
and can emphasize the appropriate features of your home.

Terminology



Closing costs are an accumulation of separate charges paid to entities such as title companies, lenders, escrow companies and real estate professionals for the services they provide. Your real estate professional will review these and other closing costs with you before your transaction is completed.

Title Insurance Premiums

Fee paid by an individual to insure a clear title.

Commission To Real Estate Professionals

Fee paid to real estate professionals for services provided to list, show, negotiate the purchase agreement and complete the transfer of property.

Recording Fees

Fees assessed by the County Recorder's office for recording the documents of a real estate transaction.

Loan Fees

Fees charged by a lender to process a new loan. This may include points and/or fees for loan origination and credit reporting.

Escrow Fees

Fees charged by an escrow company for services to collect, hold and eventually disburse funds and documents as required to complete the real estate transaction.

SELLER'S Summary

Selling your home will be much easier if you have a qualified real estate professional assisting you and your family throughout the process of pricing, marketing and negotiating the sale of your home. It's important you understand the home selling process so that you can consider all of the steps necessary to sell your home quickly for your desired price. With thoughtful planning, selling your home can be a large step toward reaching your financial goals.



Visit www.stewart.com today to learn more about Stewart products and services, or to access more detailed real estate information and resources.

The content in this guide is intended to provide general information only. Every home transaction is different; please consult an attorney or real estate professional for advice about your specific transaction.



After a selling price has been negotiated between the buyer and seller, an escrow company steps in as an impartial third party to process and oversee the money and documents involved in transferring ownership. The escrow company works with you throughout the closing process to ensure that the legal transaction goes smoothly.

Opening Escrow

Your real estate company will open escrow for your transaction as soon as the buyer and seller have signed the purchase agreement for the home. The buyer and seller will sign escrow instructions, which list the contingencies from the purchase agreement and any other requirements for escrow to close.

Preliminary Paperwork

Your escrow company will require you to fill out a **statement of identity form**. The statement of identity form is used to eliminate judgements, bankruptcies and liens that may be filed against persons with similar names to the buyer or seller. Your escrow company keeps the statement of identity form confidential.

The Escrow Company's Role

While your home is in escrow, the escrow company will do the following:

- Handle any adjustments on fire insurance, property taxes, interest, etc.
- Contact the buyer's lender to coordinate loan funding
- Coordinate payoff of the seller's mortgage
- Forward the deed to the County Recorder for recording in the buyer's name
- Handle final accounting and disbursement of any remaining funds to all parties
- Issue an official closing statement (**HUD 1**)

Who Is Involved In The Escrow Process



For an explanation of closing costs, please see *Closing Terminology* on page 22.



THE LIFE OF Escrow

Funding The Down Payment

In most home transactions, the buyer will deposit a down payment and the seller will deposit the deed and other necessary documents with the escrow company. Prior to close of escrow, the buyer deposits the balance of required funds, through a mortgage, with the escrow company.

Closing Escrow

The length of your escrow period may range from a few days to several months. You and your real estate company will work together to determine the best timeframe for your needs. The timeframe will be specified in the terms of the purchase agreement.

Escrow will be completed once all parties have signed the escrow documents, all contingencies in the purchase agreement have been satisfied and removed, the buyer's loan has funded and after the deed transferring ownership has been filed with the county. The close of escrow signifies legal transfer of title from the seller to the buyer, after which the buyer will receive the keys to their home.

*notes



Title Insurance



*tip

Purchasing title insurance is the best way to prevent future problems with your title.

When purchasing real estate, you acquire title to the property. This title includes your rights of ownership and possession of the land. Sometimes, however, your rights to the property can be limited due to claims asserted by others. These potential claims, if not caught and corrected before you buy, can limit your title to the property, have a negative impact on the value of your home and threaten the interest that you and your mortgage lender hold in the property.

Acquiring Title Insurance

Title insurance is a welcome “security blanket” for home ownership because of the significant investment you make when buying a home. Purchased as a one-time expense, title insurance covers you against loss due to potential pre-existing **liens** and hazards that may not be uncovered in a general title search.

The Importance Of A Title Search

Despite the expertise and dedication that go into a title search, hidden **title defects** can emerge after completion of a real estate transaction, leaving you without a clear title.

Title defects can be an unpleasant and costly surprise. Some examples include:

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

Title insurance through a company like Stewart Title is a simple step you can take to protect yourself against loss or damage due to potential problems with your title. Ask your real estate professional to learn more about this valuable service.

Title Insurance Covers



There are different types of title insurance policies that can be purchased by the buyer, seller or by the lender. Title insurance is typically issued in the amount of the real estate purchase.

CLTA/ALTA Homeowner Policy

<i>Intended To</i>	<i>What It Covers</i>	
Insure the owner of residential property against loss by reason of those matters covered under the policy.	Plain language.	Cannot use land for Single Family Dwelling because the use would violate a restriction in Schedule B or a local zoning ordinance.
	Post policy automatic increase in value up to 150%.	Pays rent for substitute land or facilities.
	Title to the real property owned by a person other than the insured.	Unrecorded lien by a homeowner's association.
	Defects, liens and encumbrances upon title that are not recorded.	Building permit violation.
	Lack of a right of access to and from the real property.	Compliance with Subdivision Map Act.
	Insuring that there are no forgeries or failed conveyances in the chain of title.	Restrictive covenant violations.
	Protection against mechanic's liens resulting from work done on the real property that the insured did not agree to pay for.	Post policy forgery.
	Rights under unrecorded leases.	Post policy encroachment.
	Unrecorded easements.	Post policy damage from mineral or water extraction.
	There are restrictive covenants.	Post policy living trust coverage.
	There is a lien on your title because (1) a deed of trust, (2) a judgement, tax or special assessment, (3) a charge by the homeowner's association.	Map not consistent with the legal description.
	Title is unmarketable.	Post policy adverse possession.
	Forced removal of a structure because it (1) extends on to other land or easement, (2) violates a restriction in Schedule B, (3) violates an existing zoning law.	Post policy prescriptive easement.
		Covenant violation resulting in reversion.
		Boundary walls and fence encroachment.
	Enhanced marketability.	
	Violations of building setbacks.	
	Discriminatory covenants.	
	Insurance coverage forever.	

ALTA Loan Title Insurance Policy

<i>Intended To</i>	<i>What It Covers</i>	
Insure an institutional lender under a deed of trust upon any type of real property (commercial, industrial, residential) against those matters covered under the policy.	Title to the estate or interest being vested other than as stated therein.	Lack of a right of access to and from the land.
	Any defect in or lien or encumbrance on the title.	The priority of any lien or encumbrance over the lien of the insured mortgage.
	Unmarketability of the title.	

For an in-depth explanation of title insurance, and for assistance in choosing the policy that is right for you, please work with your real estate professional and your Stewart Title representative.

WAYS TO Hold Title



When purchasing your home, you need to decide how you want to hold title on your property. We've provided the chart below to help you determine this. Please consult your real estate professional, attorney, tax preparer or a qualified title professional before deciding.

Common Forms Of Ownership

	Tenancy in Common <i>(definition in glossary)</i>	Joint Tenancy <i>(definition in glossary)</i>	Community Property	Community Property with Right of Survivorship <i>(Effective 7/1/2001)</i>
PARTIES	Any number of persons (can be husband and wife or registered domestic partners).	Any number of persons (can be husband and wife or registered domestic partners).	Husband and wife, or registered domestic partners have community property rights.	Husband and wife, or registered domestic partners have community property rights.
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.	There must be unity of title and time (created in one document).	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 to survivorship.
POSSESSION	Equal rights of possession.	Equal rights of possession.	Both co-owners have equal management and control.	Both co-owners have equal management and control.
CONVEYANCE	Each co-owner's interest may be conveyed separately by its individual owner.	Conveyance by one co-owner without the others will sever (terminate) that individual's joint tenancy.	Real property requires written consent of other spouse or registered domestic partner, and separate interest cannot be conveyed except upon death.	Real property requires written consent of other spouse or registered domestic partner, and separate interest cannot be conveyed except upon death.
PURCHASER'S STATUS	Purchaser will become a tenant in common with the other property co-owners.	Purchaser will become a tenant in common with the other property co-owners.	Purchaser can acquire title from the community with written consent or joinder of both spouses or registered domestic partners.	Purchaser can acquire title from the community with written consent or joinder of both spouses or registered domestic partners.
DEATH	On co-owner's death, his or her interest passes by will to that person's devisees or heirs. No survivorship right.	On co-owner's death, his or her interest ends and cannot be disposed of by will. Survivor(s) own(s) the property. An affidavit of death of joint tenant establishes death.	Upon death of one spouse or registered domestic partner, 50% belongs to surviving spouse or registered domestic partner, 50% goes by will to descendant's devisees or by succession to surviving spouse or registered domestic partner.	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 of death (community property with right of survivorship) establishes death of a spouse or registered domestic partner.
SUCCESSOR'S STATUS	Devisees or heirs become tenants in common.	Last survivors owns property 100%.	If passing by will, tenancy in common between devisees and survivor results.	Purchaser can only acquire whole title of community; cannot acquire a part of it.
CREDITOR'S RIGHTS	Co-owner's interest may be sold on execution sale to satisfy his or her creditor. The creditor becomes a tenant in common.	Co-owner's interest may be sold on execution sale to satisfy creditor. Joint tenancy is broken; creditor becomes tenant in common.	Property of community is liable for contracts of either spouse or registered domestic partners which were made after marriage and prior to or after January 1, 1975. Co-owner's interest cannot be sold separately; whole property may be sold on execution to satisfy creditor.	Property of community is liable for contracts of either spouse or registered domestic partner which were made after marriage and prior to or after January 1, 1975. Co-owner's interest cannot be sold separately; whole property may be sold on execution to satisfy creditor.
PRESUMPTION	Favored in doubtful cases except husband and wife or registered domestic partners case.	Must be expressly stated. Not favored.	The legal presumption is that property which has been acquired during the course of the marriage or registered domestic partnership is community property or community property rights apply.	After July 1, 2001, there is no presumption. The code reads that deeds must state "community property with the right of survivorship."

Who Pays For What?



The Seller Typically Pays: *(these will vary pursuant to local custom and practice)*

- Commission to real estate professionals involved in the transaction
- One-half of the escrow fee
- Document preparation fee
- Document transfer tax
- City transfer/conveyance tax (according to contract)
- Any loan fees as required by buyer's lender
- Balance of all mortgages/loans in seller's name
- Interest accrued to seller's lender during escrow, before ownership transfers to buyer
- Any loan prepayment penalties
- Termite inspection and work (according to contract)
- Home warranty (according to contract)
- Any judgments, tax liens, etc., against the seller
- Property tax proration (for unpaid taxes up to time of transfer of title)
- Any unpaid homeowner's association dues
- Any homeowner association document fee (to obtain a copy of the **CC&Rs** or other documentation)
- Any and all delinquent taxes
- Notary fees for seller's documents
- Courier fees for seller's documents

The Buyer Typically Pays: *(these will vary pursuant to local custom and practice)*

- Title insurance premiums
- One-half of the escrow fee
- Notary fees for buyer's documents
- Recording charges for all documents in buyer's name
- Property tax proration (from the time that ownership transfers to buyer)
- Homeowner's association transfer fee
- All new loan charges (except those required by lender for seller to pay)
- Interest on new loan from date of funding to 30 days prior to first payment
- Inspection fees (property inspection, geological inspection, etc.)
- City transfer/conveyance tax (according to contract)
- Fire insurance premium for first year
- Courier fees for buyer's documents



Who Pays For What? BY COUNTY

County	Escrow Charges	Title Fees (Owner's Policy)	County Transfer Tax (Per Thousand)	City Transfer Tax (Per Thousand)
Alameda	Buyer pays	Buyer pays	Seller pays \$1.10 (Except in the City of Alameda - 50/50)	50/50* Alameda \$5.40 Albany \$11.50 Berkeley \$15.00 Hayward \$4.50 Oakland \$15.00 Piedmont \$13.00 San Leandro \$6.00
Alpine (Calaveras Side)	50/50	50/50	Seller pays \$1.10	None
Alpine (El Dorado Side)	50/50	Buyer pays	Seller pays \$1.10	None
Amador	50/50	Buyer pays	50/50 \$1.10	None
Butte (Chico & Oroville)	50/50	50/50	Seller pays \$1.10	None
Butte (Paradise)	50/50	50/50	Seller pays \$1.10	None
Calaveras (Bear Valley)	50/50	Buyer pays	Seller pays \$1.10	None
Calaveras (San Andreas)	50/50	50/50	Seller pays \$1.10	None
Colusa	50/50	50/50	Seller pays \$1.10	None
Contra Costa	Buyer pays	Buyer pays	Seller pays \$1.10	50/50 El Cerrito \$7.00 Richmond \$7.00 San Pablo \$4.40
Del Norte	50/50	Seller pays	Seller pays \$1.10	None
El Dorado	50/50	50/50	Seller pays \$1.10	None
Fresno	50/50	Seller pays	Seller pays \$1.10	None
Glenn	50/50	50/50	Seller pays \$1.10	None
Humboldt	50/50	Seller pays	Seller pays \$1.10	None
Imperial	50/50	Seller pays	Seller pays \$1.10	None
Inyo	50/50	Seller pays	Seller pays \$1.10	None
Kern	50/50	Seller pays	Seller pays \$1.10	None
Kings	50/50	Seller pays	Seller pays \$1.10	None
Lake	Buyer pays	Buyer pays	Seller pays \$1.10	None
Lassen	50/50	50/50	Seller pays \$1.10	None
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	None
Marin	Buyer pays	Buyer pays	Seller pays \$1.10	Seller pays San Rafael \$2.00
Mariposa	50/50	50/50	Seller pays \$1.10	None
Mendocino	Buyer pays	Buyer pays	Seller pays \$1.10	None
Merced	50/50	50/50	Seller pays \$1.10	None
Modoc	50/50	50/50	Seller pays \$1.10	None
Mono	50/50	Seller pays	Seller pays \$1.10	None
Monterey (Salinas)	50/50	Seller pays	Seller pays \$1.10	None
Monterey (Peninsula)	Seller pays	50/50	Seller pays \$1.10	None
Napa	Buyer pays	Buyer pays	Seller pays \$1.10	None
Nevada	50/50	Buyer pays	Seller pays \$1.10	None

» Continued on page 32

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

To verify that the above numbers are current at the time of purchase or sale, please confirm them with your escrow company.

Continued from p31

County	Escrow Charges	Title Fees (Owner's Policy)	County Transfer Tax (Per Thousand)	City Transfer Tax (Per Thousand)
Orange	50/50*	Seller pays	Seller pays \$1.10	None
Placer	50/50	Seller pays	Seller pays \$1.10	None
Plumas	50/50	50/50	Seller pays \$1.10	None
Riverside	50/50	Seller pays	Seller pays \$1.10	Riverside \$1.10 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	None
San Bernardino	50/50	Seller pays	Seller pays \$1.10	None
San Diego	50/50	Seller pays Owner's Buyer pays Lender's	Seller pays \$1.10	None
San Francisco	Buyer pays	Buyer pays	Seller pays n/a	Seller pays \$100.00 - \$250.00 \$5.00 \$251.00 - \$1,100.00 \$6.80 1,101.00 and up \$7.50
San Joaquin	50/50	50/50	Seller pays \$1.10	None
San Luis Obispo	50/50	Seller pays	Seller pays \$1.10	None
San Mateo	Buyer pays	Buyer pays	Seller pays \$1.10	50/50 Hillsborough \$0.30 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 \$4.30
Sonoma	Buyer pays	Buyer pays	Seller pays \$1.10	Seller pays Cloverdale \$1.10 Cotati \$1.90 Petaluma \$1.15 Santa Rosa \$2.00 Sebastopol \$2.00
Stanislaus	50/50	Seller pays	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	50/50	Seller pays \$1.10	50/50 Woodland \$1.10
Yuba	Seller pays	Seller pays	Seller pays \$1.10	None

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

To verify that the above numbers are current at the time of purchase or sale, please confirm them with your escrow company.

MOVING **Checklist***A List of Things to Do Before You Move***Inform Parties Of Address Change**

- Credit card companies, lenders and other companies you do business with
- Post office
- Magazine subscriptions
- Friends and relatives
- Insurance companies

At The Bank

- Transfer funds as needed
- Order checks with your new address
- Arrange credit references

Change Service With Utility Companies

- Gas
- Electricity
- Telephone
- Cable
- Water
- Garbage collection

Medical (if moving a long distance)

- Ask for copies of medical and dental records from your medical providers
- Ask your doctor and dentist for referrals
- Transfer prescriptions to new pharmacy as needed
- Ask for copies of prescriptions for medication and eyeglasses

Closing Statement

Your escrow company will issue a detailed closing statement that lists all final closing costs for your transaction.

Children

- Ask for copies of children's vaccine records
- Take copies of school transcripts with you
- Make arrangements for new daycare facility if needed

Pets

- Check on regulations for licenses, vaccinations, tags, etc. in your new location
- Plan for special care and transfer of pets

Moving Company

- Hire movers
- Review labor charges for packing, unpacking and moving
- Confirm arrival date
- Confirm method and time of expected payment
- Carry jewelry and important documents with you

Before You Leave

- Defrost the freezer and clean the refrigerator
- Have appliances serviced and prepared for moving
- Have large area rugs wrapped and prepared to move
- Double-check closets, drawers and shelves for forgotten items
- Leave all keys, appliance warranties, association guides and other items for new owner

At Your New Home

- Double-check that all utilities have been turned on
- Contact your local gas company to check pilot light on stove, hot water heater and furnace
- Have all appliances inspected by a professional
- Contact your local DMV to update the address on your driver's license
- Make arrangements for new medical services and other professional services if needed

Information



The following are some important contacts you may need during your transition.

Real Estate Professional

Name _____

Company _____

Address _____

City / State / Zip _____

Work Phone _____

Cell Phone _____

Email _____

Notes _____

Title & Escrow Representative

Name _____

Company _____

Address _____

City / State / Zip _____

Work Phone _____

Cell Phone _____

Email _____

Notes _____

Moving Company

Name _____

Company _____

Address _____

City / State / Zip _____

Work Phone _____

Cell Phone _____

Email _____

Notes _____

Insurance Company

Name _____

Company _____

Address _____

City / State / Zip _____

Work Phone _____

Cell Phone _____

Email _____

Notes _____

Hospital / Physician / Veterinarian

Name _____

Company _____

Address _____

City / State / Zip _____

Work Phone _____

Cell Phone _____

Email _____

Notes _____

Pharmacy

Name _____

Company _____

Address _____

City / State / Zip _____

Work Phone _____

Cell Phone _____

Email _____

Notes _____



Having important information handy can help ensure a smooth transition into your new home.

BUYING + SELLING **Glossary**

Use this glossary as a general guide for commonly used terms in real estate transactions. Talk to your real estate professional for more information on these and other real estate-related terms.

CC&Rs

Covenants, conditions and restrictions. A document that controls the use, requirements and restrictions of a property.

Closing Costs

Necessary expenses accrued during the course of a real estate transaction, such as loan fees, title fees, appraisal fees, escrow fees, etc.

Closing Statement

The final statement provided by your escrow company that accounts for all of the funds received and due at the closing, including deposits for taxes and fire insurance. The form used for the closing statement is called the HUD 1.

Contingencies

Contingencies can be found in the purchase agreement. A contingency is the dependence upon a stated event that must occur before a contract is binding. For example, purchase agreements can be contingent on the buyer's sale of another property, or upon the buyer obtaining a loan for the property.

Deed

Written instrument which, when properly executed and delivered, conveys title.

Earnest Money, Earnest Money Deposit

A portion of money provided to the seller or escrow company by the buyer with a written purchase offer. Earnest money is intended as evidence of the buyer's good faith. It is deposited with the escrow company once the purchase agreement is executed, and is applied towards the purchase price of the home.

Easement

A right, privilege or advantage in real property, existing distinct from the ownership of the land. Rights of access others have over your property such as a shared driveway or a local gas and electric company.

Escrow

Temporary deposit with an impartial third party of money and documents by both parties to a purchase contract. The escrow company handles all of the documents and distribution of funds.

Hazard / Fire Insurance

Insurance protecting against loss caused by fire, some natural causes, vandalism, etc., depending upon the terms of the policy.

Homeowner's Association

(1) An association of people who own homes in a given area, formed for the purpose of improving or maintaining the common area. (2) An association formed by the builder of condominiums or planned developments and required by statute in some states. The builder's participation as well as the duties of the association are controlled by statute.

HUD 1

The form used for the closing statement provided by the escrow company (See Closing Statement).

Impound Account

Account held by lender for payment of taxes or insurance. For example, the lender pays a portion of the yearly taxes with each monthly payment. The lender pays the tax bill from the accumulated funds.

Joint Tenancy

An equally undivided ownership of property by two or more persons. Upon death of any owner, the survivor(s) take the descendant's interest on the property. See chart on page 29.

Lien

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

MLS

Acronym for the multiple listing service, a searchable database of all properties for sale that real estate professionals can use when seeking property for their clients.



Glossary

**Note**

A document containing an express and absolute promise of the signer to pay a named person, or entity a definite sum of money at a specified time or on a specified date.

Origination Fee

A fee or charge for establishing a new loan. Part of the buyer's closing costs.

Physical Inspection Report

A qualified inspector's report on a property's overall condition. The report usually includes an evaluation of both the structural and mechanical systems. The inspection and report are completed during the contingency period, after escrow opens but before the transaction is completed.

Preliminary Report

It is an offer to insure, showing ownership, encumbrances and liens.

Purchase Agreement

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

Statement Of Identity Form

A confidential form filled out by the buyer and seller to help an escrow company confirm the identity of the parties involved in a real estate transaction.

Tenancy In Common

A type of joint ownership of property by two or more persons with no right of survivorship. For a more detailed explanation, see page 29.

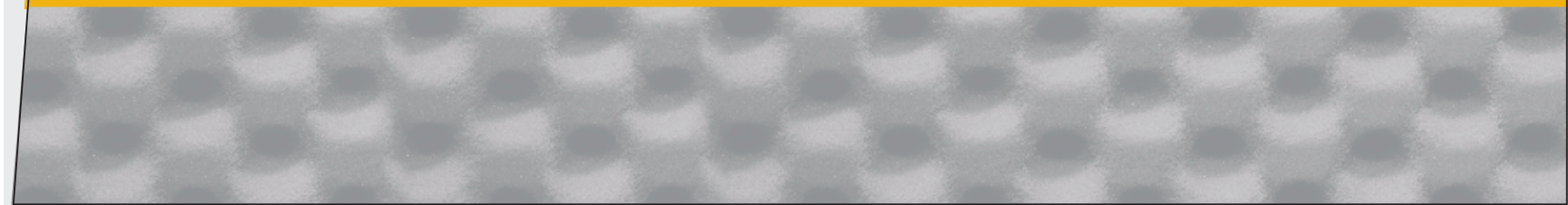
Title Defects

Problems with the title to a property that may negatively impact ownership of the property, as well as the value of the property. Examples of title defects include: previously undisclosed heirs with claims against the property, a forged deed that doesn't legally transfer title to real estate, or mistakes in the public records.

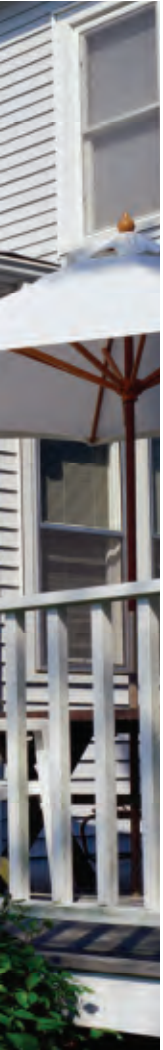
Title Insurance Policy

A policy that protects the purchaser, lender or other party against losses. Title insurance offers protection against loss or damage arising from various defects (as set out in the policy) that may exist in the title to a specific parcel of land. For more information on title insurance, consult with your Stewart Title representative.

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