Title & Escrow

Home Seller's Guide

Compliments of

Corinthian Title Company

Title & Escrow Services for Every Level of Real Estate...

Corinthian Title Company is locally operated in the Southern California area, and is currently licensed to issue policies of title insurance in 28 California counties:
Alameda, Contra Costa, El Dorado, Fresno, Kern, Kings, Los Angeles, Marin, Merced, Napa, Orange, Placer, Riverside, Sacramento, San Bernardino, San Diego, San Francisco, San Joaquin, San Luis Obispo, San Mateo, Santa Barbara, Santa Clara, Solano, Sonoma, Stanislaus, Tulare, Ventura & Yolo

We have attracted the best title and escrow professionals in the industry and as a result have developed a reputation for providing the very best service and products in the market place.

Corinthian Title Company ownership, management and employees embrace a "back to basics" approach to providing products and services to our clients. We also embrace technology and have developed and introduced exciting new products, many of which are a first to the industry. One such product is "PRELIM ADVANTAGE" which provides hyper links to all items reflected in a resale or commercial preliminary title report, a first in the industry.

We are also proud to say that all products and services are produced here in the California area. We do not offshore our products and services like many of our competitors. This allows us to provide a fast and accurate product tailored to the needs of the client. It also gives back to our community and local economy by providing jobs here in California where they are needed.

Corinthian Title Company and it's employees are committed to providing the very best customer service and products in the title and escrow industry!

CORINTHIAN
TITLE & ESCROW

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So You're Selling a Home...

The information in this guide will help you become more comfortable with the Title and Escrow Process you are about to begin.

We hope to answer your questions in advance and provide you with step-by-step information that will clarify your part in this process. A glossary is included at the end of this guide for any terms you may not be familiar with.

We welcome any questions you may still have after reading this information.

Please feel free to call your Corinthian Title Company Representative and visit our website.

619-299-4800 office
888-828-8490 toll free
CorinthianTitle.com

We look forward to serving you.

The Escrow & Title Insurance Process

An **escrow** is a depository for all monies, instructions and documents necessary for the purchase of your home.

An **escrow company** is a neutral third party that holds legal documents and funds and distributes them according to the buyer and seller instructions found in your contract.

In addition, the escrow company orders a preliminary report. A **preliminary report** includes the legal description of the parcel of land and the ownership interest of the property based on a search of public records on a city, state and federal level. This report is also a tentative offer to issue title insurance policy based on the exceptions set forth in the report.

A **title insurance policy** protects a real estate owner or lender against any loss or damage they might experience because of claims of ownership, improperly recorded documents, fraud, forgery, liens, encroachments, easements and other items specified in the actual policy. Different levels of coverage are available and should be discussed with your escrow officer or real estate agent. Once a title policy is issued, if for some reason any claim which is covered under your policy is ever filed against your property, the title insurer will pay the legal fee involved in defense of your rights, as well as any covered loss arising from a valid claim. This protection, which is in effect as long as you or your heirs own the property, is yours for a onetime premium.

The basic steps of the escrow process are as follows. (The steps needed to complete your transaction may vary based on your specific purchase). As the Escrow holder,
Corinthian Title Company impartially completes the following duties:

- Take instructions based on the terms of the purchase agreement between buyer and seller
- Take instructions based on lender requirements
- Order the title search and title insurance
- Hold the funds deposited by the buyer and lender
- Hold the grand deed deposited by the seller
- Hold inspection reports and bills
- Order payoff statements to clear any liens and/ or encumbrances that affect the title to the property
- Order the recording of the documents
- Disburse all funds at closing
- Furnish all parties with a final settlement statement at closing

Escrow Flowchart

Escrow officer accepts the Purchase Contract which includes the Joint Escrow Instructions. Escrow prepares pertinent documents, including contingency releases, calendar and status sheet checklist of items needed.
Escrow officer or assistant sends opening letter with a copy of the escrow holder's acceptance of the contract/escrow instructions. Counter offers, any other addendums, a time frame outline and the general provisions are included in this package.

Order title search

Receive and review preliminary report (prelim)

Order payoff demands. Clear any liens, review taxes on Preliminary Report.

Receive demands and enter into the escrow file

Coordinate financing

Receive Loan Estimate from Lender

Obtain loan approval and determine that terms agree with instructions

Receive Loan Docs and Closing Disclosure

Review file to determine that all conditions have been met and that all documents are correct and available for signature (termite inspection, contingencies released, fire insurance ordered, additional documents such as second deed of trust or bill of sale, etc. have been prepared)

Request signatures on all remaining docs and instructions including Seller Estimate / Closing Disclosure

Forward documents to the title company

Return loan documents

Obtain funds from buyer / Request loan funds

All funds received

Order recording

Close file: Prepare statements and disburse funds

Complete closing: Forward final documents to all interested parties - buyer, seller, lender

What Exactly is an Escrow?

An escrow is a neutral, independent "stakeholder" account and is the vehicle by which the interests of all parties to the transaction are protected. The escrow is a depository for all monies, instructions and documents necessary for the sale/purchase or refinances of real property, including the funds for the down payment and closing costs, the deed from the seller and the lender's funds and documents for the new loan. The escrow officer takes instructions based on the terms of the purchase agreement between the buyer and seller and lender's requirements.

The escrow holder:

- Serves as a neutral third party and liaison among all parties involved.
- Accepts "Earnest Money" or initial deposit from buyers and notifies all parties.
- Requests a preliminary report to determine the status of the title to the property.
- Prepares Escrow instructions and all remaining documents relating to the transaction.
- Request a payoff demand from beneficiaries when the seller is paying off debts.
- Receives demands, termites and certain other inspections.
- Prorates taxes and any applicable assessments related to the property as required by the contract.
- Receives buyer's loan documents, Evidence of Homeowners Insurance and Closing Disclosure previously sent to Buyer by Lender.
- Reviews file to determine that all conditions have been met and all outstanding documents have been executed by all parties.
- Receives funds from buyer and verifies any checks deposited to Escrow account.
- Requests loan funds from buyer's lender.
- Records the deed and any other documents.
- Disburses funds as authorized by the instructions, including charges for title insurance, recording fees, real estate compensations and loan payoff.
- Causes the title insurance policy to be issued for buyer and lender, if a lender has been used.

Escrow cannot be completed until all parties have signed the escrow documents and all the conditions in escrow have been satisfied.

How is escrow opened?
As soon as the buyer and seller execute the purchase agreement, the real estate agent(s) will open escrow. The buyer will deposit their earnest money deposit into the escrow trust account at Corinthian Title Company.

What information do the buyer and seller have to provide?
The buyer must inform the Escrow Officer and new lender of the manner in which the buyer will hold title to their new home so that all documents can be prepared correctly. The manner in which the buyer holds title can have tax and legal consequences. We suggest you consult your attorney or tax adviser to assist you in your decision.

In addition, all parties in the escrow will be asked to complete a statement of information as part of the necessary paperwork. Because many people have the same or similar names, the statement of information is used to identify the specific person in the transaction through such information as date of birth, social security number, etc. This information is kept strictly confidential.

Escrow FAQ's

How do I open an escrow?
Generally, the Seller's Real Estate Agent will open the escrow. As soon as you executed the purchase agreement, the Selling Agent will place the Buyer's initial deposit, if any, into the escrow account or into the Real Estate Broker's trust account.

What information will I need to provide?
You will be asked to complete a Statement of Identity (SI) as part of the necessary paperwork. Because many people have the same name, the SI is used to correctly identify the specific person in the transaction through such information as date of birth, social security number, previous addresses, etc. This information is kept confidential and is required to provide title insurance.

What do I need to do before my appointment to sign escrow papers?
All parties signing the documents must bring proper identification: either a valid driver's license, identification card, or current passport. This is needed to verify your identity by the notary public. It is a routine, but necessary step, for your protection.

When and where do I sign escrow instructions?
Your Escrow Officer or Real Estate Agent will contact you to make the appointment for you to sign your escrow instructions, Grand Deed and final papers. At this time, the Escrow Officer will also tell you the approximate amount of proceeds you will receive for the sale of your home.

What's the next step after I've signed the closing escrow papers?
After both parties have signed all the necessary instructions and documents, the Escrow Officer will return the Buyer's loan documents to the Lender for a final review. This review usually occurs within a few days of execution of the documents. After the review is completed the Lender is ready to fund the Buyer's loan and inform the Escrow Officer.

How long is an escrow?
The length of an escrow is determined by the terms of the purchase agreement and can range from a few days to several months. An escrow often averages 30 to 45 days.

What is an "Escrow Closing"?
An escrow closing is the culmination of the transaction. It signifies legal transfer of title from the Seller to the Buyer.

Generally the Grant Deed and Deed of Trust are recorded within one working day of the escrow holder's receipt of loan funds. This completes the transaction and signifies the "close of escrow". Once all the conditions of the escrow have been satisfied, the Escrow Officer informs you or your Agent of the date escrow will close and takes care of the technical and financial details.

Do I continue to pay my monthly mortgage payment?
Yes, your mortgage payment(s) must be kept current throughout the course of the escrow transaction. If the payments are not kept current, the Lender(s) can/will assess and collect late charge(s).

When are my existing loans paid off?
Unless the Buyer takes over your existing loan(s) on the property, the loan(s) will be paid off at the close of escrow. You will need to furnish complete information to your Escrow Officer and Real Estate Agent on each loan against our property. Please be prepared to provide the name of each Lender. Your Escrow Officer will need this information to order the loan payoff demands so the loan(s) may be paid off correctly at the close of escrow. Homeowners Association information may also be required if you are selling a condominium, townhouse or property located in a planned unit development. All of this information will help to ensure the timely closing of your escrow.

What are disclosures and contingencies?
During the process of selling your property, you will be asked to fill out a property disclosure form which is now required by law. In this document you will inform the Buyer of any significant facts you have about the conditions of the property. If you are moving to California, other disclosures may be necessary. Your Real Estate Agent or Escrow Officer will assist you with these.

There will be various contingency dates in your real estate sales contract. You should be very aware of these and be sure that the actions required are performed in a timely manner. Such contingencies include the Buyer's loan approval, approval of Preliminary Title Report, approval of structural pest control and other inspections. Stay closely in touch with your Real Estate Agent regarding these important dates.

When and where do I get my final proceeds check?
The proceeds check is disbursed upon close of escrow, when the Escrow officer is able to verify with the County Records Office that the documents have recorded and legal transfer has occurred. The proceeds check is usually delivered to your Real Estate Agent.

What happens to funds held in escrow?
In some cases the escrow company will be instructed to hold funds in escrow to payoff obligations which may not have been completed yet, even after the close of escrow. An example might be to set aside funds to correct a structural problem, remodeling or termite repair work. Upon completion of the project and receipt of the proper documentation and/or releases, the Escrow Officer will disburse the reserved funds to you.

The Title Process

Escrow Officer opens title order with Title Department

Title Department verifies Legal & Vesting

Title Department orders updated Preliminary Title Report (prelim) from Searching Department

A Searcher examines computer output and determines if additional records are needed to complete the search

Engineering Department prepares map(s) and plots easements if requested

An Examiner assembles the search package and writes the Preliminary Title Report

Preliminary Title Report is delivered to Title Officer via delivery, fax or e-mail

Title Officer examines Prelim and delivers it to Escrow Officer and Lender

New documents, payoff demands and statements of information are submitted to the Title Department

Escrow Officer requests recording from Title Department

Documents record the following morning and liens of record are paid off

Prelim is updated with the newly recorded documents and Title Policy is issued

Title Policy is released to client

The Title Search

What happens right after escrow is opened?
Right after escrow is opened, the escrow officer orders a title search to be conducted to trace the chain of title back through every available record. This title search will determine whether the person representing himself as the current owner actually has legal ownership and hence the right to sell the property at all. The search will also reveal what, if any, defects exist on the title. Just as a life insurance company will not insure a person without a thorough physical examination, a title insurance company will not issue a policy of title insurance without doing a thorough title search.

The results of this search are compiled into what is called, in most Western states, a preliminary title report or "prelim". In some states, it's called a commitment of title; in others, it's called an encumbrance report. No matter what it is called, it reflects the conditions under which a title company is willing to issue a policy of title insurance. Still other states handle their title search results somewhat differently. Some title search firms will issue an abstract of title, "abstract" for short, which reflects the various documents in the chain of title without giving any determination as to the title's condition.

How is a title search performed?
In order to trace a property's chain of title, a title examiner searches the records of the county recorder, county assessor, and other government taxing agencies to locate any and all documents which might affect the title to a given property.

Most title companies have access to an electronic title plant. This is where they keep duplicates of recorded documents, along with copies of certain recorded documents from offices and courts at the federal, state, county and municipal levels, any of which may affect titles. Thus, the examiner generally doesn't even have to leave the building to search through these documents.

In the search, the title examiner has four primary determinations to make:
- The exact description of the property
- The estate or interest in the property
- The vesting of the estate or interest, and
- The exceptions (liens, encumbrances and defects) affecting the particular vested interest and subject property

What is a Preliminary Report?

A **Preliminary Title Report** is a dated formal report that sets out in detail the conditions under which a policy of title insurance would be issued on a particular parcel of land. Its sole purpose is to facilitate the issuance of the policy.

Within a short time after a title order has been opened, the matters of record relative to the issuance of the title insurance policy on the subject property have been assembled in the title search and examined by skilled technicians. This is the time when the Preliminary Report is prepared and sent to the customer. The report reflects the matters which would be shown as exceptions in a policy of the title insurance so that the parties to the transaction will be aware of any of those matters of record that may need to be cleared prior to the closing of the transaction. This report is issued before the title policy -- hence the name Preliminary Title Report.

Those matters shown in the report are as follows:

- The estate or interest covered
- The recorded owner of the estate or interest
- A legal description of the parcel of land covered
- Requirements and Notes
- The easements, liens, encumbrances and other matters which affect the title to the land at the date and time of the report

The investigation of title includes matters contained in the public records and, depending upon the type of final policy that is issued, certain off record matters that may be disclosed by an inspection of the subject property.

What to look for in your Preliminary Report

1. Owner's Name: Are the names the same as shown on the Purchase Agreement/Deposit Receipt? Have all parties executed and approved the Deposit Receipt?
2. Type of Estate or Interest: Fee title or other (Leasehold or Equitable)
3. Printed Exceptions: Current taxes, supplemental taxes (due to recent reassessment), lien for future supplemental taxes, sale to State for unpaid delinquent taxes/bonds.
4. Easements: Understand the type and location of all easements.
5. Covenants, Conditions and Restrictions: Declaration by owners of any subdivisions prior to sale describing property restrictions and agreements affecting said property and future owner's.
6. Deeds of Trust: All existing loans against the property or the existence of any paid-off loans which have not yet been reconveyed of record.
7. Notice of Default: Alerts all parties of an existing foreclosure proceeding.
8. State or Federal Tax Liens, Judgements, Bankruptcy or other court proceedings affecting the seller and/or the property.
9. Legal Description: A method of geographically identifying a parcel of land, by lot and block or metes and bounds. Also discloses assessors parcel number.

Comparing Policies

Protect Your Customer AND Yourself with CORINTHIAN TITLE & ESCROW

ALTA HOMEOWNER'S POLICY

CLTA Policy

1 - Someone else owns an interest in your title to the property
2 - A document is not properly signed
3 - Forgery, Fraud, Duress
4 - Defective recording of any document
5 - Restrictive covenants
6 - There is a lien on your title because there is:
  a) a deed of trust
  b) a judgment, tax, or special assessment
  c) a charge by the homeowners association
7 - Title is unmarketable
8 - Lack of right of access to and from the land

ALTA Homeowner's Policy

9 - Mechanic's lien protection
10 - Forced removal of a structure because it:
  a) extends onto other land or onto an easement
  b) violates a restriction in Schedule B
  c) violates an existing zoning law
11 - Can't use land for SFD due to zoning or restrictions
12 - Unrecorded lien by the homeowner's association
13 - Unrecorded easements
14 - Others have rights arising out of leases, contracts or options
15 - Pays rent for substitute land or facilities
16 - Inflation protection
17 - You do not have legal right of access
18 - Building permit violations - forced removal*
19 - Subdivision Map Act violations*
20 - Zoning violations - forced encroachment*
21 - Boundary wall or fence encroachment*
22 - Restrictive covenant violations
23 - Post-policy defect in title
24 - Post-policy contract or lease rights
25 - Post-policy forgery
26 - Post-policy easement
27 - Post-policy limitation on use of land
28 - Post-policy damage from minerals or water extraction
29 - Post-policy living trust coverage
30 - Post-policy encroachment by neighbor other than wall or fence
31 - Enhanced access - vehicular and pedestrian
32 - Damage to structure from use of easement
33 - Post-policy automatic increase in value up to 150%
34 - Post-policy correction of existing violation of covenant
35 - Post-policy limitation of use
36 - Post-policy prescriptive easement
37 - Street address is correct
38 - Map not consistent with legal description
39 - Coverage for spouse acquiring through divorce
40 - Violations of building setbacks
41 - Discriminatory covenants
42 - Insurance coverage forever

Corinthian Title and it's employees are committed to providing the very best customer service and products in the title and escrow industry!

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Coverage is for 1 to 4 family residences

This chart is intended for comparison purposes only and is not a full explanation of policy coverage. Policy coverages are subject to the terms, exclusions, exceptions and deductibles shown in the policy.

*Subject to a deductible and a maximum indemnity liability, which may be less than the policy amount.

Who Pays What?

Seller's financial responsibilities

- Seller's real estate compensation
- Document preparation fee for deed
- Documentary transfer tax
- Any city transfer/conveyance tax (according to contract)
- Any loan fees required by buyer's lender
- 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 if any prepayment penalties
- Termite inspection (according to contract)
- Termite work (according to contract)
- Home warranty (according to contract)
- Any judgments, tax liens, etc., against the seller
- Tax proration (for any taxes unpaid at time of transfer of title)
- Any unpaid homeowner's dues
- Recording charges to clear all documents of record against seller
- Any bonds or assessments (according to contract)
- Any and all delinquent taxes
- Notary fees
- Escrow fees (according to contract)
- Title insurance premium (according to contract)
- Seller Concessions (if any) - see page 25

Buyer's financial responsibilities

- Buyer's real estate compensation
- Title insurance premium (according to contract)
- Escrow fees (according to contract)
- Notary fees
- Recording charges for all document's in buyer's names
- Inspection fees (roofing, property inspection, geological, etc.)
- Termite inspection (according to contract)
- Home warranty (according to contract)
- Fire insurance premium for first year
- Tax proration (from date of acquisition)
- City transfer / conveyance tax (according to contract)
- Homeowner's transfer fee
- All new loan charges (except those required by lender for seller to pay)
- Interest on new loan from date of funding to 30 days prior to first payment date
- Assumption / change of records fees for takeover of existing loan (if applicable)
- Beneficiary statement fee for assumption of existing loan

Who owns what – Personal property vs. real property

The distinction between personal property and real property can be the source of difficulties in a real estate transaction. A purchase contract is normally written to include all real property; that is, all aspects of the property that are fastened down or which are an integral part of the structure. For example, this would include light fixtures, drapery rods, attached mirrors, trees and shrubs in the ground. It would not include potted plants, freestanding refrigerators, washer/dryer, microwave, bookcases, swag lamps, etc.

If there is any uncertainty whether an item is included in the sale or not, it is best to be sure that the particular item is mentioned in the purchase agreement as being included or excluded.

Seller's Cost Sheet

Sales Price	$____________________
Estimated Balance - First Loan	$____________________
Interest	$____________________
Prepayment Penalty	$____________________
Estimated Balance - Second Loan	$____________________
Interest	$____________________
Prepayment Penalty	$____________________
Termite Inspection (plus repairs if any)	$____________________
Recon. Fees	$____________________
Drawing, Recording & Notary Fees	$____________________
Document Preparation Fees	$____________________
Homeowners Association Dues (if any)	$____________________
Loan Discount Points (if any)	$____________________
Buyer's Closing Cost (if any)	$____________________
Taxes	$____________________
Selling Compensation	$____________________
Miscellaneous	$____________________
Total Charges	$____________________
Estimated Total Net	$____________________

Closing Costs Checklist

Fees can vary, so be sure to check them carefully. This list will give you an idea of what the closing costs are for, not necessarily the specific amounts.

1. **Compensation** ❑ **YES** ❑ **NO**
   If a home is listed with an Agent, the Seller will have compensation to pay. Always make sure it is calculated correctly (usually 5-7%) on the closing statement.
2. **Taxes** ❑ **YES** ❑ **NO**
   The Seller is required to pay his portion of property taxes through the last day of ownership. It will be prorated. A refund will be issued if annual taxes were paid in advance.
3. **Insurance** ❑ **YES** ❑ **NO**
   Normally the Buyer gets a new policy. If they decide to take over the Seller's existing policy, there should be a refund of the difference to the Seller.
4. **Assessments & Liens** ❑ **YES** ❑ **NO**
   Any time there are liens or assessments against individuals and/or the property, they will need to be paid off before the close of escrow. This could be a back tax line or judgment. Always make sure to double-check the figures so that these are not overpaid.
5. **Escrow & Title Insurance** ❑ **YES** ❑ **NO**
   Normally, the Seller pays the title insurance fee for the Buyer which is referred to as the "Owners Policy" covering the new owner's interest and "title" to his/her new property. The Buyer will pay for his "Lenders" policy which will cover his new lender's interest in the "title" to the property.
6. **Inspection Fees / Other Fees** ❑ **YES** ❑ **NO**
   There are all kinds of inspection and miscellaneous fees that you could end up paying for. Be careful to check all charges on your closing statement. Nothing is standard and most everything is negotiable. Make sure the service was done or provided before you agree to pay for it. Make sure the charges are fair and not excessive. The time to argue about who pays what is BEFORE you sign escrow instructions. Once you have signed, you have agreed. The instructions cannot be changes unless mutually agreed by all parties, in writing!

Termite Inspection	❑ **YES**	❑ **NO**
Termite Removal Costs	❑ **YES**	❑ **NO**
Deed Recording Charges	❑ **YES**	❑ **NO**
Loan Assumption Fees	❑ **YES**	❑ **NO**
Home Warranty	❑ **YES**	❑ **NO**
Attorney's Fees	❑ **YES**	❑ **NO**
Document Preparation Fees	❑ **YES**	❑ **NO**
Tax Service Fees (if given second mortgage)	❑ **YES**	❑ **NO**

The point to remember with closing costs is to make sure you have "agreed in advance" to the validity of the charge as well as making sure the service was actually performed and completed to your satisfaction. This includes everything from termite inspections to their removal, attorneys fees, etc. Should you have any disagreement on closing costs, don't sign closing statements until you are satisfied that all charges and fees are valid and correctly calculated. Your escrow officer should be able to correct most problems. All charges should be disclosed in writing. If there's a problem, check the escrow instructions.

TITLE INSURANCE PREMIUM
Fee paid by an individual to insure a marketable title or, in the case of a lender, to insure the lien position.

TRANSFER & ASSUMPTION CHARGES
Fees charged by a lender to allow a new purchaser to assume the seller's existing loan.

INSPECTION FEES
The cost for inspections performed. Example: pest, home, roof, etc.

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

LOAN FEES
Fees charged by a lender in connection with the processing of a new loan. These may include points, origination fee and credit report.

PREPAID INTEREST
Depending on the time of month a loan closes, the per diem charge may vary from a full month's interest to a few days.

ESCROW FEES
Fees charged by a title and/or escrow company for services rendered in coordinating the closing and preparing documents necessary to close a real estate transaction.

TAXES
The buyer may be required to reimburse the seller for property taxes, depending upon the month in which the transaction closes.

REAL ESTATE COMPENSATION
Fee paid to a real estate broker for services rendered in listing, showing, selling and consummating the transfer of property.

HOMEOWNER'S INSURANCE
Lenders typically require the first year of fire and hazard insurance be paid by escrow funds.

Understanding Closing & Title Costs

What services will I be paying for when I pay closing costs? You will usually be paying for such things as real estate compensations, appraisal fees, loan fees, escrow charges, advance payments such as property taxes and homeowner's insurance, title insurance premiums, pest inspections and the like.

How much should I expect to pay in closing costs? An estimate of your closing costs will be provided to you pursuant to the Real Estate Settlement Procedures Act after you submit your loan application. An itemized list of charges will be prepared when you close your transaction and take title to your new property.

Can I pay for my closing costs in installments? No, and it is easy to understand why. Many different parties will have fulfilled their responsibilities and be awaiting payment upon closing. The title or escrow company will disburse monies to those parties, pursuant to the escrow instructions, when funds are available.

Will I be allowed to write a personal check to cover my closing costs? Your closing funds should be in the form of a cashier's check, issued by a California institution, made payable to the title company or escrow office in the amount requested. A personal check may delay the closing or may be unacceptable to the title or escrow company.

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. Your home is an important purchase, and you will want to be certain your home is yours, all yours. Title insurance companies insure your rights and interests in order to protect you against claims.

Your lender is looking to insure the enforce ability of their lien on your property and marketability. What is meant by "marketability"? Well, we in California have long been importers of mortgage money. Local lenders will "originate" a loan here and, often, sell it to an out-of-state investor. This investor, who may never see the property, needs to know that he/she has a valid and enforceable lien. Title insurance is the way of making certain. Without a current title policy, the loan is essentially unmarketable.

Is it a law in California that I must purchase title insurance when I buy or refinance a home? No. However, virtually all lenders require title insurance for the face amount of their deed of trust, whether purchase or refinance. Prudent owners also value the protection afforded by the payment of the one-time title insurance premium.

How much can I expect to pay for title insurance? Your title insurance premium may actually amount to less than one percent of the purchase price of your home, and less than 10 percent of your total closing costs. The title policy is good for as long as you own the property with the payment of only one premium.

Who will pay for title insurance charges, the buyer or the seller? Surprisingly, "who pays" is not uniform from county to county in California. 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 county. (See the "Who Pays" section of this guide)

What does my title dollar pay for? Title insurers, unlike property or casualty insurance companies, operate under the theory of "risk elimination". Risk elimination can only be accomplished after an intensive period of risk identification. Title companies spend a high percentage of their operating revenue each year collecting, storing, maintaining and analyzing official records for information that affects title to real property.

The issuance of a title insurance policy is highly labor-intensive. It is based upon the maintenance of a title "plant" or library of title records, in many cases dating back over a hundred years. Each day, recorded documents affecting real property are posted to these plants so that when a title search on a particular parcel is requested, the information is already organized for rapid and accurate retrieval.

Trained title experts are able, with the aid of their extensive title plants, to identify the rights others may have in your property, such as recorded liens, legal actions, disputed interests, rights of way or other encumbrances on your title. Before closing your transaction, you can seek to "clear" those encumbrances which you do not wish to assume.

The goal of title companies is to conduct such a thorough search and evaluation of public records that no claims will ever arise. Of course, this is impossible – we live in an imperfect world, where human error and changing legal interpretations make 100 percent risk elimination impossible. When claims arise, title insurance companies have professional claims personnel to make sure that your property rights are protected pursuant to the terms of your policy.

To conclude, when you pay for your title insurance policy, you are paying for a team of professionals who have worked together to deliver you a title insurance policy which represents protection for your ownership of real property.

Who can I look to for straight answers on title, closing and closing costs? Title or escrow company personnel are available to review and explain your title policy and your closing statement. Should you still have further questions or need legal or tax advice, your title or escrow officer can help by referring you to the proper source for your answer. Remember, the title or escrow officer is not a legal counsel and cannot give you legal advice. It is their responsibility to give impartial service to all customers.

Property Tax Information

TAX DATES

January 1 – Assessment date
Taxes become a lien at 12:01 am. Not yet due and payable for the Fiscal Year starting July 1. Thereafter title evidence must show taxes as a lien for the coming Fiscal Tax Year.

April 15 – Last day to file for 100% veterans or homeowners exemption
To be eligible for applicable exemptions you must own and occupy property on January 1.

July 1 – Current fiscal tax year begins

October
Tax Collector mails out original secured property tax bills.

November 1 – First installment due
(First installment – July 1 to December 31)

December 1 – Last day to file for 80% veterans or homeowners exemption

December 10 – First installment becomes delinquent at 5 pm
A 10% Penalty is added as of 5:00 pm.*

January 1 – Calendar year begins
Tax Collector mails delinquent notices for any unpaid first installment current secured taxes

February 1 – Second installment due
Second installment of secured taxes is Due and Payable (January 1 - June 30)

April 10 – Second installment becomes delinquent at 5 pm
A 10% Penalty plus $10.00 administrative charge attaches*

May
Tax Collector mails delinquent notices for any unpaid, second installment current secured taxes

June 30 - Property tax may become defaulted
If you fail to pay either or both installments by 5 pm, property tax becomes defaulted and additional costs and penalties accrue. End of fiscal year.

July 1
Delinquent accounts are transferred to delinquent tax roll (tax-defaulted property) and additional penalties added at 1-1/2% per month on any unpaid tax amounts, plus $15.00 redemption fee.

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

Reminder – Property may be sold at public auction after 5 years of delinquency.

How property taxes are determined
Property taxes are governed by California State Law and collected by the county. The County Assessor must first assess the value of your property to determine the amount of property tax.

Generally the assessed value is the cash or market value at the time of purchase. This value increases not more than 2% per year until the property is sold or new construction is completed.

The Auditor-Controller applies the appropriate tax rates, which include the general tax levy, locally voted special taxes, and any city or district direct assessments.

The Tax Collector prepares property tax bills based on the auditor-controller's calculations, distributes the bills, then collects the taxes.

Can you disagree with the amount?
You may apply to the Assessor to see if that office will change valuation.

Additionally, Appeals boards have been established for the purpose of resolving valuation problems. Appeals on regular assessments may be filed between July 2 and September 15. Appeals on corrected assessments, escaped assessments (assessments that did not take place when they should have), or supplemental assessments must be filed no later than 60 days from the mailing date of the corrected, escaped or supplemental tax bill.

File an appeal but remember to pay the tax
If you choose to appeal, still pay your tax installments in full by the appropriate deadlines or you may incur penalties. If your appeal is granted, a refund will be issued to you.

Did you recently purchase property?
Although Escrow prorates taxes and gives appropriate credit between buyer and seller, the actual taxes may not have been paid and you are responsible for any unpaid taxes at the close of escrow.

Read your escrow papers and/or title report to determine if any portion of the annual taxes were paid by the previous owner before the close of escrow.

The Tax Collector will not send a bill for the remainder of the year in which you acquired the property unless requested. If any taxes remain unpaid, call the Tax Collector and request a bill. When you call, give the Assessor's Parcel Number.

Supplemental real property taxes
The supplemental real property tax law was signed by the governor of California in July of 1983 and is part of an ambitious drive to aid California schools.

Several events may cause a reassessment of real property value by the County Tax Assessor. The reassessment may result in new or additional taxes. The most common cause is the transfers of ownership and issuing new building permits. Your lender's impound account does not provide for additional supplemental taxes as they are not prorated in escrow. Unless there is an unpaid supplemental bill outstanding at the time escrow closes.

Once you have closed escrow in your property, the Assessor may appraise the property. You can be billed in as few as three weeks or it could take more than six months. Timing will depend upon the individual county workload of the County Assessor, the County Controller/Auditor and the County Tax Collector. At that time, you will have the opportunity to discuss your valuation, apply for a Homeowner's Exemption, and be informed of your right to file an Assessment Appeal which disputes the new tax valuation.

Withholding on California real estate
Real estate withholding is a prepayment of state income taxes for sellers of California Real Estate. Sellers subject to withholding by the Franchise Tax Board include all individuals (residents and nonresidents). This withholding also applies to certain non-individuals with a last known street address outside California.

In California all transferees (buyers) are required to withhold 3-1/3% of the total sales price unless exempt by reasons listed below. The amount withheld will be held in trust for the State of California according to the law.

Effective January 1, 2003, 3-1/3% of the total sales price is required to be withheld unless:

1) The property sales price is less than $100,000;
2) The property is the principal residence of an individual transferrer;
3) The transfer is an exempted non-individual which includes a corporation with a permanent place of business in California immediately after the transfer, a partnership or LLC (excepting single member LLC's), a tax exempt entity, insurance company, IRA or qualified pension plan, irrevocable trust with a California trustee, estate with a California decedent, or a bank, including a bank acting as a fiduciary for a trust;
4) The property is transferred to a corporate beneficiary by foreclosure or deed in lieu;
5) The property is transferred by an individual and will be replaced in a like kind exchange pursuant to IRC Section 1031, but withholding is required as to any "boot".
6) An individual as an involuntary conversion transfers the property with the intent to acquire eligible replacement property; or
7) An individual transferrer certifies under penalty of perjury that the transaction will result in a loss for California income tax purposes.

The new law only allows for reduced withholding request for waivers from non-individuals. For answers to questions specific to your transaction, please contact your local **Corinthian Title Company** branch.

Tax Calendar

Annual Property Tax Bills are collected in Two Installments

First Installment	Second Installment
July - December	January - June
Due November 1 • Late December 10	Due February 1 • Late April 10

BUYER

If you close...	Buyer will owe	If taxes are current
January 1	6 months	of Second Installment
February 1	5 months	of Second Installment
March 1	4 months	of Second Installment
April 1	3 months	of Second Installment
May 1	2 months	of Second Installment
June 1	1 month	of Second Installment
July 1	6 months	of First Installment
August 1	5 months	of First Installment
September 1	4 months	of First Installment
October 1	3 months	of First Installment
November 1	2 months	of First Installment
December 1	1 month	of First Installment

SELLER

If you close...	Seller will owe	If taxes are current
January 1	6 months	of First Installment
February 1	1 month	of Second Installment
March 1	2 months	of Second Installment
April 1	3 months	of Second Installment
May 1	4 months	of Second Installment
June 1	5 months	of Second Installment
July 1	6 months	of Second Installment
August 1	1 month	of First Installment
September 1	2 months	of First Installment
October 1	3 months	of First Installment
November 1	4 months	of First Installment
December 1	5 months	of First Installment

Your Supplemental Tax Bill

Reason for this bill
This onetime assessment is the result of a change of ownership or completion of new construction. The exact activity is indicated on the bill under "Billing Explanation". The amount of the supplemental assessment is the difference between the new appraised value of your property and the prior appraised value.

Paying this bill
This supplemental bill is in addition to your regular annual tax bill. The amount of the bill has been entered on the County's tax roll and is payable by the due dates shown on the bill. If your property taxes are paid by a lender or taxpaying agent, contact them about paying this bill. No notice of this bill will be sent to them.

Activities between July 1 and February 28
If the date of the activity occurs between July 1 and February 28, you will receive one supplemental bill for the period from the date of the activity through the end of the tax year, June 30.

Activities between March 1 and May 31
If the date of the activity occurs between March 1 and May 31, you will receive two supplemental bills (each bill is mailed separately):

- One bill is for the period from the date of the activity through the end of the tax year, June 30.
- The other bill is for the entire next tax year, from July 1 of the same year through June 30 of the next year.

Activities in June
If the activity occurs in the month of June, you will receive one bill for the entire next tax year, from July 1 of the same year through June 30 of the next year.

Prorated bill between two owners
In some cases, a parcel changes ownership before a supplemental bill is able to be issued for a prior change of ownership or completion of new construction. In these cases, the bill for the prior activity is prorated between the prior owner and the current owner based on the number of days each owner owned the property in the period between the first activity and the end of the tax year, June 30. If you are the prior owner, your bill is on the unsecured tax roll; if you are the current owner, your bill is on the secured tax roll.

Bill computation
The computation of the bill amount is shown on the bill, directly above "Billing Explanation". The bill amount is the product of three possible factors:

- **The Tax Amount Factor** is the tax amount for a full tax year (the supplemental assessment amount times the tax rate)
- **The Monthly Proration Factor** is the number of full calendar months after the date of the activity through the end of the tax year represented as a fraction of a whole year.
- **The Days Owned Factor** (applies only to prorated bills between two owners, as explained above) is the number of days you owned the property during the tax year represented as a fraction of the total number of days from the date of the activity to the end of the tax year, June 30.

Glossary of Terms

Adjustable Mortgage Rate (ARM): A mortgage with an interest rate that changes over time in line with movements with the index.

Agent: One who is authorized to act for or represent another (principal), usually in business matters. Authority may be expressed or implied.

Amortization: Payment of debt in regular, periodic installments of principal and interest, as opposed to interest only payments.

Annual Percentage Rate (APR): Total finance charge (interest, loan fees, points expressed as a percentage of the loan).

Appraisal Report: Written report by an Appraiser containing their opinion as to value of the property and the reasoning leading to this opinion. Factual data supporting the opinion, such as comparables, appraisal formulas and qualifications of the Appraiser, will also be set forth.

Appreciation: An increase in value of real estate.

"As-is" Condition: Premises accepted by Buyer of the condition existing at the time of the sale, including all physical defects.

Asking Price: The price at which the Seller is offering the property for sale. The eventual selling price may be less after negotiation with the Buyer.

Assumption of Mortgage: A Buyer's agreement to assume the liability under an existing note that is secured by a Mortgage or Deed of Trust. The Lender must approve the Buyer in order to assume the loan.

Balloon Payment: Final payment of a mortgage loan when its larger than the regular payment. Usually extinguishes the note.

Beneficiary's Demand: Written instructions by a beneficiary under Deed of Trust stating and demanding the amount necessary for issuance of reconveyance, whether a full or partial amount.

Cap: The limit on how much an interest rate or monthly payment can change, either at each adjustment or over the life of the mortgage.

Capital Gains: The taxable profit derived from the sale of a capital asset. It is the difference between the sale price and the basis of the property, after making appropriate adjustments for closing costs, fixing-up expenses, capital improvements, allowable depreciation, etc.

Certificate of Reasonable Value (CRV): A document that establishes the maximum value and loan amount for a VA guaranteed loan.

Closing Statement: The statement which lists the final financial settlement between Buyer and Seller and the costs each must pay. A separate statement for Buyer and Seller are generally prepared.

Compensation: An amount, usually a percentage, paid to an agent (Real Estate Broker) as compensation for his/her services. The amount to a Real Estate Broker is generally a percentage of the sale price.

Condominium: A system of individual fee ownership of units combined with joint ownership of common areas of the structure and land.

Contract for Deed: A contract ordinarily used in connection with the sale of a property in cases where the seller does not wish to convey title until all or a certain part of the purchase price is paid by the buyer.

CC&R's: Covenants, Conditions and Restrictions. A document that controls the use requirements and restrictions of a property.

Earnest Money: The portion of the down payment provided by the Buyer, delivered to the Seller or Escrow Agent with a written offer as evidence of good faith.

Due on Sale Clause: An acceleration clause that requires full payment of a mortgage or deed of trust when the secured property changes ownership.

Federal National Mortgage Association: Popularly known as Fannie Mae. A privately owned corporation created by Congress to support the secondary mortgage market. It purchases and sells residential mortgages insured by FHA or guaranteed by VA, as well as conventional home mortgages.

Grant Deed: One of the many types of deeds used to transfer real property. Contains warranties against prior conveyances or encumbrances. When title insurance is purchased, warranties in a deed are of little practical significance.

Listing: An agreement between an Owner of real property and a Real Estate Agent, whereby the Agent agrees to secure a Buyer for specific property at a certain price and terms in return for a fee or compensation.

Listing Agent: Real Estate Agent obtaining a listing as opposed to the Selling Agent.

Owner Will Carry Mortgage: A term used to indicate that the Seller is willing to take back a purchase money mortgage. (Can also be called a Seller Carry Back)

Pro Rate: To divide in proportionate shares, such as taxes, insurance, rent or other items, which Buyer and Seller share at the time of closing or other agreed upon time.

Purchase Agreement: A written document whereby the Purchaser agrees to buy certainreal estate and the Seller agrees to sell under stated terms and conditions. Also called Sales Contract, Earnest Money Contract or Agreement for Sale.

Realtor®: A designation given to a Real Estate Broker or Sales-Associate who is a member of a board associated with the National Association of Real Estate Boards.

Reconveyance: An instrument used to transfer title from a Trustee to the equitable Owner of real estate, when title is held as collateral security for a debt. Most commonly used upon payment in full of a Trust Deed. Also called a Deed of Reconveyance or Release.

Selling Agent: The Real Estate Agent obtaining the Buyer rather than listing the property, the Listing and Selling agent may be the same person or company.

Seller Concessions: Concessions in real estate are incentives like payment for closing costs, necessary repairs, or personal property like furniture that the seller offers the buyer to sweeten the deal and close the sale.

Seller Concessions

As a home seller, you have choices when deciding how to market your property, including whether you'd like to offer concessions to attract buyers or close a deal. Here's what you need to know as you consider whether this approach is right for you:

What are seller concessions and why make them?
A concession is when a seller pays for certain costs associated with purchasing a home for the buyer. Concessions could make your property more attractive to buyers or lead to a better or faster offer. Concessions also help make home ownership more accessible for buyers by reducing upfront expenses, so buyers with limited cash reserves may be able to stretch their budget further.

What are some examples of concessions I can offer?
You have options. Concessions can include covering costs associated with a title search, loan origination, inspection, homeowners' associations, real estate taxes, or home repairs and updates. They can also be used to cover fees for professionals like agents and appraisers.

How do seller concessions work?
Concessions can be advertised upfront or negotiated as part of a home purchase agreement. In the agreement, a concession is often written as a specific dollar amount. Seller concessions usually aren't binding until they are put in a contract like a purchase agreement.

What's the difference between a concession and an offer of compensation?
Concessions can cover a variety of costs or fees for a buyer associated with purchasing a home, whereas an offer of compensation is specifically when the seller or their agent agrees to compensate a buyer's agent for bringing a buyer who successfully closes the transaction.

How do I tell buyers I'm offering concessions?
Concessions can be advertised publicly, shared on a Multiple Listing Service (MLS) - an online platform that compiles home listings from different sources - or discussed during purchase negotiations. Keep in mind that not all MLSs allow concessions to be advertised, and some only allow you to indicate whether you are offering a concession with a simple "yes" or "no." If you choose to put a concession on an MLS, it must be written as the total sum of all concessions offered and can't be conditioned on the use of, or payment to, a buyer's agent.

Is there a limit to the concessions I can offer?
Yes. The limit on the total value of concessions you can offer depends on the terms set by the buyer's lender and state law. However, any payment you offer toward the buyer's broker's fee is excluded from this amount and must be made off-MLS.

How do I know what option is best for me?
When you work with an agent who is a REALTOR®, you are working with a professional guided by ethical duties under the REALTOR® Code of Ethics, including the pledge to protect and promote the interests of their clients. Your agent will work with you to weigh your options, answer questions, and develop a strategy you are confident in.

Practices may vary based on state and local law. Consult your real estate professional and / or an attorney for details about state law where you are purchasing a home.