

Buyer and  
Seller's Guide



**stewart title**<sup>®</sup>

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## About Stewart

Stewart Information Services Corporation (NYSE-STC) is a global real estate services company, offering products and services through our direct operations, network of Stewart Trusted Providers™ and family of companies. From residential and commercial title insurance and closing and settlement services to specialized offerings for the mortgage industry, we offer the comprehensive service, deep expertise and solutions our customers need for any real estate transaction. At Stewart Title of California, Inc., we believe in building strong relationships – and these partnerships are the cornerstone of every closing, every transaction and every deal.

Stewart. Real partners. Real possibilities.™

### *History*

Stewart Title Company began in Galveston, Texas, in 1893 as a family-owned business. Our mission was clear from the beginning, and we continue to carry it out today: we enable and protect real estate ownership.

Stewart established our first California offices and agencies in 1960, and consolidated our Stewart Title operations across the state as Stewart Title of California, Inc., in 1997. We are proud to share nearly 60 years of history and growth with the vibrant state of California and its thriving population.

Stewart became a publicly traded company in 1972, and CEO Matt Morris' leadership marks the fifth generation of William H. Stewart's descendants to head the company.

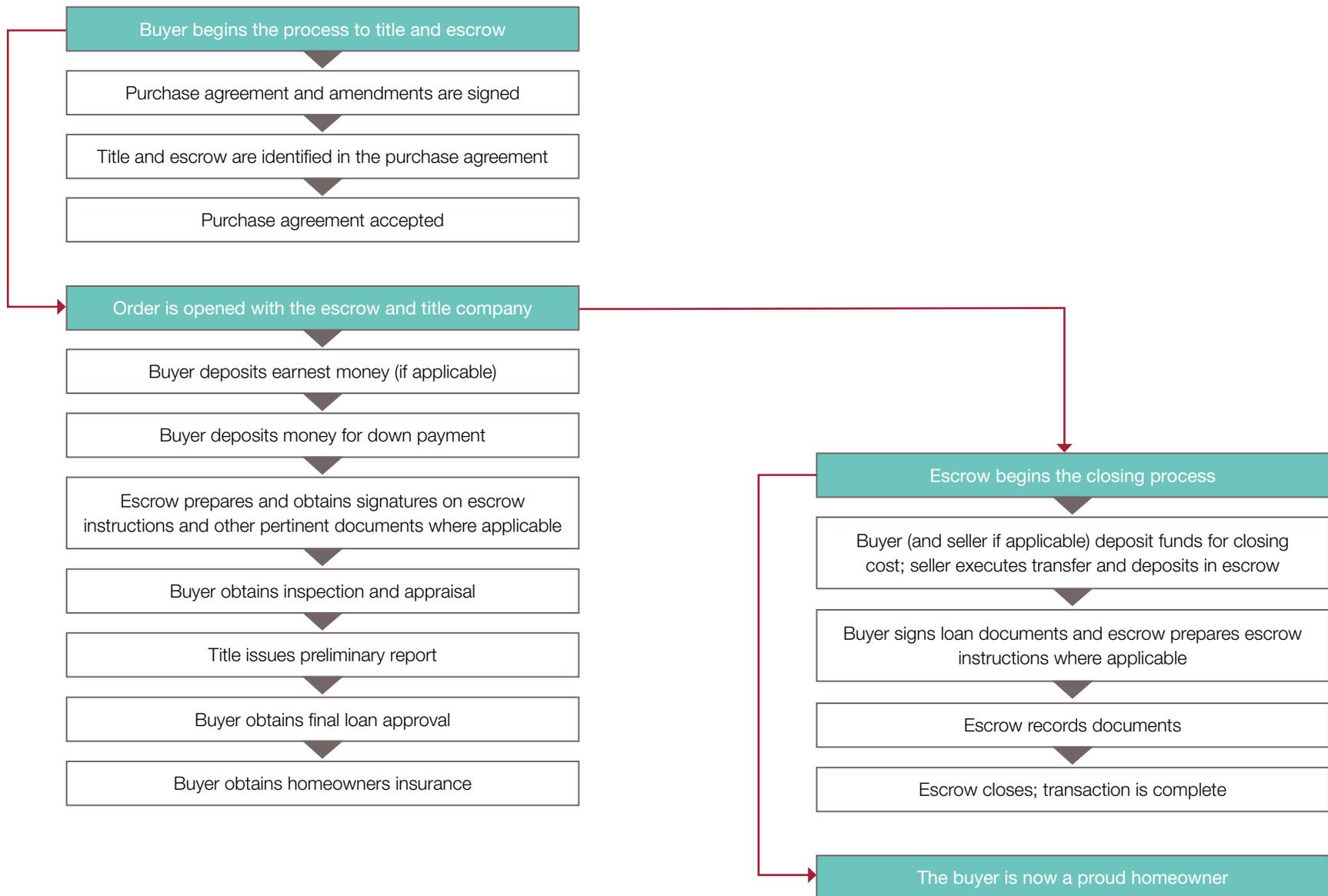


# Homeownership

A photograph of a family of three—a woman, a young boy, and a man—smiling warmly at the camera. They are standing in front of a large, two-story house with a dark roof and white trim. The woman on the left has long, light brown hair with bangs and is wearing a patterned sweater. The young boy in the middle has dark hair and is wearing a pink shirt. The man on the right has dark hair and is wearing a dark brown polo shirt. The background is slightly blurred, showing the house and some greenery.

Buying or selling your home is a major decision in life – which is why we created the Stewart Title of California, Inc., Buyer and Seller's Guide. The following pages are packed with important information and tips to help home buyers and sellers understand the processes involved in ensuring a smooth transaction.

## The Process



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 remains safe and protected. Stewart strives to provide consumers with peace of mind in knowing that their personal, non-public sensitive information is protected through Stewart's data security and email encryption. But, as a consumer, there are steps you can take to protect yourself from cyber-fraud, too.

Recently, there has been a wave of cyber-fraud. Cybercriminals hack into the email accounts of real estate agents or other persons involved in real estate transactions. These "hackers" are patient; they sit and wait until they discover useful information to assist in the scam and trick you into sending money through a wire transfer to a bank account that appears to be legitimately owned by a party involved in the transaction (but is not). The hackers send an email that appears to be from an individual involved in the transaction (a practice called spoofing). At first glance, these spoofing email addresses appear legitimate but often have one additional letter or some other minor variation from the actual email address (for example, msmith@stewarttitle.com instead of msmith@stewarttitle.com). These spoofing emails advise the recipient (often the buyer) that there has been a last-minute change to the wiring instructions and request that funds be sent to the new account information provided. By following these instructions, the funds are inadvertently wired to the hacker's account and, most often, lost forever.

### *Recognize common indicators of cyber-fraud:*

- Emails requesting last-minute changes to wiring information (e.g., particularly changes in the beneficiary and/or receiving bank)
- Requests for wire transfers late in the day or week or outside of business hours
- Emails with poor grammar and/or typographical errors
- Slight, typically unnoticeable-at-first-glance changes in the email address

### *Suggested best practices for transmitting and receiving sensitive information:*

- Send emails with sensitive, personal information, through encrypted email only.
- Verify requests to change wiring instructions through a trusted method (like a phone number previously verified); never use a phone number in the email.
- Verify wire transfer requests to locations outside normal business areas.
- Never click on any links in an unverified or unexpected email.
- Always question attachments and links that are sent unencrypted.

### *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 all banks and financial institutions that could put a stop to the wire of your funds.
- Contact your local police or local municipalities' real estate fraud division.
- Contact any other parties who may have been exposed to the cyber-fraud so that 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 [www.ic3.gov/complaint/default.aspx](http://www.ic3.gov/complaint/default.aspx).

Buying a Home



## Home Buying

### *Purchase Agreement (including any counteroffers)*

A real estate professional will draft a purchase agreement incorporating customary practices, local regulations and appropriate contingencies. In the purchase agreement, the buyer (or seller) will select a title and escrow company like Stewart Title of California to supply those services. Typically a purchase agreement is submitted with an earnest money deposit, ranging from 1% to 3% of the purchase price. The real estate professional presents the purchase agreement to the seller's real estate professional; the seller may accept, counter or reject the offer.

### *Opening Escrow*

Once the purchase agreement is accepted and signed by all parties, escrow will open. The earnest money will be deposited at this time and the escrow company will handle all funds associated with the transaction.

### *Entering the Contingency Period*

This time period is specified in the purchase agreement and is used to obtain items identified as required for the transaction, including obtaining the following:

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

(See Purchase Agreement for details.)

### *Obtaining Homeowners Insurance*

In preparation for owning a home, the buyer must provide to escrow a homeowners insurance policy that is acceptable to the lender and in effect by the close of escrow. The buyer's real estate professional will work with the escrow company and homeowners insurance agent to ensure that the policy is in place.

### *Depositing Funds for Down Payment and Closing Costs*

Any money deposited into escrow needs to be in the form of a cashier's check or wire transfer. With regards to depositing funds for down payment, the purchase agreement dictates the money to be deposited into escrow. With regards to closing costs, the escrow company will provide a statement of estimated closing costs that shows the required amount. The buyer should send funds via wire transfer, so they are immediately available to close the transaction.

### *Signing Loan Documents*

Before escrow can close, the buyer will 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*

When all conditions of the purchase agreement have been satisfied, the buyer will sign all the closing documents. After the buyer deposits the balance of the down payment and closing costs with the escrow company, and the lender has approved final loan documents, the lender will deposit the loan funds. Next, the county recorder's office will record the transaction documents, and the escrow company will handle distribution of funds. At this point, the buyer becomes the proud, new homeowner.



## **The Loan Process and Closing the Escrow**

### *The Application*

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

### *Loan Submission*

The lender may have requested other items, including:

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

### *Loan Documents Sent to the Escrow Company*

Typically within one to three days after the loan approval is issued, the loan documents, including the note and deed of trust, are completed and sent to the escrow company. See “Signing Loan Documents” section on page 9.

### *Funding*

Once all the parties have signed the loan documents, the documents are returned to the lender, who reviews the package. When the loan documents pass final review, the loan funds are deposited by wire transfer with the escrow company. After funding, escrow will close. See “Closing Escrow” section on page 9.

## Foreign Investment in Real Property Tax Act

In 1981, 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. The buyer is required to withhold from the foreign seller a percentage of the amount realized on the sale of a real property interest. The tax withholding is considered a prepayment of anticipated taxes due from a foreign person selling any U.S. real property interest.

As of February 17, 2016, the FIRPTA rules changed. FIRPTA requires buyers of real property interests to withhold tax due from foreign person\* sellers upon the sale of the property.

	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

\*Foreign persons are non-resident aliens (even with SSNs), foreign corporations (not elected to be treated as a domestic corporation), foreign partnerships, trusts or estates and disregarded entities (unless LLC elected to be treated as a partnership or corporation). Foreign persons are not resident aliens (with a green card).

\*\*Residence, under the Internal Revenue Code (IRC), means the buyer or a family member must have plans to reside at the property for at least 50% of the number of days the property is used by any person during each of the first two twelve month periods after the sale. **IMPORTANT:** Any US Citizen or US Resident Alien Seller should complete a Certification of Non-Foreign Status so that FIRPTA taxes are not withheld from the sale. **NOTE:** Foreign person seller may apply for reduced withholdings through certification by the IRS. Seller must apply to the IRS for reduced withholding on or before closing of the sale. Other less common, limited exceptions may apply.

Exceptions are explained on the Internal Revenue Services website at [www.irs.gov/individuals/international-taxpayers](http://www.irs.gov/individuals/international-taxpayers).

Source: Internal Revenue Service ([www.irs.gov/individuals/international-taxpayers/FIRPTA-Withholding](http://www.irs.gov/individuals/international-taxpayers/FIRPTA-Withholding))  
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## Property Taxes

### *Property Tax Defined*

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

### *Property Tax and Escrow*

Payment of property taxes for closing escrow varies depending upon when the buyer closes escrow. If the buyer's home is in escrow right after a deadline for submitting a tax payment, the real estate professional should request proof of that payment from the seller. The preliminary report may show that property taxes are still due because it can take up to six weeks or more for a property tax payment to post on the records; proof of payment will address this issue.

### *Property Tax Payment*

The escrow company identifies how property taxes are to be paid at the close of escrow. During the buyer's discussion with the lender, the buyer will either opt to pay the property tax and insurance costs on a monthly basis (called an impound account) or pay them directly when due. The initial impound account payment is collected through the escrow and then monthly by the lender with the mortgage, principal and interest payment. The lender pays the tax collector

and the insurance company directly from this account when the property tax installments and insurance premiums are due.

### *Supplemental Tax*

The new homeowner may receive a supplemental property tax bill after the close of escrow; this supplemental tax is not and cannot be collected through escrow. Most property taxes are based on the assessed value of a home at the time of purchase. Typically when there is a change of ownership, a supplemental assessment occurs. A new assessed value for the home may lead to an increase in the tax amount. To address any potential increase, the tax collector or assessor may mail the supplemental tax bill requiring payment from the new homeowner who is responsible for the difference.

The supplemental bill is typically issued within six months after the close of escrow. Even if the buyer has an impound account with their lender to pay taxes and insurance on a monthly basis, the supplemental tax bill is sent directly to the buyer by the tax collector, rather than to the lender and must be paid. The homeowner should provide a copy of this supplemental tax bill to the lender after payment as such increase in the annual taxes may alter the amount of taxes due in the impound account for future taxes.

## Property Tax Calendar

The Tax and Insurance Impound Schedule

### First installment: July 1 through December 31

Add two months for standard loans

JUL	AUG	SEPT	OCT	NOV	DEC
July 1 Beginning of the fiscal tax year		Sept. Tax bills mailed		Nov. 1 First installment due	Dec. 10 Installment delinquent

### Second installment: January 1 through June 30

Add four months for government loans

JAN	FEB	MAR	APR	MAY	JUN
	Feb. 1 Second installment due	March 1 Assessment date	April 10 Second installment delinquent		

Note: Owner must own and occupy property on 1st of March to be eligible for applicable exemptions.

### Tax Impound Reserve Schedule

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

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

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# Selling a Home



## Home Selling

Whether you are relocating, moving to accommodate a growing family or simplifying life for retirement, selling your home involves a complex settlement process that takes careful planning. Our team at Stewart Title of California is here to help simplify the complex transaction process and ensure a smoother, more enjoyable closing experience.

### *Reviewing the Buyer's Purchase Offer*

Once an offer is made, the real estate professional will review the offer with the seller and help prepare a response to that offer.

### *Presenting the Purchase Offer Response*

The seller may accept, counter or reject the purchase offer. This process may take anywhere from a few days to a few weeks, depending on the time deadlines specified in the response to the parties' submissions.

### *Opening Escrow*

Escrow is opened, and the buyer's earnest money is deposited. The escrow company will handle all funds associated with the transaction.

### *Entering the Contingency Period*

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

- 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.

# Guide to Escrow

## **The 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 ownership. The escrow company works with the buyer and seller throughout the closing process to ensure that the transaction runs smoothly.

### *Opening Escrow*

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

### *Initial Paperwork*

The escrow company will require a completed statement of identity form. The statement of identity form is used to eliminate judgments, bankruptcies and liens that may be filed against persons with similar names to the buyer or seller.

### *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/or Lender's Closing Disclosures

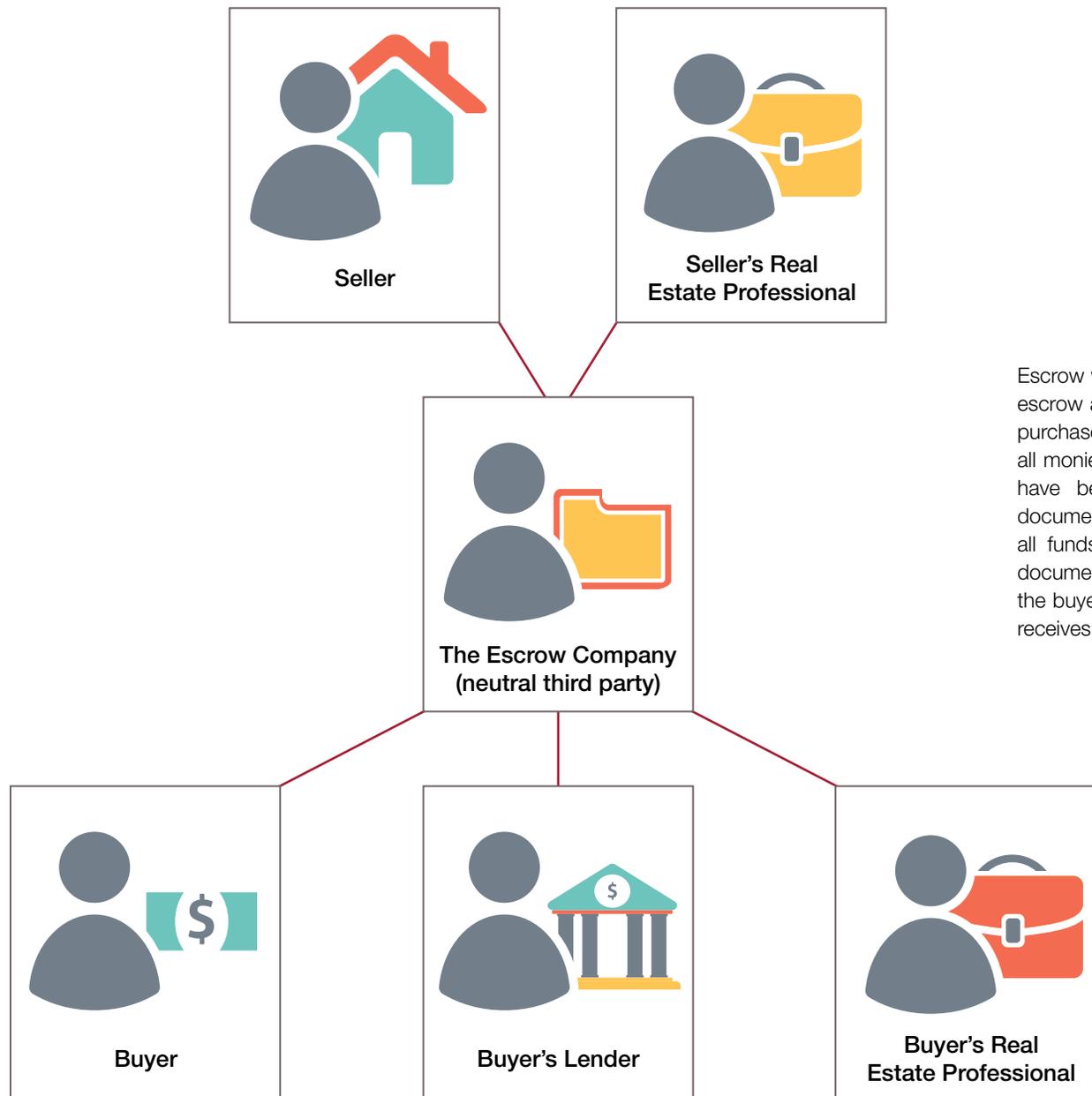
### *Funding the Transaction*

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

### *Closing Escrow*

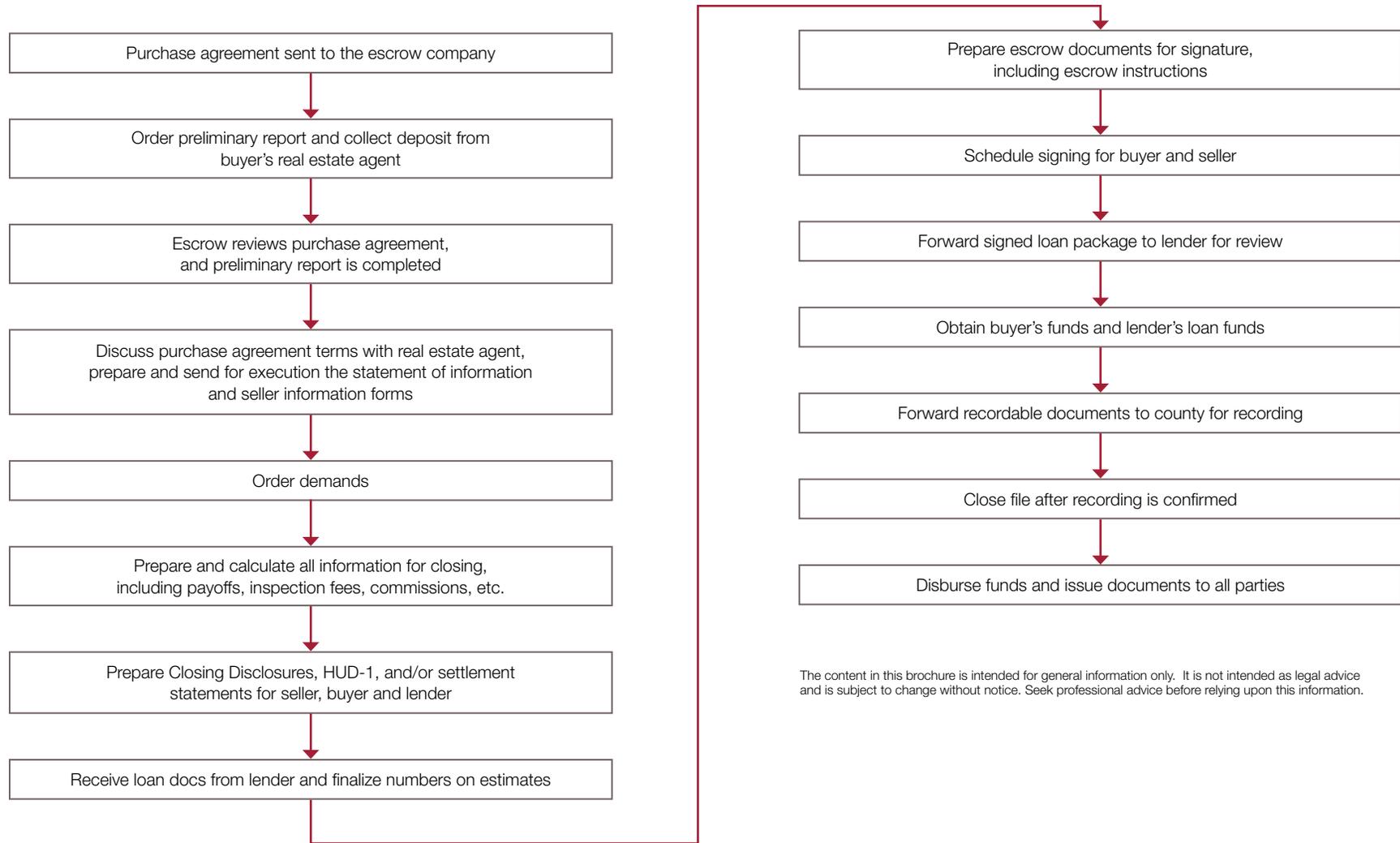
The length of the escrow period may range from a few days to several months. The buyer, seller and real estate professionals will work together to determine the best time frame. The time frame will be specified in the purchase agreement.

### Who is Involved in the Escrow Process?



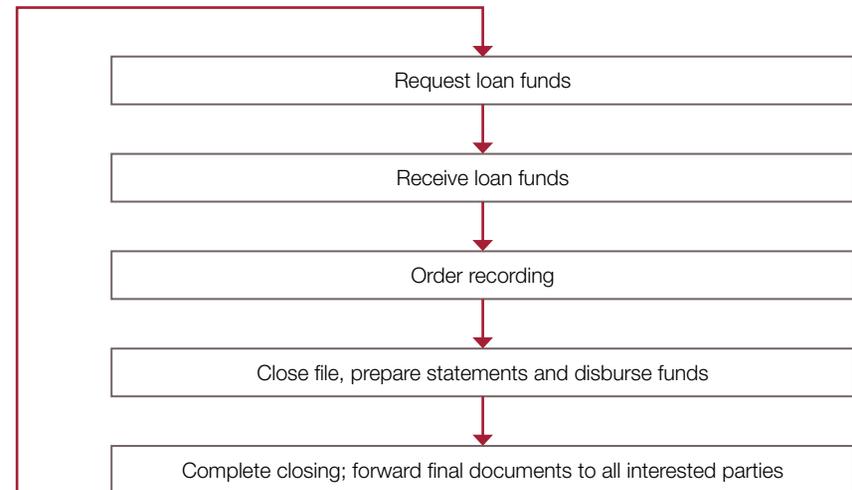
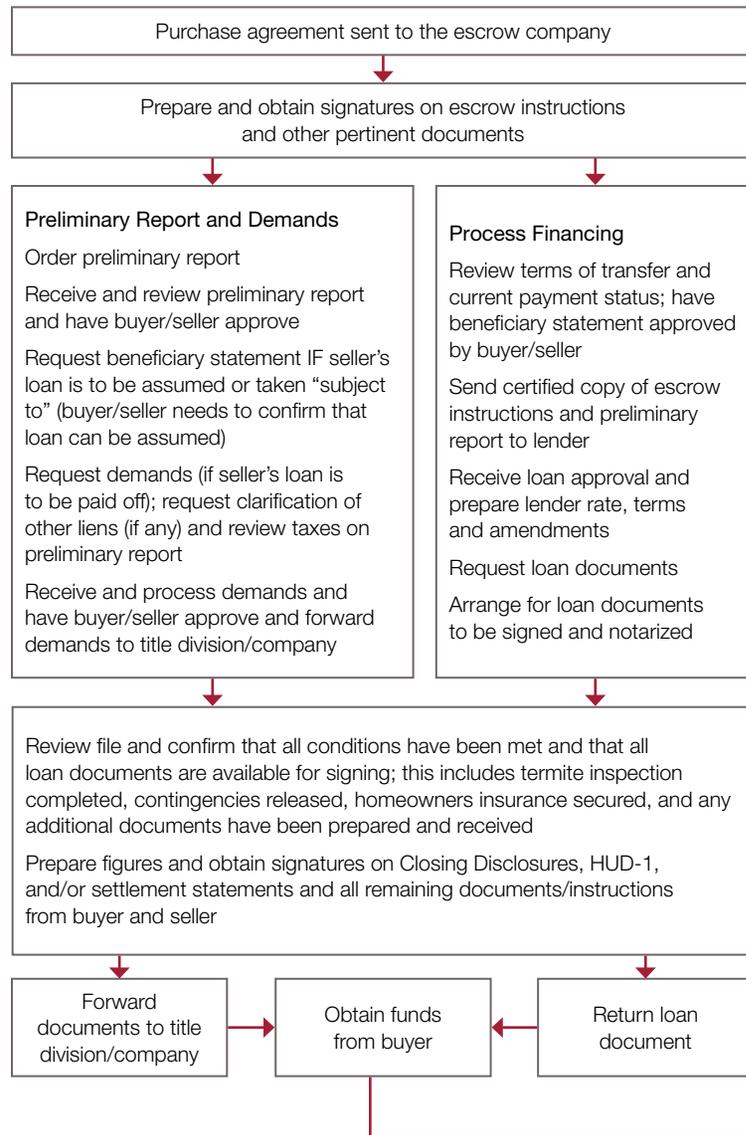
Escrow will be complete after all parties have signed the escrow and closing documents, all contingencies in the purchase agreement have been satisfied and removed, all monies required for closing, including lender's funds, have been deposited into escrow, the transaction documents have been recorded in the county, and all funds have been disbursed. The recording of the documents signifies legal transfer of title from the seller to the buyer, at which time escrow closes. The buyer then receives the keys to their new home.

## The Life of an Escrow – Northern California



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## Life of an Escrow – Southern California



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# Title Insurance



## The Importance of Title Insurance

When purchasing a home, the buyer acquires title to the property. This title includes the right of ownership and possession of the land. Sometimes, however, the buyer's rights to the property may be limited by claims asserted by others. If these potential claims are not caught and corrected before buying, they may limit title to the property, have a negative impact on the value of the home and threaten the interest that the homeowner and mortgage lender hold in the property.

### *Acquiring Title Insurance*

Title insurance is a welcomed "security blanket" for homeownership because of the significant investment the homeowner makes when buying a home. Purchased as a one-time expense, homeowner's title insurance covers homeowners against loss due to potential preexisting liens and hazards that may not be uncovered in a general title search. Although lenders do not require purchasers to buy homeowner's title insurance, it is essential in order to protect the homeowners' interest. Lenders do, however, require purchasers to buy for the lender, a lender's title insurance policy to protect that lender's security interest.

### *The Importance of a Title Search*

Despite the expertise and dedication that go into a title search, hidden title defects can emerge after completion of a real estate transaction, leaving the buyer without a clear title. Title defects can be an unpleasant and costly surprise. Some examples include:

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

Obtaining title insurance through a company like Stewart Title of California 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, the title company acting as title agent 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, judgments and tax liens
- Deeds, wills and trusts that contain improper vesting and incorrect names
- Improper notary acknowledgements
- 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 that are to be cured or matters to be shown on the title policy.

## Homeowner's Title Policy Comparison Chart

Stewart Title of California, Inc., offers our residential customers two levels of coverage for your protection. The standard coverage provided by the American Land Title Association® (ALTA®) Owner's policy covers you for defects and liens in the history of your title through the date and time your deed is recorded in public records. The ALTA Homeowner's policy provides enhanced coverage, protecting you from additional risks, including some that might occur after the policy is issued.

### Head-to-head Coverage Comparison

#### Coverages included without endorsement

Assumes compliance with Stewart Title Guaranty Company's underwriting requirements for issuance of the applicable policy.

	ALTA Owner's policy (6/17/06)	CLTA/ALTA Homeowner's policy (12/2/13)
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#### Covered Risks

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

#### Duration

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

#### Extended Coverage

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

#### Additional Coverages

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

## Head-to-head Coverage Comparison

### Coverages included without endorsement

Assumes compliance with Stewart Title Guaranty Company's underwriting requirements for issuance of the applicable policy.

ALTA Owner's policy (6/17/06)	CLTA/ALTA Homeowner's policy (12/2/13)
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### Additional Coverages

A limited amount of coverage is available if you must remedy or remove an existing structure because it was built without a proper building permit (subject to a deductible)	√
A limited amount of coverage is available if you must remedy or remove an existing structure due to an existing violation of a zoning law or zoning regulation (subject to a deductible)	√
A limited amount of coverage is available if you must remove your existing structures if they encroach into an easement or over a setback line	√
You cannot use the land as a single-family residence because such use violates an existing zoning law or zoning regulation	√
You are forced to remove your existing structures because they encroach into an easement or over a setback line	√
Damage to existing structures due to an exercise of an existing right to use any easement affecting the land	√
Damage to existing improvements due to an exercise of an existing right to use the surface of the land for the extraction or development of minerals, water or any other substance	√
Attempted enforcement of discriminatory covenant	√
Supplemental taxes because of prior construction or change of ownership or use	√
Loss if the residence is not located at the address stated in the policy	√
Pays substitute rent and relocation expenses, if you cannot use your home because of a claim covered by the policy	√
Automatic increase in policy amount up to 150% of policy amount over five years	√
<b>Post-policy Coverages</b>	
Forgery affecting the title	√
Unauthorized leases, contracts or options	√
Ownership claims	√
Easements or restrictions affecting your use of the land	√
Encroachment of neighbor's buildings onto your land	√

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

Coverages stated above are merely a sampling. Please refer to the policy jacket for actual coverages related to your transaction. Both policies identified above may contain certain exceptions, stipulations and conditions as set out by Stewart Title Guaranty Company, the California Land Title Association and the American Land Title Association®. If you have any questions regarding your legal rights under the various policies, we suggest that you contact your attorney.

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

## Ways to Hold Title

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

The information concerning ownership vesting is for informational purposes only. Contact an attorney or CPA if you desire advice regarding a specific manner of holding title to property. This brochure lists ways for two or more individuals to hold title together.

## 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.<sup>1</sup>

	Quitclaim Deed	Grant Deed	Revocable Transfer Upon Death Deed
Statutory basis	Yes	Yes	Yes
Must be recorded <sup>2</sup>	No	No	Yes, within 60 days of execution
Must be signed/dated before a notary <sup>3</sup>	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.

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

<sup>2</sup> 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.

<sup>3</sup> 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.

## Escrow and Title Fees and Transfer Taxes



## Who Pays for What

County	Escrow Charges	Title Fees (Owner's Policy)	County Transfer Tax (Per Thousand Unless Stated Otherwise)	City Transfer Tax (Per Thousand Unless Stated Otherwise)
Alameda	Buyer pays	Buyer pays	Seller pays \$1.10 (Except in the city of Alameda – 50/50)	50/50* Alameda \$12.00 Albany \$11.50 Berkeley \$15.00 Emeryville \$12.00 Hayward \$4.50 Oakland \$15.00 Piedmont \$13.00 San Leandro \$6.00
Alpine (Calaveras Side)	50/50	50/50	Seller pays \$1.10	None
Alpine (El Dorado Side)	50/50	Buyer pays	Seller pays \$1.10	None
Amador	50/50	Buyer pays	50/50 \$1.10	None
Butte (Chico, Oroville)	50/50	50/50	Seller pays \$1.10	None
Butte (Paradise)	50/50	50/50	Seller pays \$1.10	None
Calaveras (Bear Valley)	50/50	Buyer pays	Seller pays \$1.10	None
Calaveras (San Andreas)	50/50	50/50	Seller pays \$1.10	None
Colusa	50/50	50/50	Seller pays \$1.10	None
Contra Costa	Buyer pays	Buyer pays	Seller pays \$1.10	50/50 Richmond \$7.00
Del Norte	Seller pays or split	Seller pays or split	Seller pays \$1.10	None
El Dorado	50/50	50/50	Seller pays \$1.10	None
Fresno	50/50	Seller pays	Seller pays \$1.10	None
Glenn	50/50	50/50	Seller pays \$1.10	None
Humboldt	50/50	50/50	50/50 \$1.10	None
Imperial	50/50	Seller pays	Seller pays \$1.10	None
Inyo	50/50	Seller pays	Seller pays \$1.10	None
Kern	50/50	Seller pays	Seller pays \$1.10	None
Kings	50/50	Seller pays	Seller pays \$1.10	None
Lake	Buyer pays	Buyer pays	Seller pays \$1.10	None
Lassen	50/50	50/50	Seller pays \$1.10	None
Los Angeles	50/50	Seller pays	Seller pays \$1.10	Seller pays: Culver City \$4.50 Los Angeles \$4.50 Pomona \$2.20 Redondo Beach \$2.20 Santa Monica \$3.00
Madera	50/50	Seller pays	Seller pays \$1.10	None
Marin	Buyer pays	Buyer pays	Seller pays \$1.10	Seller pays: San Rafael \$2.00
Mariposa	50/50	50/50	Seller pays \$1.10	None
Mendocino	Buyer pays	Buyer pays	Seller pays \$1.10	None
Merced	50/50	50/50	Seller pays \$1.10	None
Modoc	50/50	50/50	Seller pays \$1.10	None
Mono	50/50	Seller pays	Seller pays \$1.10	None
Monterey (Peninsula)	Seller pays	50/50	Seller pays \$1.10	None
Monterey (Salinas)	50/50	Seller pays	Seller pays \$1.10	None
Napa	Buyer pays	Buyer pays	Seller pays \$1.10	None
Nevada	50/50	50/50	Seller pays \$1.10	None

County	Escrow Charges	Title Fees (Owner's Policy)	County Transfer Tax (Per Thousand Unless Stated Otherwise)	City Transfer Tax (Per Thousand Unless Stated Otherwise)
Orange	50/50	Seller pays Owner's Buyer pays Lender's	Seller pays \$1.10	None
Placer	50/50	Seller pays	Seller pays \$1.10	None
Plumas	50/50	50/50	Seller pays \$1.10	None
Riverside	50/50	Seller pays	Seller pays \$1.10	Seller pays: City of Riverside \$1.10
Sacramento	Seller pays	Seller pays	Seller pays \$1.10	50/50 Sacramento \$2.75
San Benito	Seller pays	Seller pays	Seller pays \$1.10	None
San Bernardino	50/50	Seller pays	Seller pays \$1.10	None
San Diego	50/50	Seller pays Owner's Buyer pays Lender's	Seller pays \$1.10	None
San Francisco	Buyer pays	Buyer pays	Seller pays \$0 - \$250,000 \$5.00 \$250,001 - \$1 Mil \$6.80 \$1,000,001 - \$5 Mil \$7.50 \$5,000,001 - \$10 Mil \$20.00 \$10,000,001 and up \$25.00	Included with County Transfer Tax
San Joaquin	50/50	50/50	Seller pays \$1.10	None
San Luis Obispo	50/50	Seller pays or split	Seller pays \$1.10	None
San Mateo	Buyer pays	Buyer pays	Seller pays \$1.10	50/50 San Mateo \$5.00
Santa Barbara	50/50	Seller pays	Seller pays \$1.10	None
Santa Clara	Seller pays	Seller pays	Seller pays \$1.10	50/50 Mountain View \$3.30 Palo Alto \$3.30 San Jose \$3.30
Santa Cruz	50/50	50/50	Seller pays \$1.10	None
Shasta	50/50	50/50	Seller pays \$1.10	None
Sierra	50/50	Seller pays	Seller pays \$1.10	None
Siskiyou	50/50	50/50	Seller pays \$1.10	None
Solano	Buyer pays	Buyer pays	Seller pays \$1.10	Seller pays: Vallejo \$3.30
Sonoma	Buyer pays	Buyer pays	Seller pays Cloverdale \$1.10 Cotati \$1.10 Healdsburg \$1.10 Petaluma \$1.10 Rohnert Park \$1.10 Santa Rosa \$1.10 Sebastopol \$1.10 Sonoma \$1.10 Windsor \$1.10 Unincorporated Area \$1.10	Seller pays  Petaluma \$2.00  Santa Rosa \$2.00  Unincorporated Area n/a

County	Escrow Charges	Title Fees (Owner's Policy)	County Transfer Tax (Per Thousand Unless Stated Otherwise)		City Transfer Tax (Per Thousand Unless Stated Otherwise)
Stanislaus	50/50	50/50	Seller pays	\$1.10	None
Turlock	50/50	50/50	Seller pays	\$1.10	None
Modesto (City)	50/50 or as negotiated	Seller pays or as negotiated	Seller pays	\$1.10	None
Patterson (City)	50/50 or as negotiated	50/50 or as negotiated	Seller pays	\$1.10	None
Sutter	Seller pays	Seller pays	Seller pays	\$1.10	None
Tehama	50/50	50/50	Seller pays	\$1.10	None
Trinity	50/50	50/50	Seller pays	\$1.10	None
Tulare	50/50	Seller pays	Seller pays	\$1.10	None
Tuolumne	50/50	50/50	Seller pays	\$1.10	None
Ventura	50/50	Seller pays	Seller pays	\$1.10	None
Yolo (Davis)	50/50	50/50	Seller pays	\$1.10	None
Yolo (Woodland)	50/50	Seller pays	Seller/Buyer negotiated	\$1.10	Seller/Buyer negotiated \$2.20
Yuba	Seller pays	Seller pays	Seller pays	\$1.10	None

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

Please note: The information and rates supplied are customary and subject to change and must be verified with the appropriate governmental agency at the time of purchase or sale to ensure accuracy. The information supplied is effective as of August 17, 2016. Stewart Title is not responsible for the accuracy of this information.

Source: California Escrow Association

# Glossary

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

## **Appraisal**

An expert judgment or estimate of the quality or value of real estate as of a given date. Often a purchase agreement contingency to be cleared for close of escrow.

## **Covenants, Conditions and Restrictions (CC&Rs)**

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

## **Certificate of Title**

A document that identifies the owner of a property and includes the owner's name and other information.

## **Closing Costs**

Necessary expenses accrued during the course of a real estate transaction, such as loan fees, title fees, appraisal fees, escrow fees, etc., and all other costs related to closing the transaction. These costs are itemized in the closing statement.

## **Closing Statement**

This statement, provided by the escrow company, is an itemized listing of the funds paid at closing, including deposits for taxes and homeowners insurance. The typical form used for the closing statement is called the HUD-1, settlement statement or closing disclosure.

## **Commission Paid to Real Estate Professional**

Fee payable by seller to the real estate professionals for buying or selling the property; usually a percentage of the sales price.

## **Covenant**

Conditions affecting the use of land or property written into the title.

## **Credit Report**

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

## **Deed**

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

## **Deposit/Earnest Money**

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

## **Easement**

A right or privilege of use over the property of another. Rights of access others have over your property, such as a shared driveway or a local gas and electric company.

## **Encroachment**

When part of one property encroaches upon an adjoining property. For example, when a building hangs over an adjoining property or when a fence is constructed on either side, rather than along the dividing property line.

## **Encumbrance**

An easement, mortgage or other liability on a property which impedes its use or transfer.

## **Escrow Company**

A neutral third party whereby both parties to a purchase agreement deposit money and documents temporarily. The escrow company handles all of the documents and distribution of funds.

## **Homeowners' Association**

An association of homeowners in a given area, or the builder of condominiums or planned developments formed for the purpose of improving or maintaining the common areas.

### **Homeowners Insurance**

Protects the property and contents in case of damage or loss; typically must be for at least the loan amount or for 80% of the value of the improvements, whichever is greater. The lender must review and approve prior to close of escrow.

### **Impound Account**

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

### **Interim Binder**

A binding promise between the title company and the buyer, allowing the buyer to resell the same property within a three-year period and obtain a new title insurance policy at a fraction of the cost.

### **Inspections**

A visual examination of the structure and systems of a building. The inspection report will describe the building's condition and indicate which items will be in need of repairs or replacement. Various inspections are often purchase agreement contingencies to be cleared for close of escrow.

### **Lender's or Mortgagee's Title Policy**

Required by the lender to insure that the lender has a valid lien; this does not protect the buyer.

### **Lien**

An interest claimed by one person on the property of another as security for money owed. Such claims may include obligations not met or satisfied, judgments, unpaid taxes, materials or labor.

### **Loan Discount Points**

The points a lender charges; may be paid by either buyer or seller on conventional loans as dictated in the purchase agreement; number of points fluctuates with mortgage market; part of the buyer's closing costs.

### **Offer to Purchase**

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

### **Origination Fee**

A fee the buyer pays the lender to originate a new loan; part of buyer's closing costs.

### **Owner's Title Policy**

This policy insures the buyer against losses specifically related to property ownership or damage arising from various defects, liens or encumbrances not accepted from policy coverage.

### **Physical Inspection Report**

This is a qualified inspector's report on a property's overall condition. The report usually includes an evaluation of both the structural and mechanical systems. There's often a purchase agreement contingency to be cleared for close of escrow.

### **Preliminary Report**

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

### **Purchase Agreement**

A written document in which the buyer agrees to purchase certain real estate and the seller agrees to sell that real estate under the stated terms and conditions. Also called a sales contract, deposit receipt, earnest money contract or agreement for sale. This agreement is deposited with the escrow company upon opening escrow.

### **Recording Fee**

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

### **Restriction**

A document that limits the right to real property.

### **Statement of Identity Forms**

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

### **Settlement/Closing**

Completion of sale between seller and buyer; transfer documents are recorded; all funds are disbursed, and the buyer is legally entitled to take possession of the property.



**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 \_\_\_\_\_

**Tell us about yourself:**

What is the most important thing you are looking for in your real estate agent?

\_\_\_\_\_  
\_\_\_\_\_

What prior real estate transaction experiences have you had?

\_\_\_\_\_  
\_\_\_\_\_

What is your preferred form of communication?

\_\_\_\_\_  
\_\_\_\_\_

How frequently would you like an update on real estate market trends and showings?

\_\_\_\_\_  
\_\_\_\_\_

Please list what you are most concerned about in the buying and selling process.

\_\_\_\_\_  
\_\_\_\_\_

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