

HOME SELLERS GUIDE

TITLE 365





TITLE INSURANCE & ESCROW SERVICES AT ITS BEST

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 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.



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FIRST IMPRESSIONS

The first thing you do when having a party is to get your home spruced up and celebration ready. Why should selling your home be any different? Consider the following tips that'll get your home sold faster and for the best possible price.

PROPERTY TOURS. A well-kept, neatly landscaped property will help act as 'bait' to lure the potential Buyer in to see your home. Refuse containers should be out of view and the lawn freshly trimmed. Fertilizing a few weeks prior to listing will help your lawn look lush and green. Woodwork should be free of chipped or cracking paint. If necessary, repaint. Try to figure out a color scheme for planting flowers in the early spring that will give your home a boost of color when it is being shown.

MAKE A GREAT FIRST IMPRESSION. The front door should be clean or freshly painted. Brass knobs should be polished with brass cleaner. You might consider placing a planter of fresh flowers on your front porch accented by a new door mat.

MINOR REPAIRS CAN HELP TREMENDOUSLY. Repair all loose doorknobs and cupboard hinges, dripping faucets, stained sinks, loose or missing caulking, sticking doors and windows, and damaged or missing window screens.

CLUTTER IS UNATTRACTIVE. Neatness makes a room look larger. Do you have too much furniture in each room? You may need to store artwork and furniture before your move. Are your shelves and closets overcrowded? Now might be a good time to start packing boxes. The result will be a far less cluttered home.

CLEAN YOUR HOME THOROUGHLY. Buyer's react worse to dirt than clutter. They figure if you've let the cleaning go, it's possible that you've let other, more serious, maintenance issues go as well. Consider hiring a service that will give your home a thorough going over just to get you started.

BATHROOMS SHOULD SPARKLE. Remove stains from sinks, toilets and bathtubs, including hard-water spots on shower enclosure doors. If drains run slowly, unclog them. Hang fresh towels on towel racks.

LIGHTING DOES WONDERS. Drapes, curtains and mini-blinds should be open to allow plenty of light in your home. An open, airy feeling generates comfort and welcomes the potential Buyer into your home. Turn on all the lights when showing your home. Use brighter bulbs if necessary.

CLOSET SPACE IS A PLUS. Neat, well-organized closets appear larger. Larger closets help sell homes.

COUNTERTOPS SHOULD BE CLEARED. Less is more because rooms look bigger and more inviting. Completely clear off your countertops in the kitchen and baths, office desk, the tables next to your bed, your coffee table in the living room and your dining room table. You can then put a few decorative pieces back.

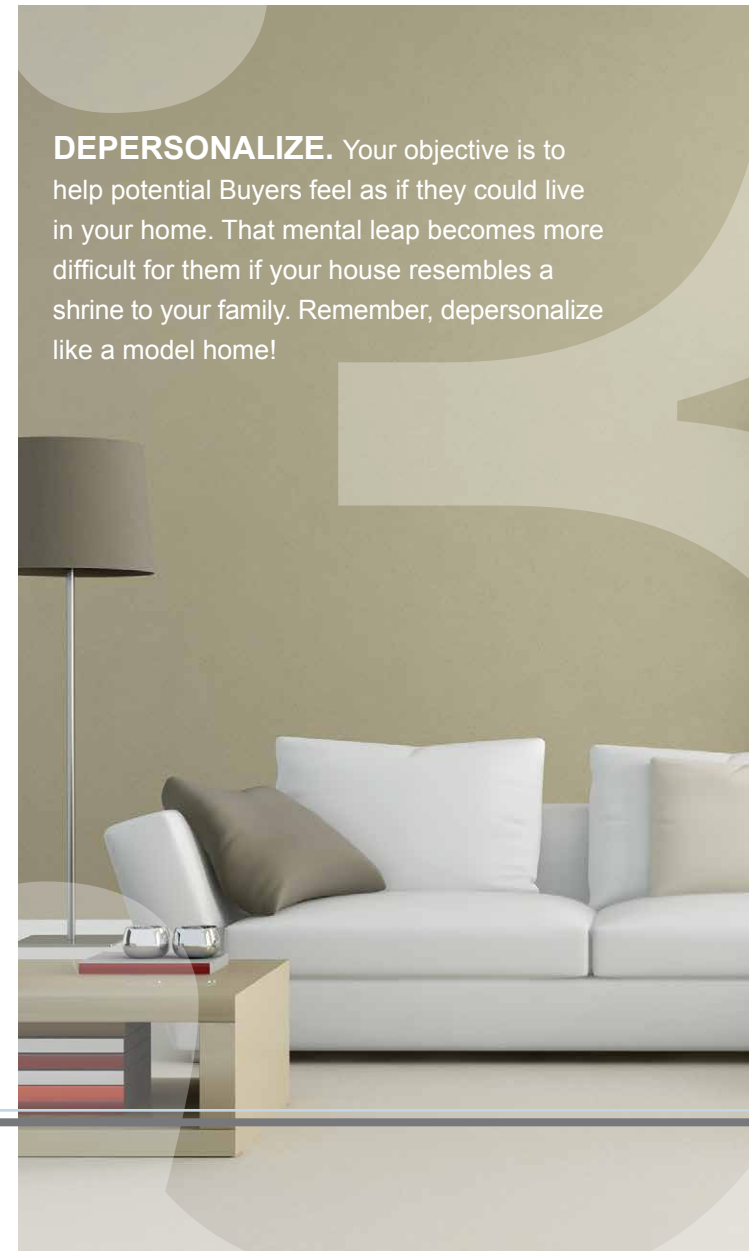
KITCHENS SHOULD BE CLEAN. The emptier it is, the larger it will appear. Avoid dirty dishes in the sink or on counters and run your dishwasher before every showing. Counter top appliances should be kept in cupboards. Clean the ventilating hood over the stove. Replace or repair worn-out flooring.

TAKE A SNIFF. Are there any unpleasant odors in your home? If so, track them down and eliminate them. Ensure all your lights work and are free of cobwebs. You want your home to look spacious, bright and fresh.

AVOID HAVING TOO MANY PEOPLE PRESENT. Try to leave your home during showings and let the Realtors® show your home to potential Buyers. The potential Buyer may feel uncomfortable or pressured, and hurry through the house if too many people are present during their showing.

KEEP PETS SECURELY OUT OF THE WAY.
(Preferably out of the house.)

DEPERSONALIZE. Your objective is to help potential Buyers feel as if they could live in your home. That mental leap becomes more difficult for them if your house resembles a shrine to your family. Remember, depersonalize like a model home!



When getting your home ready to sell, you need to look at your house in a new way. Think of your house as a product about to go on the market where it is probably competing with brand new housing. It needs to show well – which means clutter-free and well

kept. Today's homebuyers lead busy lives and may not be interested in taking on major repairs or improvements upon moving in. This practical, easy-to-follow check list will help you identify common house problems and simple solutions.



CHECK YOUR HOUSE'S CURB APPEAL

How your house looks from the street is where prospective buyers will form that all-important first impression. Stand at the curb in front of your house and note what you see.

- ☐ Remove any clutter in your yard.
- ☐ Repair cracked or uneven driveway or walkway surfaces.
- ☐ Mow your lawn regularly and re-seed, if needed. Weed & mulch flower beds and consider buying some flower-filled planters to enhance the eye appeal of your property.
- ☐ Clean your windows and walls.
- ☐ Does your front door need paint? Remember, it's the first thing people see and welcomes them into your home.
- ☐ Ensure your eaves and downspouts are clear of debris and in good repair.
- ☐ Power wash your backyard deck and walkways and do any necessary painting, staining or sealing.
- ☐ If you have a swimming pool, are the deck and pool clean (when in season)?
- ☐ Do all outside lights work? Replace any burned out bulbs and clean fixtures of dirt and cobwebs.
- ☐ Is there a shed? Make sure it looks presentable.
- ☐ Do windows and exterior doors need caulking?
- ☐ Do you have decorative wooden poles on the porch? If the wood at the bottom is not in good condition, add a new coat of paint.

GENERAL INTERIOR

A prospective Buyer will usually enter through the front door. That's where you should begin your interior inspection.

- ☐ Check stairs for loose boards, ripped carpeting, and missing or loose handrails and guards.
- ☐ Most problems with interior walls are cosmetic. You can buy "erasers" in the cleaning section of most supermarkets to get rid of wall scuffs and floorboard marks.
- ☐ Ensure doors open and shut properly. Minor sticking is normal but excessive binding indicates possible structural problems.
- ☐ Open and close all windows to ensure they work properly. Fogging between the panes of a sealed window indicates the seal is broken and the unit needs to be replaced.
- ☐ Keep furniture to a minimum so rooms appear larger, not smaller. Ensure that traffic can flow in or through rooms unimpeded. If they contain bookshelves or cabinets overflowing with books, magazines and knick-knacks, remove some of these items.
- ☐ Ensure closets look spacious, organized and uncluttered. Create space by getting rid of old clothes and junk.
- ☐ Remove or lock away valuables such as jewelry, coins, currency, cameras and compact discs.

DIFFERENTIATE FROM THE NEIGHBORS. Upgrading your roof or windows can help improve the home's aesthetics, while potentially adding value to the home and positioning your property favorably against other listings. Improvements should be practical and use colors and designs that would appeal to the widest audience.

EXAMINE YOUR WALLS

- ☐ Is your exterior paint looking good? If you see faded colors and cracked or peeling surfaces, you might want to repaint.
- ☐ You can clean vinyl or metal siding but defects or damage usually means replacement.
- ☐ Stucco can be repaired but some skill is required to blend patches with existing stucco.

GARAGE

- ☐ Get rid of the broken tools, old car parts, discarded bicycles, empty paint cans and the hundreds of other useless items that accumulate in garages. Again, you want a clutter-free zone.
- ☐ Use cleaning solutions to remove oil stains from the floor.
- ☐ You can use your garage for storage of extra furniture or items but be sure it's boxed neatly to give the garage a nice appearance. Consider getting a small storage unit.

KITCHEN AND BATHROOMS

- ☐ People splash water around so check around sinks, tubs and toilets for rotting countertops and floors. Problems could be due to poor caulking or plumbing leaks. Fogged windows, molds and sweating toilet tanks indicate high humidity levels, which you can remedy with exhaust fans.
- ☐ Clean all appliances, including your oven and your greasy stove hood filter. Clean your cabinets inside and out, as well as your countertops and backsplashes. Repair dripping faucets.
- ☐ Remove anything stored on countertops or on top of your fridge and remove artwork and magnets.

AIR SYSTEMS

- ☐ Change the air filters in the attic, etc. They are inexpensive and will come up on an inspection. They are the number one item purchasers want done after a home inspection.
- ☐ If you have a pet with a litter box, ensure the litter box is clean and dog droppings are not outside.

WHEN IT'S SHOWTIME!

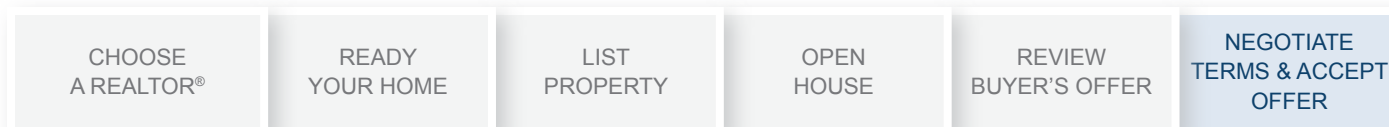
Now you are ready for showings. You will need a plan of action that assigns duties to each family member so the place can quickly be whipped into shape.

- ☐ Be sure all lights are turned on to make the house bright. Open all drapes, blinds, etc.
- ☐ Air out the house to get rid of cooking or pet odors.
- ☐ Have fresh flowers in view or a nice bowl of fruit on the countertop for a bit of color.
- ☐ Turn on some classical music to showcase any surround sound or for atmosphere.
- ☐ Pick up clutter, and empty garbage.
- ☐ Make sure any laundry is in laundry baskets or put inside the washer/dryer so closets and laundry room space are maximized and presentable.
- ☐ Set your thermostat at a comfortable level.
- ☐ Remove pets from the house or put them outside.
- ☐ Leave when the house is being shown.
- ☐ In poor weather, provide a place for boots, overshoes and umbrellas.

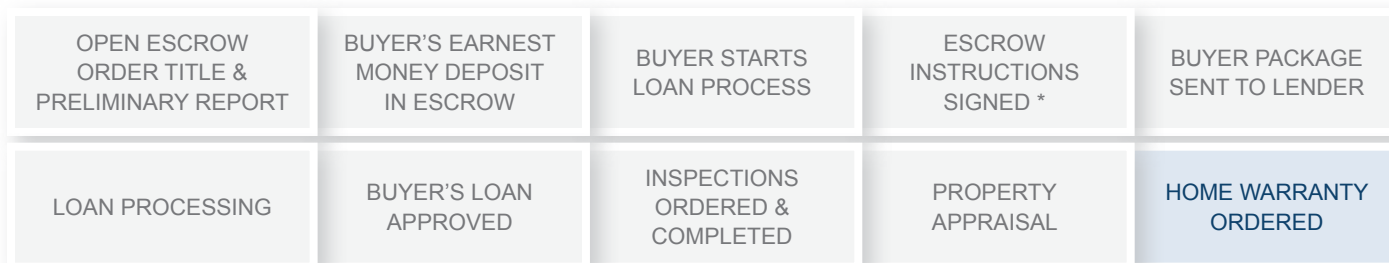


THE SELLING PROCESS

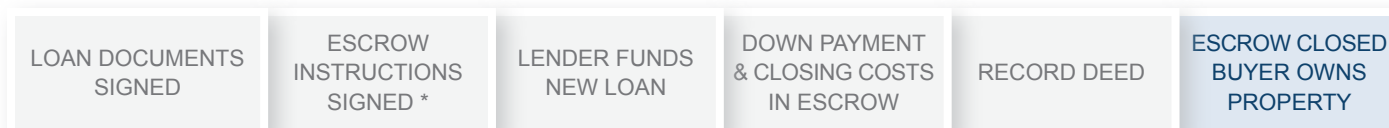
1. HOME SELLER



2. OPEN ESCROW



3. CLOSE ESCROW



* In some areas

SELLER CREDITS CAN BE TRICKY! In some areas, Seller credits are usually kicked back by the bank for removal in short sale transactions. Most banks also limit the percentage of credit during traditional transactions as well. Check with the Lender before offering up a Seller credit option.

THE HOME INSPECTION PROCESS

A home inspection is an evaluation of the condition of a residential property's general integrity, functionality, and overall safety. The purpose of an inspection is to ensure that a Buyer knows exactly what is being purchased prior to completing the transaction.

In the course of a home inspection, the inspector will evaluate your home's foundation, framing, roofing, site drainage, attic, plumbing, heating, electrical system, fireplaces, chimneys, pavement, fences, stairs, decks, patios, doors, windows, walls, ceilings, floors, built-in appliances, and numerous other fixtures and components. Pool and spa inspections are add-ons that Buyers can inspect as well. Inspections are not intrusive (holes in the walls). An inspection will take about an hour per 1,000 square feet on average.

All pertinent findings will be detailed in a written report for the Buyer's reference and review, and the inspector will make a complete verbal presentation of these conditions for those who attend the inspection. This information enables a homebuyer to make educated decisions about a home purchase: whether to complete the transaction, whether to ask the seller to make repairs, or whether to buy the property as is. Buyers can also determine how much repair and renovation will be needed after taking possession, which problems are of major concern, which ones are minor, and what conditions compromise the safety of the premises.

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.

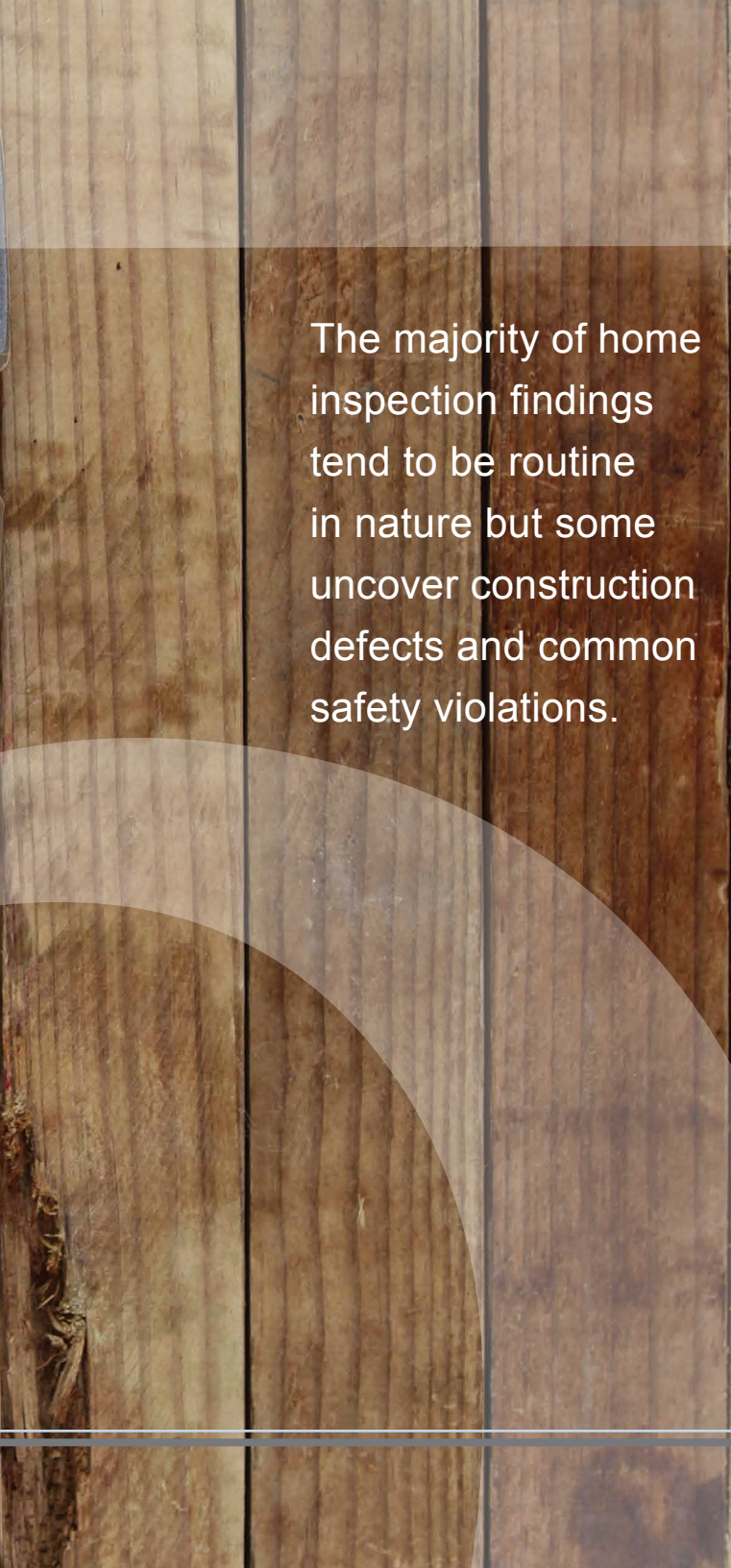
Section II Conditions are those not currently causing damage but which are likely to, if left unattended.

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.

Some Sellers opt to do a house inspection when they list their property to determine in advance which items might be challenges to selling and to address issues that positively impact the sell ability and competitive marketability of a home. Properly maintained homes typically go into escrow faster.



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

COMMON DEFECTS FOUND DURING HOME INSPECTIONS

BUILDING VIOLATIONS. Building violations are often identified where additions and alterations were constructed without a permit.

ROOFING DEFECTS. Problems with roofing material resulting from age, wear or improper installation warranting maintenance, repair, or in some cases, replacement.

CEILING STAINS. Some stains are merely the residual effects of leaks that have been repaired but others can indicate an unresolved issue. Inspectors will determine if a leak is active.

ELECTRICAL SAFETY HAZARDS. Electrical safety hazards such as ungrounded outlets, lack of ground fault interrupters (shock protection devices), faulty wiring conditions in electrical panels can be identified.

WATER INTRUSION. Ground water conditions can result in water intrusion into basements or crawlspaces. Correction can be as simple as regrading the exterior grounds or adding roof gutters or as major as French drains designed by experts.

ROTTEN WOOD. Rotted wood is can be found in places where wood stays wet for long periods such as roof eaves, exterior trim, decks, around tubs and showers, or below loose toilets.

MINOR PLUMBING DEFECTS. Loose toilets, dripping faucets, slow drains, leaking drains and hot water at the right faucet are most commonly found during inspections.

UNSAFE FIREPLACE & CHIMNEY CONDITIONS.

A lack of maintenance or faulty installation of fixtures are often found. Unsafe conditions are often attributed to a lack of spark arrestors and involve insufficient clearance between hot metal surfaces and combustible materials within the property.

FIREWALL VIOLATIONS IN GARAGES. Special fire-resistive construction is required for walls and doors that separate a garage from a dwelling. Violations are common, either due to faulty construction, damage or alterations to the garage interior, or changes in code requirements since the home was built.

FAULTY INSTALLATION OF WATER HEATERS.

Check to make sure your water heater is installed in full compliance with plumbing code requirements. Violations can include inadequate strapping, improperly installed overflow piping, unsafe flue conditions, or faulty gas piping.

HAZARDOUS CONDITIONS INVOLVING GAS

HEATERS. Most gas-fueled heaters are in need of some maintenance, if only the changing of an air filter while others might be in need of a long-overdue review by the gas company.

UNDERSTANDING HOME WARRANTY

THE HOME WARRANTY'S ROLE IN YOUR SALE. As a Seller, a home warranty is basically an insurance policy covering the mechanical, electrical and plumbing systems of a house against unforeseeable events after you close escrow. A policy can ward off potential disputes after the sale for repair and/or replacement of covered items.

Whether the Seller pays for the home protection plan and home warranty coverage or whether the Buyer pays for it, will depend on your local customs. In many regions, the Seller often pays for the coverage because it's a Seller benefit in that the Buyer won't be calling after closing if something breaks.

TYPES OF COVERAGE. Home warranty plans range, on average, from \$250 to \$450 depending on coverage, and are prepaid for a year in advance. When used, the homeowner often pays a co-pay direct to a service provider when a service covered under the plan is rendered. Most home warranty payments are not due until the close of escrow and it becomes part of the Seller's closing costs. The policy is mailed to the new policy holder and can be renewed on an annual basis going forward.

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

A home warranty plan can also be ordered at the time of listing to protect the seller during the listing period, usually not exceeding six months, then assumed by the Buyer at the time of the sale.

HOW IT WORKS. Once the policy is in effect, when service is needed, the policy holder often has the option to either call the warranty company who will facilitate a call directly from an outside service company to arrange for service or they can call the warranty company's in-house service department directly to arrange service. If an appliance is malfunctioning and cannot be repaired, depending on contract coverage, the home warranty company will pay to replace and install the appliance, for example.

UNDERSTANDING APPRAISALS

If the Buyer is securing a new loan to purchase your home, the Buyer's Lender will require an appraisal to determine the fair market value of the property. A licensed or certified appraiser will research nearby "comparables," houses in your immediate area that have sold in the last six months and are similar in size, age, construction, and amenities.

An appointment will be made for the appraiser to measure your home, draw a representative floor plan, take photographs inside and out, and confirm the property's condition, specific improvements, and features. After a few days, the appraiser delivers an appraisal report on a standardized form to the Buyer's Lender which includes the appraiser's opinion of the market value of the property. Sometimes the appraisal report is used by both parties to set the sale price of the property appraised.



DON'T LIKE THE APPRAISAL? NOT FAIR OR ACCURATE? As a Seller, if your property doesn't appraise and if the contingency is not being removed, ask questions and discuss with your Realtor®.



FREQUENTLY ASKED QUESTIONS ABOUT TITLE INSURANCE

Q) WHAT IS TITLE INSURANCE?

A) Title insurance is a policy of indemnity protecting homeowners and Lenders from financial loss in the event that certain problems develop regarding the rights of property ownership. There are often hidden title defects that even the most diligent title search will not reveal. In addition to the protection from financial loss, title insurance pays the cost of defense against the covered claim.

Q) WHO NEEDS TITLE INSURANCE?

A) The Seller, Buyer and Lender all benefit from the insurance provided by title companies. Buyers and Lenders in real estate transactions want to know that the property they are involved with is insured against certain title defects. Title companies provide this needed insurance coverage subject to the terms of the policy.

Q) WHAT TYPES OF POLICIES ARE AVAILABLE?

A) Title companies routinely issue two types of policies: An Owner's policy which insures you, the homebuyer, for as long as you own the home; and a Lender's policy which insures the priority of the Lender's security, interest over the claims that others may have in the property.

Q) WHY DOES THE SELLER NEED TO PROVIDE TITLE INSURANCE?

A) Title insurance represents a guarantee that the property being sold is unencumbered by any legal notices or judgments that might limit or jeopardize ownership. Any prospective Buyer will need evidence that their real estate investment is free of title defects and isn't likely to take the Seller's word on that. In fact, the title insurance policy is required in most contracts of sale. Absent title insurance, the Buyer would need to thoroughly search county and other records to try to find out, and if they made a mistake in searching, they'd have no recourse.

Q) WHO PAYS FOR TITLE INSURANCE?

A) In most regions, the Seller typically pays for the Owner's title insurance policy as it is the Seller's customary means of proving to the Buyer "clear title." If the purchase is financed, the Buyer pays for the Lender's title policy which conveys to the Lender that title is "free and clear." If the Buyer is paying cash, there is no requirement for separate title insurance.

Q) WHAT PROTECTION DOES A TITLE POLICY PROVIDE?

A) A title insurance policy contains provisions for the payment of the legal fees in defense of a claim against your property which is covered under your policy. It also contains provisions for indemnification against losses which result from a covered claim. A premium is paid at the close of a transaction. Unlike other types of insurance, there are no continuing premiums due.

Q) WHAT ARE MY CHANCES OF EVER USING MY TITLE POLICY?

A) Not all title searches are free from defect. As such, there have been Sellers who, as a example, might find during escrow that there are undisclosed mortgages or liens on their property from an original developer. Claims against your property may not be valid, making the continuous protection of the policy all the more important. With title insurance, you could go forward with your closing as scheduled and the title company would undertake the obligation to discharge the liens and clear the title. When a title company provides legal defense against claims covered by your title insurance policy, the savings to you as a Seller for that legal defense alone will greatly exceed the one-time premium paid.

Q) WHO CAN HELP ME ANSWER A FEW MORE QUESTIONS?

A) You can visit www.Title365.com to see a two minute introduction video and explore the Title365 online platform. To speak with a knowledgeable professional, you can call toll free 877.365.9365 or email info@title365.com.

Tim Title:

I am here to help you navigate title insurance and escrow services using the Title365.com trusted online platform. To view my two minute introduction video, visit me at Title365.com.



WHAT DOES TITLE INSURANCE PROTECT AGAINST?

Title insurance covers the insured party for any claims and legal fees that arise out of such problems. These rights or claims remain attached to the title to the property until they are rectified.

- False impersonation of the true owner of the property
- Forged deed releases or wills
- Instruments executed under invalid or expired power of attorney
- Undisclosed or missing heirs
- Mistakes in recording legal documents
- Misinterpretations of wills
- Deeds by persons of unsound mind
- Deeds by minors
- Deeds by persons supposedly single, but in fact married
- Liens for unpaid estate, inheritance, income or gift taxes
- Fraud

AGAINST CLAIMS TO PROPERTY. If a claim is made against your insured title, the title insurance provider protects you by:

- Defending your title, in court if necessary, at no cost to you.
- Bearing the cost of settling the case, if it proves valid, in order to protect your title and maintain your possession of your property.

Title insurance gives you the assurance that possible claims on title to the property can be discovered from the public records – have been called to your attention so that these defects can be corrected. It is insurance that, if any undiscovered claims covered by your policy arise out of the past to threaten your ownership of real estate, it will be disposed of, or you will be reimbursed exactly as your title insurance policy provides.

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.

You've probably heard the term: documents are held "in escrow" or that the parties have "opened escrow." The principals of the escrow (Seller, Buyer, Lender) will give to the escrow holder written instructions setting out the terms and conditions under which the further delivery is to be made. The Escrow Officer holds responsibility for seeing that these terms are adhered to.

WHO CHOOSES THE ESCROW COMPANY? The selection of escrow is typically done by agreement between the principals. In most areas of the country, the Seller typically makes the selection but it does vary. Often times, this aspect of a transaction is directed towards the Seller's preference because if a home has fallen out of escrow prior, disclosures and reports are already ordered and paid for with an escrow company so it makes sense based on cost and efficiency to stay with the same company. Real estate agents or Lenders often recommend an escrow holder but it is the right of the Seller and Buyer to select the company they deem to be most competent and experienced.

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.

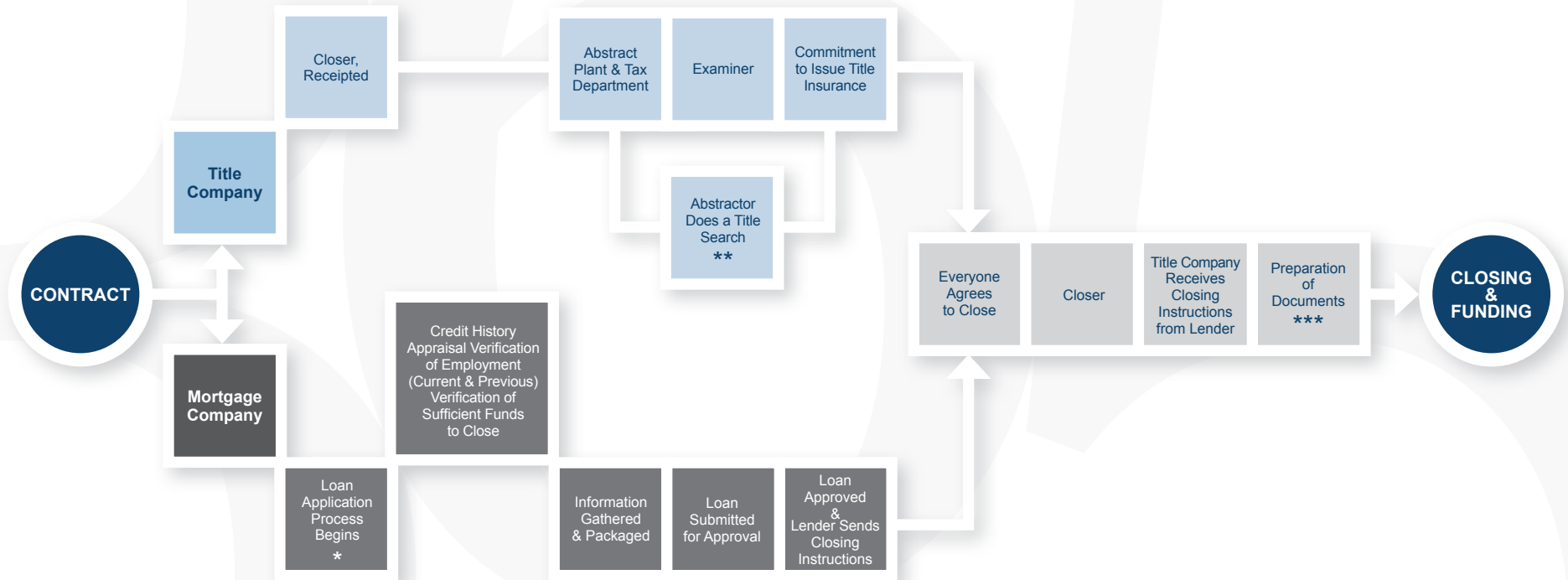
TYPICAL ESCROW TRANSACTION. An escrow begins with the Realtor® 'opening the order for title work' and providing the Purchase Agreement and all executed documentation to escrow. Once received, Title365 prepares a preliminary report. Upon receipt of the preliminary report, an analysis is made to determine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

CONTRACT TO CLOSING

The process from contract to closing and the responsibilities between the mortgage company and title company.



* LOAN APPLICATION PROCESS INCLUDES

- Verification of Buyer's Income; Stability, Credit and Assets to Close
- Confirmation of Property's Value - The Appraisal (Some Lender's Order and Send with Closing Instructions to the Title Company)

** TITLE SEARCH INCLUDES

- Search History of Property - Owner's of Record, Liens
- Clouds on Title - Documents Filed by Legal Description
- Search of Buyer and Seller: Liens, Lawsuits, Divorces, Probates, Documents filed by Person's Name, No Property Description

*** PREPARATION OF DOCUMENTS INCLUDES

1. Survey
2. Papers Ordered: Warranty Deed, Note
3. Deed of Trust, Release of Lien
4. Pay Off Figures from Existing Loan
5. Insurance Endorsement
6. Termite Report

WHAT ESCROW NEEDS FROM THE SELLER

The goal of escrow is to ensure that your transaction moves along as smoothly as possible. Please provide your Closing Officer with the following information:

STATEMENT OF INFORMATION. Once escrow is opened on Title365, you will receive a Statement of Information to complete. Statements of Information provide the information needed to distinguish the Buyers and Sellers of real property from others with similar names so as to disregard matters which do not affect the property to be insured. After identifying the true Buyers and Sellers, Title365 may disregard the judgments, liens or other matters on the public records under similar names. This routinely requested document protects all parties involved and allows the title company to competently carry out its duties without unnecessary delay. You, and your spouse if you are married, will be asked to provide full name, social security number, year of birth, birthplace, and information on citizenship. If you are married, you will be asked the date and place of your marriage along with any previous marriage information, residence and employment information.

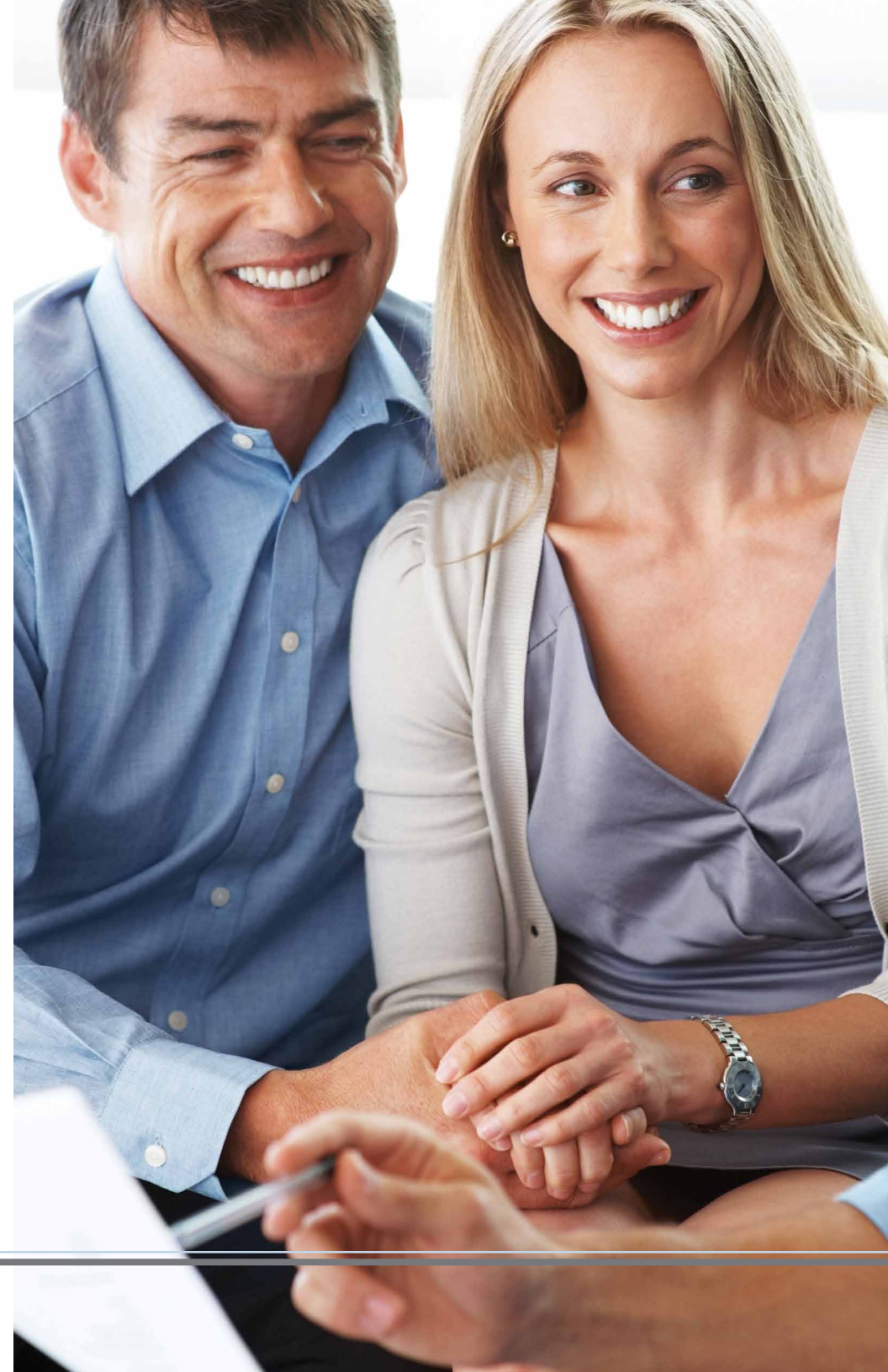
EXISTING LIEN HOLDER(S). Provide names of your existing lien holder(s) along with address, phone number and loan number.

IDENTIFICATION. Be sure to bring your driver's license or other form of picture ID to the closing.

WIRING INFORMATION. Title365 can wire proceeds into your account upon funding of the transaction. Please provide your Closing Officer with wiring information if you choose to have your funds wired.

RECEIPTS. Any invoices for inspections, repairs or other items to be paid at closing but be submitted to escrow prior to closing.

POWER OF ATTORNEY. If you intend to use Power of Attorney and will not be present at closing to sign documents, you must provide the original Power of Attorney prior to closing for approval and recording. The Lender will also need to approve the Power of Attorney. Please provide a contact number so that you can be reached for verification as well as to confirm that Power of Attorney has not been revoked.





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.

CAPITAL GAINS

A capital gain is a profit that results from the sale of an asset, such as stocks, bonds or real estate, which amounts to more than the purchase cost. This difference between sale price and original price (cost basis) is the capital gain. Capital gains are often calculated for tax purposes and are not based on the purchase price but on its adjusted cost basis.

The IRS provides for a tax exemption on capital gains from the sale of a principal residence. Be sure to check with your Accountant or CPA for professional insight.

HOW TO CALCULATE CAPITAL GAIN.

First, take the purchase price of the home. This is the sales price not the amount of money contributed at closing.

Second, determine the sales price or the final amount received in exchange for its recent sale.

Third, add adjustments:

- cost of purchase, including inspections, transfer fees, attorney fees with the exception of points paid on a mortgage
- cost of improvement, including decks, casitas, room additions with the exception of repair or replacement to something already in existence such as a roof or air conditioning unit
- cost of sale, including inspection fees, attorney's fees, commissions and money spent on the home to ready it for sale

Finally, total the adjusted sale price and subtract the adjusted cost basis from the amount the home is sold for to determine the capital gain.

IMPORTANT FACTS ABOUT CAPITAL GAINS & LOSSES

Almost everything you own and use for personal purposes, pleasure or investment is a capital asset. Capital gains and losses are classified as long-term or short-term, depending on how long you hold the property before you sell it. If you hold it more than one year, your capital gain or loss is long-term. If you hold it one year or less, your capital gain or loss is short-term. You may deduct capital losses only on investment property, not on property held for personal use. If you have long-term gains in excess of your long-term losses, you have a net capital gain to the extent your net long-term capital gain is more than your net short-term capital loss, if any. If your total net capital loss is more than the yearly limit on capital loss deductions, you can carry over the unused part to the next year and treat it as if you incurred it in that next year.



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.

PROPERTY TAX INFORMATION

HOW PROPERTY TAXES ARE DETERMINED

Property taxes are governed by California State law and collected by the county. The County Assessor must first assess the value of your property to determine the amount of property tax based on the assessed value (cash or market value) at the time of purchase. This value increases not more than 2% per year until the property is sold or new construction is completed. The appropriate tax rates, including the general tax levy, locally voted special taxes and any city or district assessments, are applied by the Auditor-Controller. Based on the Auditor-Controller's calculations, the tax collector prepares and distributes tax bills and collects the taxes.

INFO AND REMINDERS

On January 1, taxes become a lien at 12:01 A.M. not yet due and payable for the Fiscal Tax Year starting July 1. Thereafter, title evidence must show taxes as a lien for the coming Fiscal Tax Year.

To be eligible for applicable exemptions, you must own and occupy property on March 1.

On December 10, a 10% penalty is added to taxes due. If December 10th falls on a weekend or holiday, taxes are not delinquent until 5 P.M. the next business day.

On April 10, a 10% penalty plus administrative charge attaches. If April 10 falls on a weekend or holiday, taxes are not delinquent until 5 P.M. the next business day.

On June 30, if you fail to pay either or both installments by 5 P.M., property tax becomes defaulted and additional costs and penalties accrue.

If June 30 falls on a weekend or holiday, taxes must be paid by 5 P.M. of the preceding business day.

Property may be sold at public auction after five years of delinquency.

CALCULATING COST OF SELLING RENTAL PROPERTIES

Selling a house, apartment building, or other rental property is different than selling your principal residence. Different rules apply for calculating your taxes. Just like calculating capital gains, the formula for calculating the gain or loss of rental property involves subtracting your cost basis from your selling price. The formula for calculating your cost basis on rental property is as follows:

PURCHASE PRICE	
+ PURCHASE COSTS (title & escrow fees, real estate agent commissions, etc.)	
+ IMPROVEMENTS (replacing the roof, new furnace, etc.)	
+ SELLING COSTS (title & escrow fees, real estate agent commissions, etc.)	
– ACCUMULATED DEPRECIATION (as reported on your tax forms)	
<hr/>	
= COST BASIS	

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 Month
November 1	Collect 1 st 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 2 nd 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

REVIEWING THE HUD

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

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

HOW PROPERTY TAXES ARE DETERMINED. The Real Estate Settlement Procedures Act (RESPA) requires the HUD-1 form be used as the standard real estate settlement form for all transactions involving new loans, assumptions, all-cash or owner financed sales. The HUD-1 form itemizes all charges imposed upon a borrower and seller and delivers a complete list of their incoming and outgoing funds. Fees associated with the transaction but paid prior to closing are also included on the HUD and are normally marked "POC," for Paid Outside of Closing.

WHEN IS THE HUD-1 DISTRIBUTED? RESPA states you should be given a copy of the HUD-1 at least one day prior to settlement. Often times, entries may still be coming in a few hours before closing. Most Buyers and Sellers study the statement on their own, with their real estate agent or with their Escrow Officer. Ask as many questions as necessary to help you understand all charges.

GENERAL HUD BREAKDOWN. The first page summarizes the entire transaction with the left side of the page dedicated to the Buyer. The top portion lists the charges allocated to the Buyer with the sales price of the subject property listed first, following by closing costs and pro rata taxes (if the closing is slated to take place in Q4). The lower portion lists Buyer credits such as earnest money, new loan amounts and any taxes.

The right side of the first page is a reversal of the Buyer's side and is devoted to the Seller. The sales price and any pro rata tax credit are listed at the top while the bottom portion notes charges such as closing costs, mortgage payoffs, repairs and pro rata taxes.

The backside of the HUD-1 details all of the Buyer and Seller closing costs summarized on the front page with Buyer's information on the left and the Seller's information located on the right.

CHANGE OF ADDRESS

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

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

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

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



MOVING COUNTDOWN

8 WEEKS BEFORE THE MOVE

- ☐ If you're using a professional mover, get several estimates from different moving companies.
- ☐ Get truck rental estimates and reserve in advance if you are planning on moving yourself.
- ☐ Draw a floor plan of your new house which will help with furniture placement.
- ☐ Use items that can't be moved such as food in your freezer and flammable household products.
- ☐ Request a relocation package from a Realtor® in your new neighborhood for local information.

6 WEEKS BEFORE THE MOVE

- ☐ Discuss costs, insurance, packing, loading, delivery, and the claims procedure with your mover.
- ☐ Determine what possessions you might like to sell as well as donations for charities.
- ☐ Obtain copies of your records from doctors, dentists, lawyers, accountants, and veterinarians, etc.
- ☐ Make arrangements to transfer your children's schools records.
- ☐ Find out from your accountant or the IRS about tax-deductible moving expenses. Make sure you keep accurate records.

4 WEEKS BEFORE THE MOVE

- ☐ If your movers will be packing your belongings, schedule a day or two prior to loading the truck.
- ☐ Arrange for storage, if needed. Clean or repair furniture, curtains or carpets.
- ☐ If you are packing yourself, start getting boxes and packing materials.

3 WEEKS BEFORE THE MOVE

- ☐ Assemble packing materials.
- ☐ Arrange to cancel utilities and services at your old home and have them installed at your new home.
- ☐ Make travel and hotel reservations.
- ☐ Begin packing items you won't need.
- ☐ Confirm cell phone coverage in your new neighborhood. Get car license, registration, and insurance in order.

2 WEEKS BEFORE THE MOVE

- ☐ Arrange to transfer all your bank accounts to new branch locations.
- ☐ Make arrangements for pet travel airline reservations, travel containers, vet appointments for health certificate or medications.
- ☐ Cancel any direct deposit or automatic payments arrangements on bank accounts that you are closing.
- ☐ Cancel delivery services.

1 WEEK BEFORE THE MOVE

- ☐ Transfer all medical prescriptions to pharmacy in your new location.
- ☐ Arrange for a babysitter for moving day, if needed.
- ☐ Arrange for cleaning service of your old home for the evening of or day after your move.

3 DAYS BEFORE THE MOVE

- ☐ Defrost your refrigerator and freezer.
- ☐ Have the movers pack your shipment.
- ☐ Arrange to have cash, a certified check, or money order ready to pay the driver on delivery day.
- ☐ Set aside valuables and legal documents to go with you, not on the moving van.
- ☐ Pack clothes and toiletries to go with you; take a day or two of extra clothes in case of delay.
- ☐ Pack your first day handy items box to go with you (see DELIVERY DAY).

MOVING DAY

- ☐ Do it yourself movers should pick up truck early.
- ☐ Make a list of every item and box loaded onto the truck.
- ☐ Let the mover know where you can be reached.
- ☐ Before you sign it, read the bill of lading.
- ☐ Keep it in a safe place until your goods are delivered, charges are paid, and any claims settled.
- ☐ Turn off appliances and the water at old house.
- ☐ Meet cleaners or clean home day as movers remove items or day after.
- ☐ Leave the keys and garage door openers in the house. Lock all doors and windows.
- ☐ Be on hand to answer questions and give directions to mover.

DELIVERY DAY

Assemble first day handy items:

- ☐ Scissors
- ☐ Utility Knife
- ☐ Coffee Cups
- ☐ Tea kettle/Coffee Maker
- ☐ Paper plates
- ☐ Toilet Paper
- ☐ Instant coffee/tea/soft drinks
- ☐ Shelf liner
- ☐ Install new locks
- ☐ Make sure the utilities are hooked up
- ☐ Unpack the kid's toys and pets' toys
- ☐ Toiletries kit
- ☐ Trash Bags
- ☐ Medicines
- ☐ Vacuum or broom
- ☐ Bath Towels
- ☐ Masking tape
- ☐ Pencils & Paper
- ☐ Soap

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 ARM's 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 decedent's 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 person's 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 Members 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

The image shows a white background with horizontal lines. On the left side, there is a large, faint, light gray letter 'A'. On the right side, there is a large, faint, light gray letter 'B'. The letters are stylized and overlap with the horizontal lines.

CONTACTS

REAL ESTATE AGENT

NAME

EMAIL

COMPANY

PHONE

ADDRESS

FAX

TITLE CONTACTS

TITLE OFFICER

EMAIL

TITLE ASSISTANT

EMAIL

ADDRESS

PHONE

WEBSITE

Title365.com

ESCROW CONTACTS

ESCROW OFFICER

EMAIL

ESCROW ASSISTANT

EMAIL

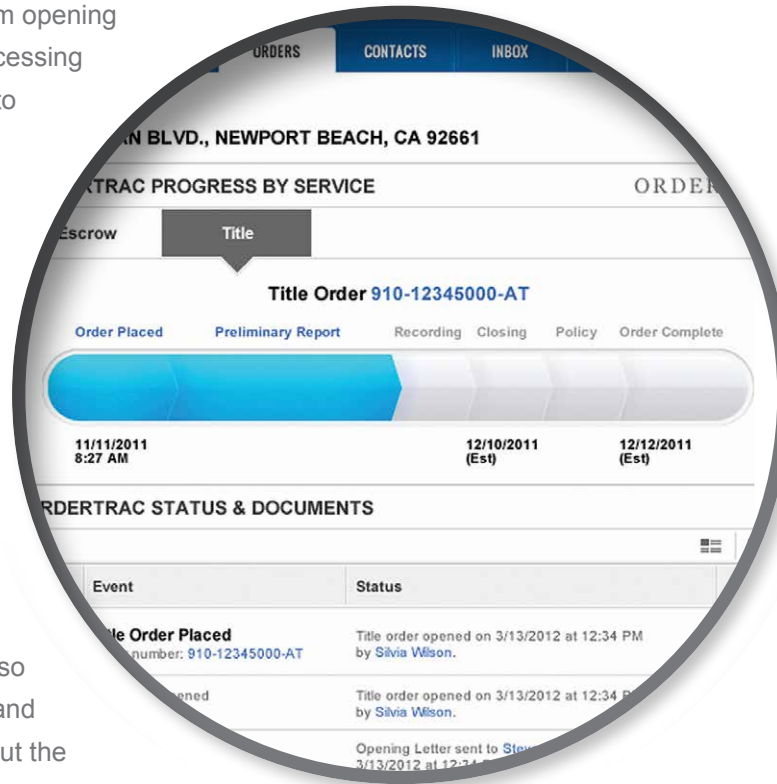
ADDRESS

PHONE

REAL-TIME ACCESS WITH THE TITLE365.COM PLATFORM

With OrderTrac™, it's so easy to follow the progress of your order from the minute it's opened. It's all event-driven so as the status progresses from opening to Preliminary Report, from processing and beyond closing, all parties to your real estate transaction can securely view, download and share documents instantly.

Once you're on the site, you're sure to meet "Tim," Title365's welcome liaison for customers. He knows Title365 like the back of his hand and relishes his role as a Customer Relationship Strategist chartered with answering questions or navigating you through Title365. He can also point you towards entertaining and informative "how-to" videos about the site. Be sure to link to his profile and learn more about Tim by visiting his bio on Title365.com.



- Follow the progress of your order from start-to-finish;
- Benefit from time-savings, increased accuracy, and improved efficiency when professionals working on your behalf open title insurance and escrow orders instantly online;
- Get real-time updates outlining every step of your transaction on-the-fly;
- Review and download your order documents indefinitely;
- Utilize cutting-edge communication tools built into Title365 which makes for more dynamic, interactive communication and ultimately results in speedy closure to your order;
- Access contact and professional background information for leading professionals offering real estate and home-related services in your area; all in one convenient place.



Scan the QR code to view my two minute introduction video.

Tim Title:

It's easy to follow the progress of your orders on Title365.com.

Tim Title:

Simply enter email and mailing address at time of opening and I'll handle the rest on your behalf.

Real Estate Pro:

Wow! Please tell me more. I would love to see what's going on 24x7x365.

Real Estate Pro:

Really? That would be perfect!



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More information at
<http://www.Title365.com>



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