

BUYER'S AND SELLER'S GUIDE



Buying or selling a home
is a memorable milestone.
Don't trust it to just anybody.
Get the help of Stewart Title
of California, Inc. Through title
insurance and a full range of
closing services, we make the
dream of property ownership
a reality around the world.

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ABOUT STEWART

Stewart Information Services Corporation is a global real estate services company that puts partnership at the center of every transaction and every deal. We offer products and services through our direct operations (Stewart Title offices), our network of Stewart Trusted Providers™ (independent title agencies) and family of companies. Whether you need residential or commercial title insurance, closing and settlement services or specialized offerings for the mortgage industry, you can count on us to deliver comprehensive service, deep expertise and innovative solutions.

History

Stewart Title Company began in Galveston, Texas, in 1893 as a family-owned business. Our mission of enabling and protecting real estate ownership led to the widespread growth of our company and to our becoming a publicly traded company in 1972.

Our first California offices and agencies opened in 1960, but it wasn't until 1997 that we consolidated our Stewart Title operations across the state and became Stewart Title of California, Inc. More than 20 years later, we continue to make meeting your needs our number one priority. We're proud of our long history of serving California.

Homeownership

Buying or selling your home is a major decision in life, which is why we've created this Stewart Title of California, Inc. Buyer's and Seller's Guide. On the following pages you'll find tips and information that will help you enjoy a smoother transaction.



THE IMPORTANCE OF TITLE INSURANCE

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

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

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

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

Title Search – Researching a Title

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

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

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

THE OVERALL PROCESS

1

Home Search Begins

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

2

Buyer Begins the Title and Escrow Process

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

3

Order is Opened with the Title and Escrow Company

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

4

Closing Begins

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

5

The Buyer Is Now a Proud Homeowner



CYBER FRAUD

Protecting Yourself from Real Estate Cyber Fraud

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

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

Common Indicators of Cyber Fraud

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

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

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





HOME BUYING 101

Home Buying

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

Opening Escrow

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

Entering the Contingency Period

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

- ▶ Physical inspection of property
- ▶ Property pest inspection
- ▶ Property appraisal
- ▶ Seller's transfer disclosure statement
- ▶ Preliminary report from the title company
- ▶ Loan approval
- ▶ Other transaction-specific and purchase requirements



Obtaining Homeowners Insurance

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

Depositing Funds for a Down Payment and Closing Costs

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

Signing Loan Documents

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

Closing Escrow

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



GETTING STARTED

Buying a home is an exciting experience and one for which you can never be too prepared. Before starting the buying process, you'll want to get your finances in optimal shape. The following timeline is a good basis for planning, which you can begin up to a year in advance or as soon as time allows.

1 Year Out

Review your credit reports

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

Check your FICO® credit score

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

Reduce your debt

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

Start saving

Every dollar you can put toward the down payment on your home will give you more financing options and lower your mortgage. Reduce frivolous expenditures and forgo luxury purchases for a while. You'll be surprised how fast your savings add up.





6 Months Out

Research mortgage options

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

Research unforeseen costs

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

3 Months Out

Reduce your credit usage

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

Don't open or close any accounts

Until the mortgage process is complete, avoid opening or closing credit lines. When you're close to starting the home-buying process, financial stability is key.



2

Months Out

Be cautious having your credit pulled

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

Look into mortgage rates

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

Get prequalified or preapproved for a mortgage

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

Research neighborhoods and real estate agents

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

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

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

HOW MUCH MORTGAGE CAN YOU AFFORD?

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

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

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



PROPERTY PROFILE

Name(s):

Current Address:

Home Phone:

Work Phone:

Email:

Number of Children:

Pets:

Price Range:

Neighborhood(s):

Style and Age of Home:

Gated Community: ☐ Yes ☐ No

Square Feet:

Lot Size:

No. Bedrooms:

No. Bathrooms:

Garage Size:

Fireplace: ☐ Yes ☐ No

Pool: ☐ Yes ☐ No

Kitchen Size:

Kitchen Amenities:

Public or Private Schools:

Access to Public Transportation:

How Long Have You Been Looking?



FINANCING

Getting Prequalified

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

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

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

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

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

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

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

- ▶ Special first-time home buyer programs
- ▶ Co-mortgage financing
- ▶ Debt-consolidation counseling

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

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

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



PREQUALIFICATION FOR BUYER

Date: _____

Borrower(s): _____

Address: _____

Requesting Agent: _____

Agent Contact Info: _____

GROSS MONTHLY INCOME

Borrower: _____

Co-borrower: _____

Additional: _____

TOTAL INCOME: _____

MONTHLY DEBT

Car Payment: _____

Credit Cards: _____

Alimony: _____

Child Support: _____

Other: _____

TOTAL DEBT: _____

DOWN PAYMENT

Amount: _____

Source: _____

CREDIT

Bankruptcy: _____

Judgments: _____

GENERAL PURCHASE INFORMATION

Purchase Price: _____

Down Payment: _____

Loan Amount: _____

Loan Program: _____

Interest Rate: _____

Loan to Value: _____

Principal & Interest: _____

Insurance: _____

PITI (Principal, Interest, Taxes & Insurance) Monthly Total: _____

Homeowner's Association (HOA): _____

HOA Dues: _____

Private Mortgage Insurance: _____

NOTES: _____



THE LOAN APPROVAL PROCESS

The Application

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

Loan Submission

The lender may request other documents:

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

Credit Report Fee

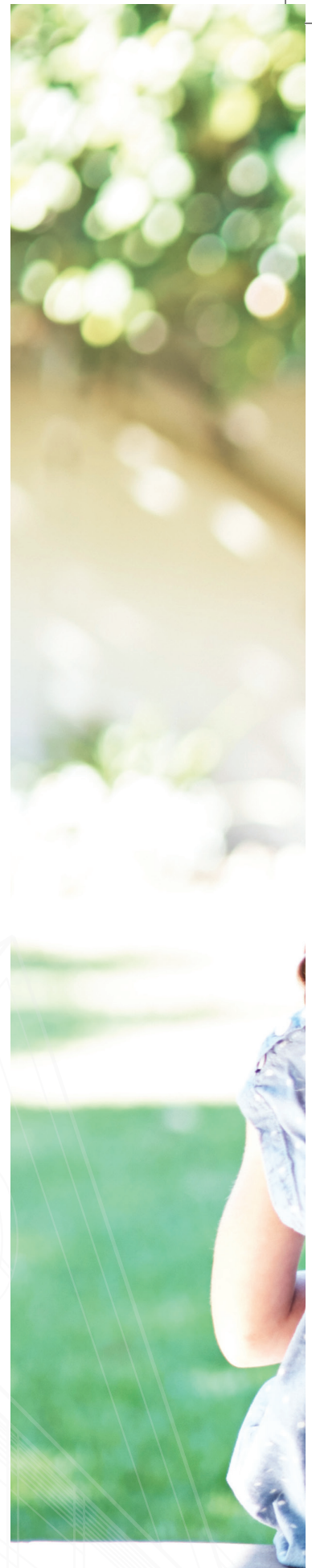
Typically, the lender charges this one-time fee covering the cost of the credit report processed by an independent credit-reporting agency.

Prepaid Interest

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

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

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





BEFORE YOU PUT YOUR HOME ON THE MARKET

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

Focus on First Impressions

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

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





SHOWING YOUR HOME

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

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



15-MINUTE, PRESHOWING CHECKLIST

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

Bedrooms, Living Room and Dining Areas

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

Kitchen

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

Bathrooms

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

Exterior

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



THE HOME SELLING PROCESS

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

Making an Offer

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

Opening Escrow

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

Entering the Contingency Period

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

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

Closing Escrow

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



THE HOME INSPECTION PROCESS

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

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

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

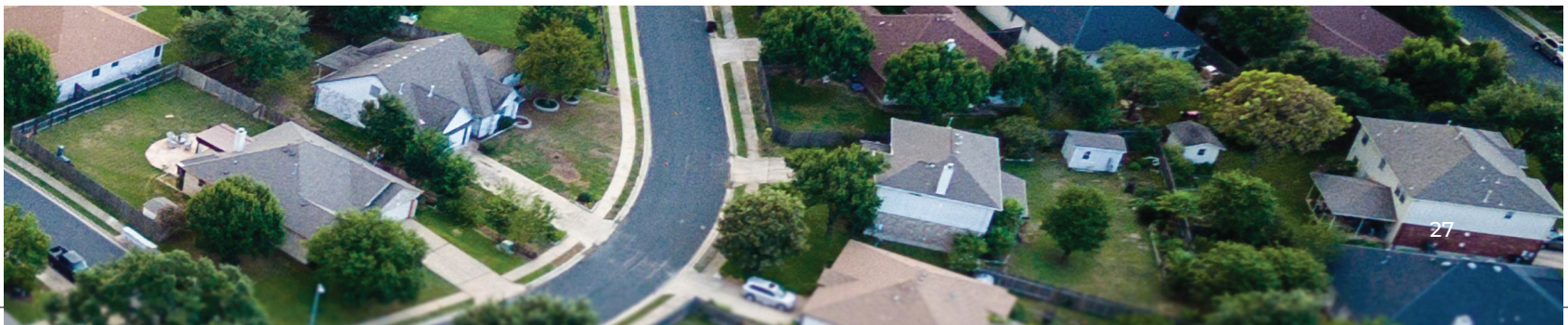
Who Pays?

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

COMMON DEFECTS FOUND DURING HOME INSPECTIONS

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

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



UNDERSTANDING A HOME WARRANTY

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

The cost typically ranges from \$300 and up, based on where you live and the level of coverage you need, and is prepaid a year in advance. After closing, the policy is mailed to the new policyholder and can be renewed on an annual basis.

Home warranties are helpful in warding off potential disputes regarding repair and replacement of covered items after the home has sold. Local customs usually dictate whether the seller or the buyer pays for the home warranty; however, the seller often pays for it so as to avoid dealing with calls from the buyer should something break after closing.

Types of Coverage

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

How It Works

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

Understanding Appraisals

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

Don't like the appraisal? If you, as a seller, don't believe the appraisal is a fair representation of your property, talk with your REALTOR®.





FOREIGN INVESTMENT IN REAL PROPERTY TAX ACT

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

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

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

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





MOVING TIMETABLE

8

Weeks Before the Move

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

6

Weeks Before the Move

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

2

Weeks Before the Move

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

2

Days Before the Move

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

→ 4 Weeks Before the Move → 3 Weeks Before the Move

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

- ▶ If movers are not doing your packing, begin gathering packing materials:
 - Boxes
 - Bubble wrap
 - Old newspapers
 - Felt-tip markers
 - Furniture pads
 - Large self-stick labels
 - Nylon packing string
 - Packing peanuts
 - Packing tape
 - Rope
 - Scissors
 - Utility knife
- ▶ Begin packing items you won't need between now and your move.
- ▶ Arrange to cancel utilities and services at your old home after you've moved, and make sure you have electricity and water turned on at your new home by the time you move in.

→ Moving Day → Delivery Day

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

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

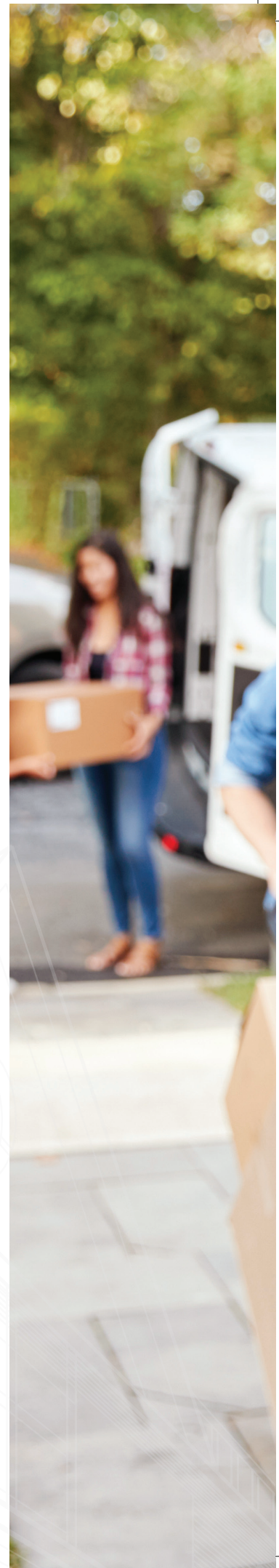
CHANGE OF ADDRESS

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

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

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

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





TRANSFERRING TITLE BY DEED

In California there are a number of common deed forms that may be used by individuals or entities to transfer title to real property. There is also a statutory form of deed called the Revocable Transfer Upon Death deed that does not transfer a present interest in real property but may be used for estate-planning purposes. The chart below provides a comparison of certain characteristics and effects of using a quitclaim deed, grant deed and a Revocable Transfer Upon Death deed.¹

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

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

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

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

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

PROPERTY TAXES

Property Tax Defined

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

Property Tax Payments

Whether property taxes are to be paid at closing depends on when escrow closes. If escrow closes near the time at which a tax payment is due, proof of that payment from the seller will be required.

The lender's instructions will advise whether buyer is to pay property taxes monthly through the loan payment and an impound account or directly when due.

Supplemental Tax

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

THE GENERAL ESCROW PROCESS

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

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

The Escrow Company's Role

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

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

Funding the Transaction

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

Closing Escrow

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

- ▶ All parties must sign the escrow and closing documents.
- ▶ All contingencies in the purchase agreement must be satisfied and removed.
- ▶ All monies required for closing, including the lender's funds, must be deposited into escrow.
- ▶ Transaction documents must be recorded with the county.
- ▶ All funds must be disbursed.

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

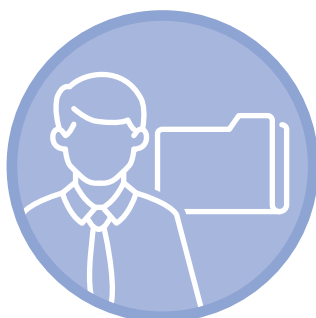
WHO IS INVOLVED IN THE ESCROW PROCESS?



Seller



**Seller's Real Estate
Professional**



**The Escrow Company
(Neutral Third Party)**



Buyer



Buyer's Lender



**Buyer's Real Estate
Professional**

YOU ARE IN ESCROW. SO NOW WHAT?

- 1 Purchase Agreement is provided to escrow and reviewed by the escrow team.
- 2 Buyer's deposit is received, and preliminary report is requested.
- 3 Preliminary report is received, reviewed and distributed.
- 4 Escrow instructions and documents are prepared and distributed as per local practice.
- 5 Information and signatures from principal(s) are requested. This includes payoff of underlying loans and Statements of Information from sellers.
- 6 Demand(s) are requested and received.
- 7 Data entries are made for payoffs, broker compensation, etc.
- 8 If financing is involved, loan approval is received and loan documents arrive from the lender.
- 9 Escrow prepares estimated closing statements for buyer's and seller's review and approval, together with seller's CD, if required.
- 10 Buyer's signing appointment is scheduled, documents are prepped for signing, escrow paperwork is added, and appointment with seller is made, if required.
- 11 Funds are requested and received from buyer and seller, if required. Upon receipt of buyer's and seller's funds as may be required, loan funds are requested from lender.
- 12 Upon receipt of all funds required to close, recordable documents are forwarded to county recorder's office with authorization to record.
- 13 Recording confirmation is received.
- 14 Disbursements are made and closing packages are released.

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GLOSSARY OF REAL ESTATE TERMS

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

Adjustable Rate Mortgage (ARM)

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

Amortization

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

Appraisal

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

Appraised Value

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

Bridge Finance

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

Broker Compensation

Compensation payable to real estate brokers for Seller and Buyer. Broker compensation is usually a percentage of the sales price. Seller and Buyer may negotiate who shall pay the compensation and each may negotiate the percentage amount with their respective brokers.

Caveat Emptor

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

Chattels

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

Closing Protection Letter (CPL)

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

The Consumer Financial Protection Bureau® (CFPB)

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

Consummation

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

Contingent Offer

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

Contract of Sale

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

Covenant

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

Conventional Mortgage

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

Credit Report

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

Deposit (or Earnest Money)

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

Document Preparation

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

Encroachment

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

Encumbrance

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

Equity

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

Escrow Funds

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

Exclusions

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

Fixed Rate Mortgage

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

Homeowners Insurance

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

Inclusions

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

Inspections

Examinations to determine the condition of property, such as termite inspections and inspections made to see if required repairs were made before funds are disbursed.

Interest

A charge paid for borrowing money.

Interest-only Loan

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

Inventory

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

Investment

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

Joint Tenants With Right of Survivorship

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

Liabilities

Your outstanding debts or what you owe.

GLOSSARY OF REAL ESTATE TERMS

Lien

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

Loan Application Fee

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

Loan Discount (or Discount Points)

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

Loan Estimate Form and Closing Disclosure Form

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

Maintenance Fee

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

Maturity Date

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

Mortgage (or Deed of Trust)

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

Mortgagee's (or Lender's) Title Policy

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

Multiple Listing Service (MLS)

System of offering the property through many real estate agents.

Offer to Purchase

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

Option to Buy

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

Origination Fee

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

Owner's Title Policy

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

PITI

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

Power of Attorney (POA)

A written authorization that allows a person to act on behalf of another person.

Principal

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

Private Mortgage Insurance (PMI)

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

Real Estate Professional Fee

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

Recording Fees

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

Restrictions

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

Settlement

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

Survey

Confirms lot size and identifies any encroachments or restriction violations.

Tax Proration

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

Title Insurance

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

Title Search

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

IMPORTANT CONTACT INFORMATION

Real Estate Agent

Name: _____

Company: _____

Address: _____

City: _____ State: _____ ZIP: _____

Work: _____ Cell: _____

Email: _____

Notes: _____

Title and Escrow Company

Name: _____

Company: _____

Address: _____

City: _____ State: _____ ZIP: _____

Work: _____ Cell: _____

Email: _____

Notes: _____

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For more information, please contact your local Stewart Title office, call (800) STEWART or visit us online at stewart.com.

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