COMMUNICATE CO-EXIST COLLABORATE

HOME BUYERS & SELLERS GUIDE

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WFG National Title Company
a Williston Financial Group company

Our Mission

Take time and cost out of real estate transactions.

The Williston Financial Group family of businesses (WFG) are dedicated to taking time and cost out of real estate transactions. By focusing on the client and their processes, WFG will help compress the time required to close a loan and/or transfer real property ownership. By empowering industry professionals with integrated technologies, WFG will provide efficient high quality products and services. By enabling client processes, WFG will increase closing rates. By minimizing corporate infrastructure, WFG will avoid operating a costly hierarchical organization.

Communicate • Collaborate • Co-exist

WFG is built upon the directive to communicate, collaborate and co-exist—represented in its logo by three “C”s. WFG understands that it has no purpose without its clients, and that its success is dependent entirely upon the success of its partners and customers. Client focus manifests itself through constant communication and an unconditional willingness to collaborate at every opportunity. By exercising communication and collaboration, WFG integrates with its client processes and co-exists for the consumer’s benefit.

Our Financial Strength

WFG National Title Insurance Company has earned a Financial Stability Rating® of A’ (A prime) from Demotech, Inc. Insurers earning a Financial Stability Rating® of A’ (A prime) possess “Unsurpassed” financial stability related to maintaining positive policyholder surplus, regardless of the severity of a general economic downturn or deterioration in the insurance cycle.

CONTACT INFORMATION

Real Estate Agent

Name: ______________________________

Company: ______________________________

Address: ______________________________

City/State/Zip: ______________________________

Phone: ______________________________

Fax: ______________________________

Email: ______________________________

Title & Escrow

Name: ______________________________

Company: WFG National Title Company_____

Address: ______________________________

City/State/Zip: ______________________________

Phone: ______________________________

Fax: ______________________________

Email: ______________________________

Contact Information

Name: ______________________________

Company: ______________________________

Address: ______________________________

City/State/Zip: ______________________________

Phone: ______________________________

Fax: ______________________________

Email: ______________________________

Contact Information

Name: ______________________________

Company: ______________________________

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Address: ______________________________

City/Sate/Zip: ______________________________

Phone: ______________________________

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Buyers

Homeownership is the American Dream and you are about to embark on an exciting process. Mortgage rates are currently favorable and there are some mortgage options to make the dream a reality for you. One of the main advantages of homeownership over renting is that your interest payments are tax deductible (ask your tax advisor for more details). Further, your home will be one of your largest assets and most likely will appreciate in value over the life of your ownership.

There are a lot of decisions ahead of you. WFG Title has created this guide to help you throughout this process.

Getting Financing

If you plan to finance your home purchase, start the mortgage loan process well before buying a home, even before the bidding process.

- Check out loan options that best suit you. Talk to financial institutions, mortgage companies and/or savings and loan institutions to look at what kinds of loans are available and compare rates.
- If you are a first time home buyer you may qualify for mortgage programs with little money down, low interest or federal programs that give beneficial rates.
- Having a reduced debt load and a good credit history will be helpful in getting a better loan rate. You may wish to discuss with your financial institution if there are any ways you can improve your credit score to get a better rate.
- When you have settled on a type of loan and a loan institution, get pre-approved and get a pre-approval letter. To do this, a loan officer will review your credit files and discuss with you how much you can borrow. This will help you know the price range you can consider when shopping.
- Show your pre-approval letter to your real estate agent when you begin shopping for a home.

Selecting an Agent

Most homebuyers enlist the services of a real estate agent or broker to help them with this complex transaction. A real estate agent is a person licensed by the state to handle real estate sales. A broker, also licensed by the sate, is the person who may own a real estate company or has overall responsibility for the agent’s actions.

The buyer’s agent is generally paid a commission or percentage of the sale by the seller. This person can research homes in your price range and with your specific needs in mind. Agents can preview the homes for you narrowing the list for you to see. They will assist you in negotiations when you are ready to make an offer on a house. The agent will prepare a contract that represents your offer and any conditions you require. The agent presents the offer to the seller or their agent and negotiates any counter offers between you and the seller.

COMMON WAYS OF HOLDING TITLE

Title to real property in California may be held by individuals, either in Sole Ownership or in Co-Ownership. There are several variations as to how title may be held in each type of ownership and the following summaries reference the more common examples. The way property is held can affect your taxes, inheritance and your financial future. Be sure to consult your attorney and accountant to advise you.

SOLE OWNERSHIP

1. **A man or woman who is not married**:
   Example: Jane Doe, a single woman
2. **An unmarried man/woman. A man or woman, who having been married are legally divorced**:
   Example: Jane Doe, an unmarried woman
3. **A married man/woman, as his/her Sole and separate property**: when a married man or woman wishes to acquire title as their sole and separate property, the spouse must consent and relinquish all right title and interest in the property by deed or other written agreement.
   Example: Jane Doe, a married woman, has her sole and separate property.

CO-OWNERSHIP

1. **Community Property:** Any property acquired during a valid marriage. Excluded is any property acquired by gift, bequest, devise, descent or as the separate property of either is presumed community property.
   Example: Jane Doe and John Doe, wife and husband, as community property
   Example: Jane Doe and John Doe, wife and husband,
   Example: Jane Doe, married woman
2. **Community Property with Rights of Survivorship**:
   A form of Co-Ownership by a legally married husband and wife which includes the benefits of community property and that of joint tenancy.
3. **Joint Tenancy**: Joint and equal interests in land owned by two or more individuals created under a single instrument with right of survivorship
   Example: Jane Doe and John Doe, wife and husband, as joint tenants
4. **Tenancy in Common:**
   Under tenancy in common, the co-owners own undivided interests; but unlike joint tenancy, these interests need not be equal in quantity and may arise at different times. There is no right of survivorship; each tenant owns an interest, which on his or her death vests in his or her heirs or devisee
   Example: Jane Doe , a single woman, as to an undivided 3/4ths interest, and Sally Smith, a single woman, as to an undivided 1/4th interest, as tenants in common.

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OTHER FORMS OF OWNERSHIP

Entities created under state law, such as:

1. **Corporation**:
   An artificial entity created under the authority of the laws of a state usually regarded Separate from its shareholders.

2. **Partnership**:
   An artificial entity created under the authority of the laws of a state as an association of two or more individuals or entities to carry on, as co-owners, a business for profit.

3. **Limited Liability Companies (L.L.C.s):**
   An artificial entity created under the authority of the laws of a state and can be considered a hybrid of a corporation and partnership.

4. **Trust:**
   A confidence in one person to hold and administer for the benefit of another. The legal title to the real estate is held by the Trustee who manages the real estate for the benefit of the Beneficiary pursuant to the terms and conditions of the Trust Agreement.

Sellers

Selecting a Realtor
Selling a home can be a complicated process, so there are many reasons why you should use a qualified realtor:

- Realtors will assist you with negotiations with the buyer
- Realtors know the market and can help you decide on a reasonable price
- Realtors have better resources for locating buyers and information on recent sale prices of homes around you
- Realtors have a broader range of advertising options
- Realtors can screen for buyers who are financially able to purchase your home
- Realtors can save you time

Sellers
Preparing your house to sell can make a big difference in how your house is perceived by a potential buyer. First impressions are lasting - having your house in good condition could get you a higher price for the property and help to sell it faster.

Showing the Interior
- Clean the kitchen and bathrooms
- Remove any excess clutter or large furniture (this includes the garage)
- Fix cracked windows, stained ceilings, wall marks
- Keep counter tops cleared
- Clean or replace carpeting
- Clean every room in the house
- Showcase attic and closets
- Repair any holes in the walls, wallpaper or paint
- Inspect and repair the plumbing, heating, cooling, alarm systems
- Open draperies and curtains for natural light
- Repair sticking doors, windows, drawers, dripping faucets, replace light bulbs, etc.

Showing the Exterior
- Keep hedges trimmed
- Make sure your lawn and landscape is nicely manicured and weeded
- Check the foundation, steps, walkways, walls and patios for cracks
- Inspect for peeling paint and fix
- Clean gutters
- Paint the front door
- Make sure the fence is in good condition
- Make sure that your doorbell works
- Touch up or repaint, preferably in neutral colors

Buyers
In order to be able to provide your agent with the best idea of what you are looking for in a home, use the Buyer Needs Worksheet that we have provided.

Buyers Needs Worksheet

Currently are you? A Homeowner 1st Time Buyer Renter (circle one)

How many will be living in your home? ______________How many children?__________________

How soon would you like to move?_______________Have you started looking for a home? ______

If yes, how long have you been looking? ____

What area(s) would you like to live in? ____

What area/city do you work in? ____

What area/city does your spouse/partner work in? ____

Is close proximity to work a priority? _________Is close proximity to schools a priority? __________

Is access to public transportation necessary? ____

What type of transportation would benefit you most? □ Bus □ Airport □ Train □ Other

What type of home do you prefer? □ Single Family □ Townhouse/Condo □ Duplex

What style of home do you prefer? □ Victorian □ Colonial □ Tudor
□ Gated □ Mediterranean □ Contemporary
□ Ranch □ Other ___________________________

Desired condition? □ Move in Ready □ Some Work □ Total "fixer upper"

How many stories? □ One □ Two □ Three □ Split level

What size garage? □ One Car □ Two Car □ Three Car □ Carport

Will you need a lot of storage space? ______ Do you need a pool? ______ Spa? _________

Price range for the home: _________to ________ Age range of home: _________to_________

Bedrooms desired: ____Bathrooms desired:____Square feet desired:_______Lot size: _______

Desired features: (Check all that apply)
□ Laundry Room □ Pool □ Fireplace □ View
□ Family Room □ Storage Space □ Vaulted Ceilings □ Large Master Bedroom
□ Dinging Room □ Walk-In Closets □ Air Conditioning □ Large Kitchen
□ Large Front Yard □ Large Back Yard □ Office Space □ Breakfast Area
Other necessities: ____

Buyers

Offers and Counter Offers
You have found a perfect home that fits all your criteria and your price range. Now you're ready to make an offer! You and your real estate agent can discuss what is the best offer to make. Your agent can help you decide, as well as write up an offer and present it to the seller's agent or the seller with your terms and conditions. If your offer is accepted, you will now want to make an earnest money deposit.

Earnest Money
Earnest money is a good faith deposit, but not to be confused with a down payment. When a buyer executes a purchase contract, the contract specifies how much money the buyer is initially putting up to secure the contract, to show "good faith," and how much money all together will be deposited as a down payment (the earnest money is typically credited toward your down payment). The balance is generally financed as a mortgage or a combination of mortgages.

Negotiations
Now that you have submitted your offer and your earnest money deposit you will begin the negotiation stage with the seller or their agent. Generally, your agent will handle this phase and advise you if your offer has been accepted as is, or if the seller has rejected your offer and is making a counter offer. Once your negotiation is complete and your final offer is accepted, you will enter into the next phase, which is the escrow process.

Some things that will be negotiated, include:

- Final sale price
- The inspections to be done
- Who will pay closing costs
- When the closing date will be and when the transfer of ownership will occur
- Special considerations of things to be included or excluded from the sale
- Special considerations such as carpet replacement or roof repair that are not part of the inspection

Inspections
You may want to consider the following types of inspections to be requested as part of your negotiations. Once an offer is accepted the inspections can be done and any findings will be resolved before closing. Note: these vary by state and by county. Check with your agent for more details about the inspection and costs.

Structural Pest Control Inspection
A “termite report” is conducted by a licensed inspector. The inspector provides a pest report which analyzes the wood damage that may be present, including fungi or dry rot.

Physical Inspection
Typically done by a general home inspector, a physical inspection is a visual review of the overall condition of the property.

Geological Inspection
The purpose of this inspection is to evaluate the soil conditions at the home. Typically done by a geotechnical engineer, it involves physically inspecting the property and researching past geological activity in the area.

Other Inspections

◊ Property hazard disclosure report
◊ Hazardous materials
◊ Well and septic
◊ Water conservation
◊ Structural engineering
◊ Chimney inspection
◊ Heating and air conditioning
◊ Zoning and building permit compliance
◊ Energy audit
◊ Roof inspection
◊ Pool/spa inspection

Opening The Escrow

After the buyer and seller agree to terms of a sale, the transaction goes into escrow, which can take several weeks (30-45 days) to reach closing. Escrow can be opened by the buyer or the seller's real estate agent. The escrow agent and their company act as a neutral third party for serving as custodian for funds and documents, providing a clearing house for payment of demands and performing clerical details for the closing.

What the Escrow Company Does

When the escrow is opened, an order for a preliminary report/commitment is placed with WFG Title Company of California, which shows ownership of a parcel of land and recorded matters that are relative to the property. Then a plan is set for the necessary action and documents required, such as demands for satisfaction of liens, instructions for recording documents and other requirements of the new lender. In most areas, buyers and sellers instructions are prepared for signature from the information gathered.

Escrow instructions and Your Closing

Your escrow officer or real estate agent will contact both the buyer and seller for an appointment to sign escrow instructions and supporting documents.

Bring a legal form of identification with you, such as a current driver's license, passport or ID card (military or state). At this time you will normally be advised of the amount of money you will need to deposit and/or receive depending on if you are the buyer or seller.

When the instructions from all parties have been executed, escrow is ready to close. At that time all required funds have been receipted into escrow, the documents are recorded, funds disbursed and the policy of the title insurance issued.

If you are the buyer, you will be informed about the disbursement of keys by the real estate agent or seller.

If you are the seller, upon receipt of the proper documentation and releases, the escrow officer will disburse the reserved funds, including the seller's payment.

ESCROW & CLOSING

THE ESCROW PROCESS

Client opens order with WFG Title

Preliminary Report received & reviewed

Order Preliminary Report from WFG Title

Address items required by Title Officer per the Preliminary Report

Order demands at client's request

Order Beneficiary Statement at clients request

Preliminary Report received & reviewed

Receive Beneficiary Statement, review terms and notify client

Bills from termite company, roofers, inspection company, home warranty company, etc. are being forwarded to the Escrow Officer at the direction of the client

Loan documents received from lender

Escrow Officer to call broker or client for terms

Escrow Officer to prepare Buyers' & Sellers' Instructions and all pertinent documents

Buyers' & Sellers' Instructions & documents executed and returned with funds

Review file to determine that all conditions have been met and all documents are properly executed, notarized & good funds are received from Buyer and from Seller, if applicable

Request loan funds from the lender

Escrow Officer to prepare write-up and forward docs to recording desk

Loan funds received & deposited into Escrow

Record documents, close file, prepare statements and disburse funds

Delivery of commission and proceeds checks

What is Title Insurance

Title insurance is an agreement to indemnify against damage or loss from a defect in title as evidenced by a policy of title insurance to a specific parcel or real property. Following a search and examination of public records and in exchange for a premium paid, title insurance companies will assume the risk that title to a parcel of real property is as stated to be in the policy of title insurance.

Types of Title Insurance (Policies)

Owner's Policy:
Insures an owner of any type of real property against loss by reason of those matters covered under the policy of insurance for as long as they own the property. There are several versions of each policy. Consult with your Real Estate Professional to determine which policy is best for you.

Lender's Policy:
Insures the priority of the lender's security interest over claims that others may have in the Property.

Title Companies - What do they handle?
Title companies (WFG Title) provide services to buyers, sellers, real estate developers, builders, mortgage lenders and others who have an interest in the real estate transaction. Title companies provide assurances that the transfer of title takes place efficiently and that your interests as an insured are protected under the terms and conditions of the policy.

Title insurance is different from many other types of insurances (casualty, auto, etc.). These other types insurances assume risks by providing financial protection for losses arising from an unforeseen future event such as a fire, theft or accident. With title insurance, risks are examined and mitigated before the property changes hands.

Refinancing - Why Lenders Require Title Insurance
Your lender will want to insure that your new loan is protected by title insurance, just as the original lender required. Even if you already purchased a lender's policy, the policy remains in force only during the life of the loan that was insured. So, if you refinance, the old loan is paid off and a new loan is issued with a new title insurance policy. You will not need to purchase a new owner's policy of title insurance.

Understanding Title Insurance

What does title insurance insure?

Title insurance offers protection against claims resulting from various defects (as set out in the policy) which may exist in the title to a specific parcel of real property, effective on the issue date of the policy.
For example, a person might claim to have a deed or lease giving them ownership or the right to possess your property. Another person could claim to hold an easement giving them a right of access across your land. Yet another person may claim that they have a lien on your property securing the repayment of a debt. That property may be an empty lot or it may hold a 50-story office tower. Title companies work with all types of real property.

How much can I expect to pay for title insurance?

This point is often misunderstood. Although the title company or escrow office usually serves as a meeting ground for closing the sale, only a small percentage of total closing fees are actually for title insurance protection. Your title insurance premium may actually amount to less than one percent of the purchase price of your home and less than ten percent of your total closing costs. The title policy is good for as long as you and your heirs own the property with the payment of only one premium.

Who will pay for title insurance charges, the buyer or seller?

Surprisingly, "who pays" is not uniform. In some areas the buyer will pay while in others the seller will pay. In some places, the seller will pay for the owner's title policy and the byer will pay for the lender's policy. But in every case, the question of who pays closing costs is a matter of agreement between the buyer and seller. Usually this agreement is based on the customary practice in your area.

What protection am I obtaining with my title policy?

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

What are my chances of ever using my title policy?

In essence, by acquiring your policy, you derive the important knowledge that recorded matters have been searched and examined so that title insurance covering your property can be issued. Because we are risk eliminators, the probability of exercising your right to make a claim is very low. However, claims against your property may not be valid, making the continuous protection of the policy all the more important. When a title company provides a legal defense against claims covered by your title insurance policy, the savings to you for that legal defense alone will greatly exceed the one-time premium.

Understanding Title Insurance

Why are separate owner's and lender's title insurance policies issued?

Both you and your lender will want the security offered by title insurance. As the owner, you will want assurances that the home is ours and that you are protected against certain title defects. Your lender will likely want title insurance in order to protect its loan security interest, and may even be required to have a lender's policy in place in order to sell the loan to secondary market investors.

What if I am buying property from someone I know?

You may not know the owner as well as you think you do. People undergo changes in their personal lives that may affect title to their property. People get divorced, change their wills, engage in transactions that limit the use of the property and have liens and judgments placed against them personally for various reasons.

There may also be matters affecting the property that are not obvious or known, even by the existing owner, which a title search and examination seeks to uncover as part of the process leading up to the issuance of the title insurance policy.

Just as you wouldn't make an investment based on a phone call, you shouldn't buy real property without assurances as to your title. Title insurance provides these assurances.

The process of risk identification and elimination performed by the title companies, prior to the issuance of a title policy, benefits all parties in the property transaction. It minimizes the chances that adverse claims might be raised, and by doing so reduces the number of claims that need to be defended or satisfied. This process keeps costs and expenses down for the title company and maintains the traditional low cost of title insurance.

CLOSING COSTS & TAXES

The buyer and seller will pay "closing" or settlement costs, an accumulation of separate charges paid to different entities for the professional services associated with buying and selling of property.

Keep in mind that your closing funds should be in the form of a cashier's check made payable to the title company or escrow office in the amount requested, or by wired funds. A personal or out-of-state check could delay your closing because of clearance of such checks.

- Title insurance premiums
- Escrow and notary fees
- Documentation preparation fee
- Recording charges for all documents in buyer's name
- Interest on new loan from date of funding to 30 days prior to first payment
- Inspection fees (property, roof, geological)
- All new loan charges (except those required by lender for seller to pay)
- Tax proration from date of acquisition
- Assumption/change of record fees for take over of existing loan
- Beneficiary statement fee for assumption of existing loan
- Homeowners association transfer fee
- Home warranty (according to contract)
- Any city transfer tax/conveyance tax (per custom)*
- Documentary transfer tax

- Real estate commission
- Documentation preparation fee for transferred deed
- Fire insurance premium for first year impounds, if applicable
- Payoff all loans in seller's name (or existing loan balance if being assumed by buyer)
- Interest accrued to lender being paid off, statement fees, reconveyance fees and any prepayment penalties
- Termite work (according to contract)
- Natural hazard disclosure report
- Any judgments, delinquent taxes, tax liens, etc. against seller
- Tax proration (for any unpaid taxes)
- Recording charges to clear all documents of record against seller
- Any bonds or assessments
- Any unpaid homeowners dues, homeowners document and demand fees.

(* Based on City/County of where property is located. Check with your Real Estate Professional.)

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Common Property Taxes

City Transfer Tax:

Tax paid to the local government as a percentage of the property's value. The amount of the tax is usually based on a percentage of the property's selling price, but the exact amount is determined by the city where the property is located.

County Transfer Tax:

Tax paid to the county or local government as a percentage of the property's value. The amount of the tax is usually based on a percentage of the property's selling price, but the exact amount is determined by the county where the property is located.

Mello-Roos (California Only) :

It is possible that the property you are buying is in a "Mello-Roos District" and that a special tax will apply. Mello-Roos is the common name for the 1982 Community Facilities District Act. This Act authorizes local governments and developers to create Community Facilities Districts ("CFDs") for the purpose of selling tax-exempt bonds to fund public improvements (such as streets, water, sewage, and drainage, electricity, infrastructure, schools, parks, and police protection). Property owners that participate in a CFD pay a special tax to repay the bonds.

The Mello-Roos tax stays in effect until the bonds are paid off. Sometimes after the bonds are paid off, a CFD will continue to charge a reduced fee to maintain the improvements. This tax is typically included in the annual county property tax bill, and is subject to the same penalties that apply to regular property taxes. If the Mello-Roos tax is not paid, the District may exercise its legal right to foreclose and sell the property.

Under Proposition 13, Mello-Roos taxes are not based on the value of the property. Instead, they are apportioned by taking into account property characteristics (e.g., the use of the property, square footage of the structure, and lot size). The District submits the tax changes to the County, who adds them to your annual Property Tax Bill. Charges for this tax vary, but they do not exceed the maximum amount specified when the CFD was created. When there is a new purchase of a house in a subdivision, the maximum of the tax will be specified in the public report.

Supplemental Tax (applicable in select States)

Supplemental Tax

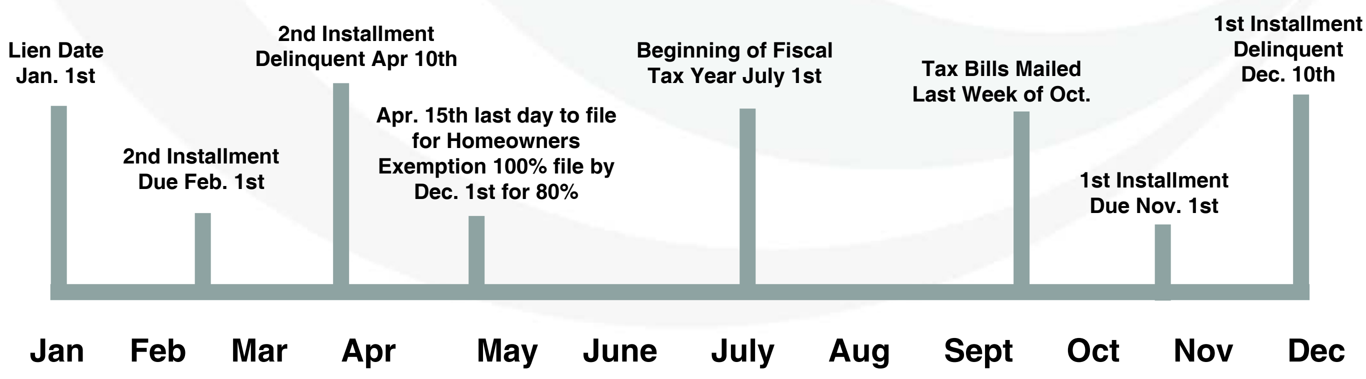
In California, when there is a change in ownership of real property or when new construction is completed, the County Assessor will appraise the property changing ownership, or the new construction at its full cash value as of the date the change in ownership occurs or the new construction is completed. * The appraised value then becomes the new base year value for the property.
There may be one or two supplemental assessments made depending on the date when the change in ownership takes place or when the new construction is completed.

If the change of ownership occurs, or the new construction is completed after January 1, but before May 31, there will be two supplemental assessments. The first assessment is the difference between the new base year value and the taxable value on the current roll. The second assessment will vary depending on the triggering event.

For new construction, the second assessment is the value change due to the new construction. For change in ownership of a full ownership interest, the second assessment is the difference between the new base year value and the taxable value to be enrolled on the roll being prepared. For a change of a partial ownership interest, the second assessment is the difference between the total of the new base year value for the interest conveyed, plus the taxable value of the rest of the property on the roll being prepared, and the taxable value of the entire property on the roll being prepared.

If the change of ownership occurs, or the new construction is completed on or after June 1, but before the following January 1, there will be one supplemental assessment made for the difference between the new base year value and the taxable value on the current roll.
* Certain property transfers may be exempt from reappraisal for supplemental taxes.

PROPERTY TAX CALENDAR



1st Installment: July 1st - December 31st

2nd Installment: January 1st - June 30th

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THE LANGUAGE OF REAL ESTATE

To help you better understand the language of real estate, the California Land Title Association has defined some of today's most common real estate, lending and title terms.

Abstract of Judgment: A summary of the essential provisions of a court judgment. When recorded, an abstract of judgment creates a general lien on all of the real property of the judgment debtor in the county in which it is recorded.

Acknowledgement: A formal declaration made before a duly authorized officer (usually a notary public) by a person who has executed an instrument that such execution is his or her act and deed.

Adjustable Rate Mortgage (ARM): A mortgage in which the interest rate is adjusted periodically according to a preselected index. The terms, adjustment schedule and index to be used can vary based on the particular lender.

Agency: A relationship created when one person (the principal) delegates to another (the agent) the right to act on his or her behalf in business transactions.

All-inclusive Trust Deed (wrap-around mortgage): A financing technique which involves the creation of a new trust deed which includes the balance due on the existing note plus any new funds advanced.

American Land Title Association (ALTA): A national association of title insurance companies, abstractors, and agents. The association adopts standard title policy forms.

Amortization: The process of paying off a debt in installments over a given period of time without a final balloon payment.

Annual Percentage Rate (APR): An expression of the percentage relationship of the total finance charges to the total amount to be financed, as required under the federal Truth-in-Lending Act.

Appraisal: An opinion of the value of property resulting from an analysis of facts affecting market value.

Assessed Valuation: The value that a taxing authority places upon real or personal property for the purpose of taxation.

Assumable: A mortgage loan which can be transferred to another person without a change in the terms of the loan.

Balloon Payment: The unpaid principal amount of a loan due on a specific date in the future. Usually the amount that must be paid in a lump sum at the end of the term.

Beneficiary: The person who is entitled to receive funds or property under terms and provisions of a will, trust, insurance policy or security instrument. In connection with a mortgage loan the beneficiary is the lender.

Beneficiary's Statement: The statement of a lender which gives the remaining principal balance due on a note and other information concerning the loan. It is usually obtained in escrow when the owner wishes to sell or refinance.

Bill of Sale: An instrument by which title to personal property is transferred or conveyed.

Bona Fide Purchaser (BFP): One who buys property in good faith, for fair value, and without notice of any adverse claim or right of third parties.

Broker: A person licensed to act as an agent for another in negotiating the sale, purchase, of real property in return for a fee or commission.

Buydown: A financing technique used to reduce the monthly payment for the home buying borrower during the initial years of ownership. Under some buydown plans, a residential developer, builder, or the seller will make subsidy payments (in the form of points) to the lender that "buydown", or lower, the effective interest rate paid by the home buyer, thus reducing monthly payments for a set period of time.

California Land Title Association (CLTA): A statewide association of title insurers and under-written title companies. The association adopts standard title policy forms.

CC&R's (Covenants, Conditions and Restrictions): Limitations placed on the use and enjoyment of real property. These are found most often in condominiums and planned unit Developments

Chain of Title: A chronological list of recorded instruments tracing title to land, from the original owner to the present owner.

Cap: The maximum which an adjustable rate mortgage may increase, regardless of index changes.

Clear Title: Title to property which is free from liens, defects or other encumbrances.

Closing: The process of completing a real estate transaction during which the seller delivers title to the buyer in exchange for payment of the purchase price. Called a "settlement" in some areas.

Closing Costs: Expenses, beyond the selling price, such as loan fees, title fees, etc. Paid when documents are executed and/or recorded and the sale is complete.

Closing Statement: A summary, in the form of a balance sheet, showing the amounts of debits and credits to which each party to a real estate transaction is entitled upon closing.

Cloud on Title: Any document, claim, unreleased lien or encumbrance, which, if valid, would affect or impair title to the property.

Commission: Compensation due a real estate broker for acting on behalf of the principal.

Community Property: Property acquired during a marriage by either a husband or wife, or both, which is not separate property.

Comparables (comp): An abbreviation for comparable properties used for comparative purposes in the appraisal process.

Consideration: A required element in all contracts by which something of value, including a promise, is exchanged for the act or promise of another.

Contingency: Action conditioned upon a certain event. Acceptance of the terms of a contract based on something else happening or certain conditions being met.

Conveyance: The transfer of title or an interest in real property by means of written instrument such as a deed of trust.

Deed of Trust: A security agreement creating a lien by which title to real property is transferred to a third-party trustee as security for an obligation owed by the trustor (borrower) to the beneficiary (lender).

Demand: The lender's statement of the amount due to pay off a loan.

Documentary Transfer Tax: The tax, based on sales price, less loans which are being assumed, which is charged by the city and/or county on the transfer of real property.

Due-on-Sale-Clause: A clause in a mortgage loan which gives the lender the right to demand payment in full when the property changes ownership. Not applicable to FHA or VA loans.

Earnest Money: The cash deposit paid by a prospective buyer as evidence of good faith to bind a sale of real estate.

Easement: A limited right or interest in land of another that entitles the holder of the right to some use, privilege or benefit over the land.

Encumbrance: A claim, right or lien upon real property, held by someone other than the owner.

Endorsement: A rider attached to an insurance policy to expand or limit coverage. Also spelled endorsement.

Equity: The value of a person's interest in real property after all liens and charges have been deducted.

Escrow: The process in which a disinterested third party holds money and documents for delivery to the respective parties in a transaction on performance of established conditions.

Exception: A provision in a title insurance binder or policy which excludes liability for a specified title defect or an outstanding lien or encumbrance.

Fair Market Value: An appraisal term for the price which a property would bring in a competitive market given a willing seller and willing buyer, each of whom has a reasonable knowledge of all pertinent facts, with neither being under any compulsion to buy or sell.

Fee Simple: An estate under which the owner owns a complete interest in the property and is entitled to the unrestricted use and enjoyment of the property, including the right to dispose of the property.

Federal Home Loan Mortgage Corporation (HLMC, Freddie Mac): A quasi-governmental agency that purchases conventional mortgages in the secondary mortgage market from Depository institutions and Department of Housing and Urban Development (HUD) approved mortgage bankers.

Federal Housing Administration (FHA): A division of the Department of Housing and Urban Development (HUD). Its main activity is the insuring of residential mortgage loans by private lenders.

Finance Charge: A total of all costs imposed directly or indirectly by the creditor and payable either directly or indirectly by the customer, as defined by the federal Truth-in-Lending laws.

First Mortgage: A mortgage on property that is superior in right to any other mortgage.

Fixed Rate Loan: A loan on which the same rate of interest is charged for the life of the loan.

Fixture: Personal property which is permanently attached to real property, and, as such, becomes part of the real property.

Grantee: One to whom a grant is made. The purchaser of real property.

Grantor: One who has made a grant. The seller of real property.

Hidden Defect: An encumbrance on a title that is not apparent in the public records; for example, unknown heirs, secret marriages and forged instruments.

Impound Account: An account held by a lender for the payment of taxes, insurance or other periodic debts against real property.

Joint Tenancy: A means of ownership in which two or more persons own equal shares in real property. Upon the death of one tenant, his/her share passes to the remaining tenant(s) until title is vested in the last survivor.

Legal Description: A description by which property can be definitely located by reference to surveys or recorded maps. Sometimes referred to simply as the legal.

Lien: A recorded document which claims an interest in real property as security for a debt owed. Such liability may be created by contract, such as a deed of trust, or by a court judgment.

Lis Pendens: Legal notice that a lawsuit is pending. Also called a notice of action.

Loan-to-Value Ratio: The ratio of the mortgage loan's principal to the property's appraised value or its sales price, whichever is lower.

Marketable Title: Title which is free from defects which would allow a purchaser to be released from his obligation to purchase.

Market Value: An appraisal term denoting the highest price that a buyer, willing but not compelled to buy, would pay, and the lowest a seller, willing but not compelled to sell, would accept.

Mechanic's Lien: A lien on real estate which secures the payment of debts due to persons who perform labor or services or furnish materials incident to the construction of buildings and improvement on real estate.

Mortgage: A legal document used to secure the performance of an obligation.

Notarization: The certification of a Notary Public that a person signing a document has been properly identified. Notarization does not certify the content of a document, only validity of signature.

Perfecting Title: Process involving the elimination of any adverse claims against a title.

PITI: Refers to principal, interest, taxes and insurance, the four major components of a usual monthly mortgage payment.

PITI RATIO: The principal, interest, taxes and insurance, the four major components of a usual monthly mortgage payment.

Points: A fee charged by the lender to fund a loan, in addition to and separate from other fees charged. One point equals one percent of the amount of the loan.

Principal: The sum of money outstanding upon which interest is payable. Also refers to one who is served by an agent.

Private Mortgage Insurance (PMI): Insurance written by a private mortgage insurance company protecting the mortgage lender against loss occasioned by a mortgage default and foreclosure.

Proration: The method used in dividing charges into that portion which applies only to a party's ownership up to a particular date.

Qualification: The process of reviewing a prospective borrower's credit and payment capacity prior to approving a loan.

Quitclaim Deed: A deed relinquishing all interest, title or claim in a property by a grantor. Accomplished without representing that such title is valid, nor containing any warranty or Covenants of title.

Real Estate Settlement Procedures Act (RESPA): A federal statute requiring disclosure of certain costs in the sale of residential, improved property which is to be financed by a federally insured lender.

Reconveyance: The conveyance to the landowner of the title, held by a trustee under a deed of trust, when the performance of the debt is satisfied.

Recordation: Involves filing for record in the office of the county recorder for the purpose of giving constructive notice of title, claim or interest in real property.

Record Owner: The owner of property as shown by an examination of the public record.

Statement of Information (SI): A confidential information statement completed by the buyer, seller and borrower in every transaction where a policy or policies of title insurance are requested. Allows the title company to competently search documents affecting the property to be insured, documents which may not refer to said property. Allows title companies to differentiate between parties with similar names when searching matters such as liens and court decrees.

"Subject To" Clause: A clause in a contract of sale setting forth any contingencies or special conditions of purchase and sale, such as an offer made and accepted subject to financing, securing certain zoning or similar requirements.

Subordination Agreement: An agreement under which a prior or superior lien is made inferior or subject to an otherwise junior lien.

Tax Lien: A statutory lien imposed against real property for nonpayment of taxes.

Tenancy in Common: Co-ownership in a property by two or more persons, each of whom has an undivided interest in the whole property.

Trustee: A person who holds title in trust for the benefit of another. In a deed of trust, the trustee is the person named to hold title in trust for the benefit of the lender until the loan is paid off.

Trustor: The borrower under a deed of trust. One who deeds their property to a trustee as security for repayment of a loan.

MOVING CHECKLIST

8 WEEKS BEFORE YOU MOVE

☐ **Inventory Sheets:** Create an inventory sheet of all which is to be moved

☐ **Research Moving Options**: You'll need to decide if yours is a do-it-yourself move or if you'll be using a moving company.

☐ **Request Moving Quote:** Solicit moving quotes from as many moving companies and movers as possible. There can be a large difference between rates and services within moving
☐ companies.

☐ **Discard Unnecessary Items**: Moving is a great time for ridding yourself of unnecessary items. Have a yard sale or donate unnecessary items to charity.

☐ **Packing Material**: Gather moving boxes and packing material for your move.

☐ **Contact Insurance Companies**: You'll need to contact your insurance agent to cancel/transfer your insurance policy.

4 WEEKS BEFORE YOU MOVE

☐ **Start Packing:** Begin packing all things destined for your new location.

☐ **Obtain Your Medical Record**: Contact your doctor, physician, dentist and other medical specialists who may currently be retaining any of your family's medical records. Obtain these records or make plans for them to be delivered to your new medical facilities if changing.

☐ **Note Food Inventory Levels:** Check your cupboards, refrigerator and freezer to use up as much of your perishable food as possible.

☐ **Small Engines**: Service small engines for you move by extracting gas and oil from the machines. This will reduce that chance to catch fire during your move.

☐ **Protect Jewelry and Valuables**: Transfer jewelry and valuables to a safety deposit box so they can not be lost or stolen during your move.

☐ **Borrowed and Rented Items**: Return items which you may have borrowed or rented. Collect items borrowed to others.

MOVING CHECKLIST

1 WEEK BEFORE YOU MOVE

- **Your Change of Address:** Change your address with the USPA, DMV, Financial Institutions, Utilities, Government Offices, Health Care Service Providers, Memberships and
- Subscriptions.
- **Bank Accounts**: Transfer or close bank and financial accounts if changing banks. Make sure to have a money order for paying the moving company.
- **Service Automobiles:** If automobiles are to be driven long distance, you'll want to have them serviced so you have a trouble-free drive.
- **Cancel Services**: Notify any remaining service providers (newspapers, lawn services, etc.) of your move.
- **Travel Items**: Set aside all items you'll need while traveling. Make sure these are not packed on the moving truck.
- **Contact Utility Companies**: Set utility turnoff date, seek refunds and deposits and notify them of your new address.

MOVING DAY

- **Plan Your Itinerary:** Make plans to spend the entire day at the house or at least until the movers are on their way. Someone will need to be around to make decisions. Make plans for kids and pets to be at a sitters for the day.
- **Review the House**: Once the house is empty, check the entire house (closets, attic, basement, etc.) to ensure no items are left or no home issues exist.
- **Double Check With Your Mover:** Ensure the mover has the new property address and all of your most recent contact information should they have any questions during your move.
- **Vacate Your Home**: Make sure utilities are off, doors and windows are locked and notify your real estate agent you've left the property.
- **Questions To Ask**: Where is the garage door opener? Where are the keys to the house, mailbox and other lockable area? Did you retrieve all keys from neighbors and friends?

Please do not hesitate to contact me with any questions regarding title insurance or escrow processing.

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