



PLACER TITLE COMPANY
A MOTHER LODGE COMPANY

A bright, modern dining room. The wall is made of stacked stone. A wooden table is set with a metal pitcher, a bowl of green apples, and two potted succulents. A black teapot is on the table. Large windows with white frames look out onto a wooden fence and greenery. Several glass pendant lights hang from the ceiling. The floor is light-colored stone tiles. The text 'HOMEBUYER'S HANDBOOK' is overlaid in large white letters on the right side of the image.

HOMEBUYER'S HANDBOOK

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REFERENCES

Welcome and thank you for choosing Placer Title Company. We understand that buying a home can be a complicated process. At Placer Title Company, we have been working with buyers since 1973, so you can rest assured that your transaction is being handled with experience and care.

For your convenience, we've provided the contact sheet below. Please fill it out. This is important reference information to the closing of your transaction with Placer Title. We look forward to working with you!

Escrow Number _____

Escrow Address _____

TITLE CONTACTS

Title Officer _____ Email _____

Title Assistant _____ Email _____

Phone _____ Fax _____

Address _____

ESCROW CONTACTS

Escrow Officer _____ Email _____

Escrow Assistant _____ Email _____

Phone _____ Fax _____

Address _____

ABOUT PLACER TITLE COMPANY

Placer Title Company (PTC) provides title searches and examinations, issues title insurance policies, handles commercial and residential escrows and other real estate related services. Placer Title continues to extend its commercial and residential services by empowering talented, innovative people to make the decisions necessary to satisfy customers and utilizing technology that delivers measurable improvement of service to our most valuable end user – our customer. Placer Title has the distinction of being the only independent title and escrow agency licensed in all California counties with nearly 50 offices located throughout Northern and Central California.

Mother Lode Holding Company (MLHC) provides title insurance, underwriting and transaction support services to the nation's real estate industry. With the founding of its principal subsidiary, Placer Title Company in 1973, Mother Lode has since expanded outside of its original California market to provide title and title-related products and services throughout the United States. The Mother Lode family of companies includes Placer Title Company, North Idaho Title, Montana Title and Escrow, Wyoming Title and Escrow, Texas National Title, Premier Title Agency, Premier Reverse Closings, and our National Lender Services Division – PTC/National Closing Solutions.

THE PTC STORY

Placer Title Company was founded by Leo French in 1973. Leo's vision was to create a work environment that emphasized people. His dream: "To bring together a group of people who really care about each other and about their customers." Leo believed that if this was accomplished, success would follow. It did. Beginning with only two offices—one in Roseville, California and the other in Auburn, California—Placer Title Company has grown throughout Northern California and beyond.

At Placer Title Company, our people are dedicated to the industry and are committed to giving exceptional service. Our staff's longevity, combined with the company's commitment to retaining long-term client relationships, has been the key to our success and makes us who we are today. Backed by the strength of MLHC, we have been able to diversify our business by creating Premier Reverse Closings and a National Lender Service Division — PTC/National Closing Solutions. Furthermore, we have expanded our title and escrow services by adding North Idaho Title, Montana Title and Escrow, Wyoming Title and Escrow, Texas National Title, and Premier Title Agency to our family of companies. By expanding our services, we can better serve our clients and offer solutions to all of their title and escrow needs. At Placer Title Company, we care about each other and our clients and continually demonstrate why we are a proven leader in the title and escrow industry.

Visit us on the web at **PlacerTitle.com** to locate one of our nearly 50 Northern and Central California locations.

DREAM HOME WISHLIST

Finding the perfect home starts with determining exactly what you are looking for and what you can realistically afford. Your Real Estate Professional and lender will work with you to accomplish both of these goals, but the worksheet below can help you get your home search off to the right start. Good luck!

In what areas are you interested in purchasing a home? (City/Zip)

What price range would you like to consider?

Minimum _____ Maximum _____

You are looking to move...

- Immediately Within 3 Months Within 6 Months
 Within 12 Months

What style of houses appeals to you?

- Contemporary Traditional Southwestern Colonial
 No Preference

Please complete the following:

Desired Square Footage Minimum _____ Maximum _____

Bedrooms 1 2 3 4 5

Baths 1 2 3

Garage Space 1 2 3 4

Kitchen Appliances Gas Electric

Heating (select all that apply) Gas Electric Hot Water

Age of Home Desired _____

How important is energy efficiency and low utility bills to you?

- Not Important Somewhat Important Very Important

Do you want to be close to...

- Schools? Yes No
 Public transportation? Yes No
 Parks? Yes No
 Major Corridors/Highways? Yes No
 Shopping? Yes No
 Work? Yes No

Do you have any physical needs that must be met, such as wheelchair access?

- Yes No

INTERIOR

	MUST HAVE	WOULD LIKE
One Story	<input type="checkbox"/>	<input type="checkbox"/>
Two Story	<input type="checkbox"/>	<input type="checkbox"/>
Storm Windows	<input type="checkbox"/>	<input type="checkbox"/>
Wood Floors	<input type="checkbox"/>	<input type="checkbox"/>
Wall-to-Wall Carpet	<input type="checkbox"/>	<input type="checkbox"/>
Separate Dining Room	<input type="checkbox"/>	<input type="checkbox"/>
Formal Living Room	<input type="checkbox"/>	<input type="checkbox"/>
Family Room	<input type="checkbox"/>	<input type="checkbox"/>
Great Room	<input type="checkbox"/>	<input type="checkbox"/>
Office/Den	<input type="checkbox"/>	<input type="checkbox"/>
Laundry Room	<input type="checkbox"/>	<input type="checkbox"/>
Basement	<input type="checkbox"/>	<input type="checkbox"/>
Fireplace	<input type="checkbox"/>	<input type="checkbox"/>
Central Heating/Air	<input type="checkbox"/>	<input type="checkbox"/>
Lots of Windows (light)	<input type="checkbox"/>	<input type="checkbox"/>

EXTERIOR

	MUST HAVE	WOULD LIKE
Attached Garage	<input type="checkbox"/>	<input type="checkbox"/>
Extra Parking	<input type="checkbox"/>	<input type="checkbox"/>
Swimming Pool	<input type="checkbox"/>	<input type="checkbox"/>
Spa, Hot Tub or Sauna	<input type="checkbox"/>	<input type="checkbox"/>
Patio/Deck	<input type="checkbox"/>	<input type="checkbox"/>
Landscaping	<input type="checkbox"/>	<input type="checkbox"/>
Fenced Yard	<input type="checkbox"/>	<input type="checkbox"/>
Large Yard (1 acre or more)	<input type="checkbox"/>	<input type="checkbox"/>
Small Yard (Less than 1 acre)	<input type="checkbox"/>	<input type="checkbox"/>
Water View	<input type="checkbox"/>	<input type="checkbox"/>
City View	<input type="checkbox"/>	<input type="checkbox"/>
Mountain View	<input type="checkbox"/>	<input type="checkbox"/>
Golf Course	<input type="checkbox"/>	<input type="checkbox"/>
Gated Community	<input type="checkbox"/>	<input type="checkbox"/>
Senior Community	<input type="checkbox"/>	<input type="checkbox"/>

DREAM HOME FINDER NOTES

Please use this page to keep notes of the homes that you have toured with your Real Estate Professional. You can make multiple copies of this page to note numerous properties.

THE BASICS

Property Address _____

MLS # _____

Price _____

Number of Bedrooms _____

Number of Bathrooms _____

Garage Size _____

Lot Size _____

Year Built _____

Square Feet _____

Style of House _____

Number of Floors _____

NEIGHBORHOOD

	GOOD	AVERAGE	FAIR
Appearance of Nearby Homes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Traffic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Noise Level	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Safety/Security	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Emergency Services (Fire/Police)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Parking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Number of Children	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Age Range of Inhabitants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

GENERAL IMPRESSION

Likes _____

Dislikes _____

THE HOME

	GOOD	AVERAGE	FAIR
Exterior Appearance/Condition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Floor Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Interior Walls	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Closet and Storage Space	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fireplace	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Basement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Laundry Room	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Landscaping/Yard	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Size of Yard	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Patio/Deck	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Roof - Age and Condition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gutters and Downspouts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

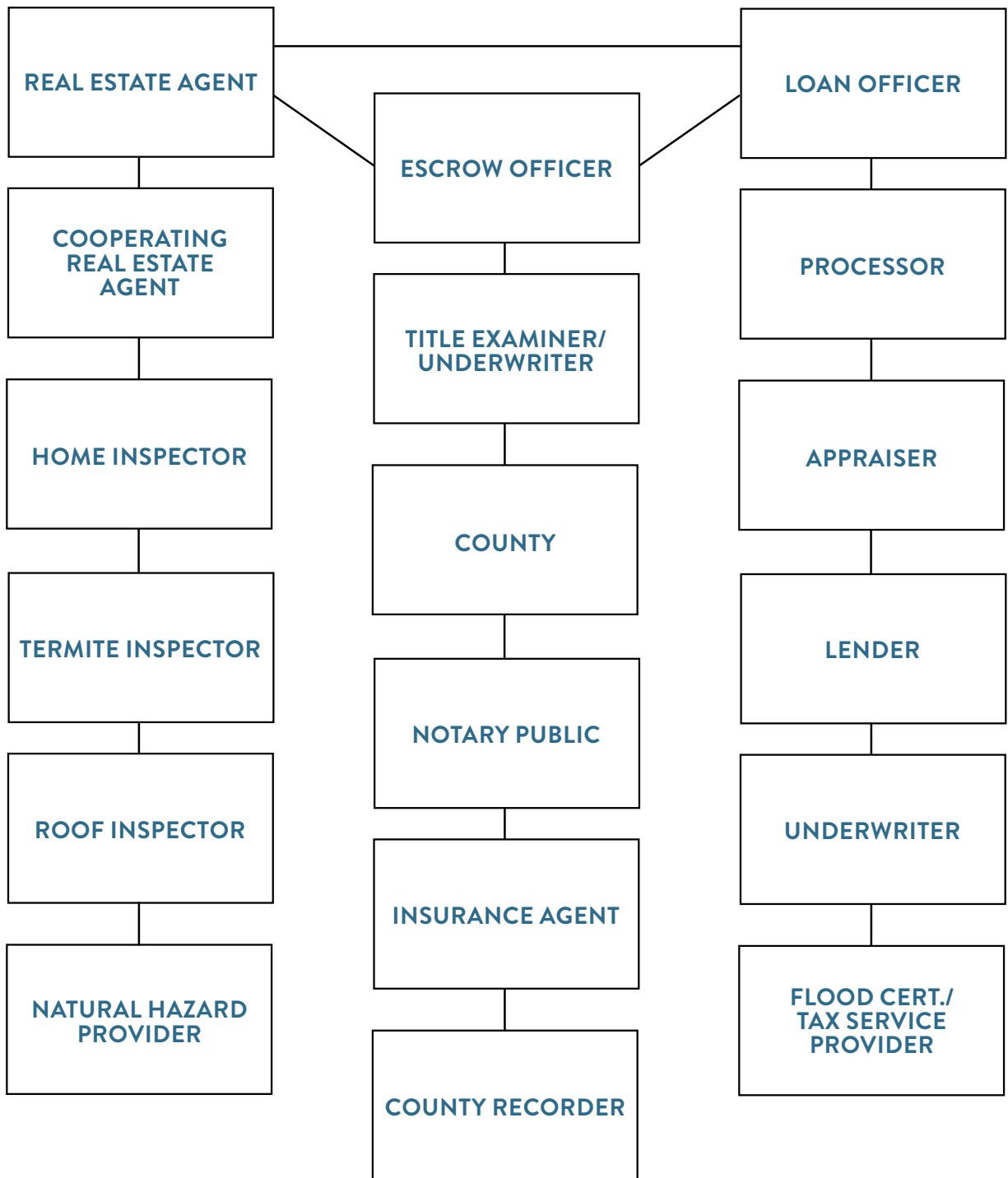
LOCATION & CONVENIENCE

	GOOD	AVERAGE	FAIR
Supermarkets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Schools	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Shopping	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Medical Care/Hospitals	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Recreation/Parks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Restaurants/Entertainment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Freeway Access	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Public Transportation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

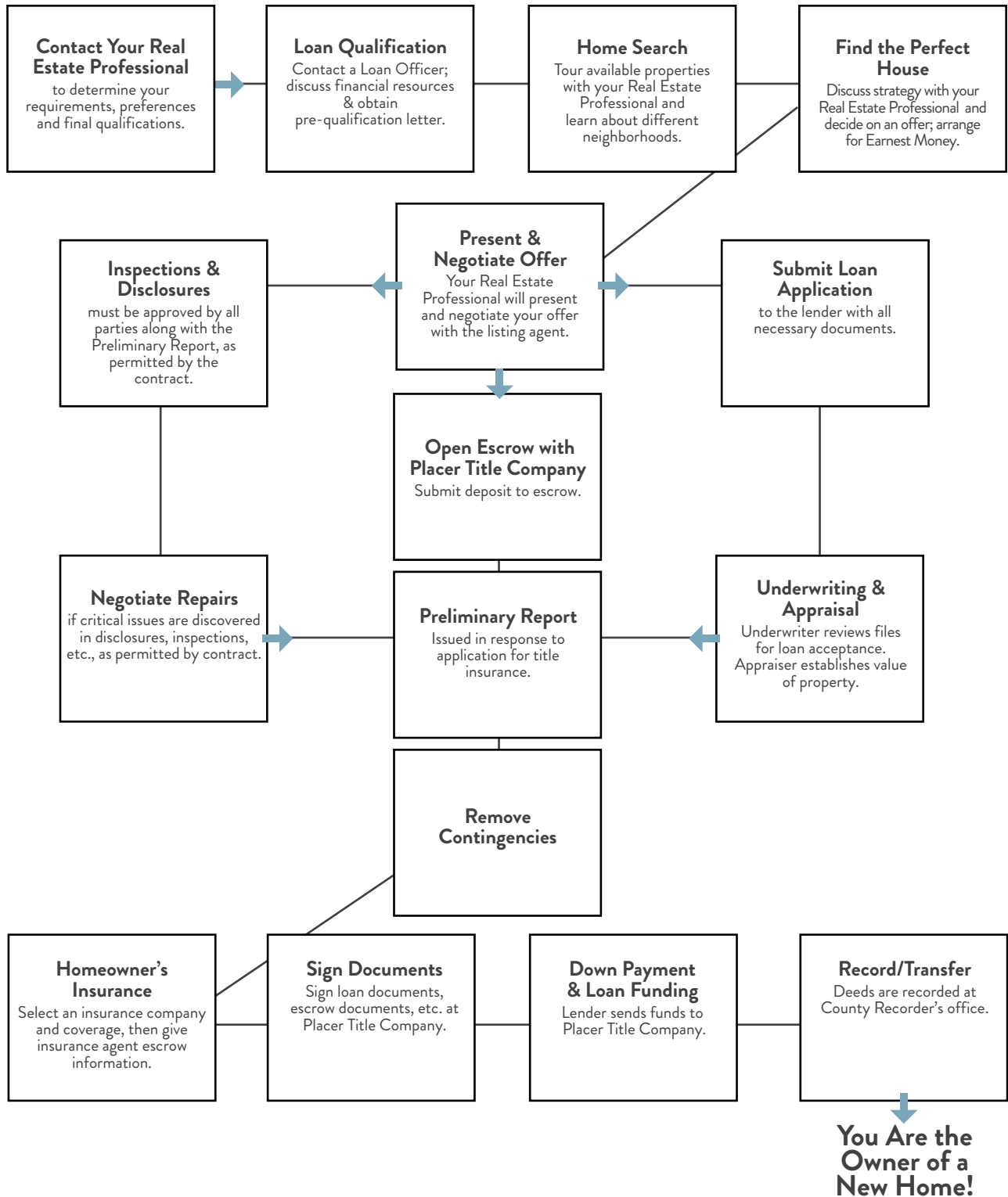
SCHOOLS

	GOOD	AVERAGE	FAIR
Age	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Condition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reputation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Playground	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Curriculum	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Class Size	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
School District	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

PROFESSIONALS IN THE TRANSACTION



THE PURCHASE PROCESS



The above assumes you are using the services of a Real Estate Professional.

UNDERSTANDING TITLE INSURANCE

THE TITLE PROCESS

Placer Title Company performs a thorough and vigorous search of public records to eliminate any risks that may affect the title to a property. When the title search is complete, Placer Title Company issues a Preliminary Report.

WHAT IS A PRELIMINARY REPORT?

A Preliminary Report is prepared prior to issuing a policy of title insurance, and it contains information which can affect the close of escrow. The report lists exceptions and exclusions to the policy of title insurance; it is important to read the exceptions and exclusions set forth. They are intended to provide you with notice of matters which are not covered under the terms of the Title Insurance Policy. The Preliminary Report is not a written representation as to the condition of the title and may not list all liens, defects, and encumbrances affecting the title to the property.

WHY DO I NEED TITLE INSURANCE?

Many homeowners assume that when they purchase a piece of property that possession of a deed to the property is all they need to prove ownership. This is not true. You and your lender will want to make sure that the property is indeed yours and that no one else has any lien, claim, or encumbrance on the property. A property owner's greatest protection is an Owner's Title Insurance Policy. Your lender will also seek protection with a Lender's Title Insurance Policy.

WHAT IS TITLE INSURANCE?

Placer Title Company works to identify and eliminate existing claims against a property or discrepancies that

cloud title to a property. Title Insurance indemnifies you against loss under terms of the policy. Prior to closing, Placer Title Company carefully examines public records to identify and eliminate potential claims and defects that may have been created in the past. Placer Title Company maintains "Title Plants" that contain information regarding property transfers and liens reaching back many years. However, claims can surface after a property is acquired. Unrecorded liens may surface, missing heirs may claim the property, or taxes might have been unpaid. The Owner's Title Insurance Policy protects the new owner by providing legal and financial redress. It is important to purchase the Owner's Title Insurance Policy because the Lender's Policy only protects the lender.

WHAT PROTECTION WILL I RECEIVE FROM MY TITLE POLICY?

A Title Insurance Policy pays for legal fees in defense of a claim against property covered under your policy. It also contains provisions for indemnification against losses that result from a claim. The title insurance premium is paid at the close of escrow and no additional premiums are paid as long as you own the property.

A COMPARISON OF TITLE POLICIES

Coverage: Subject to your policy's exceptions, exclusions, conditions and stipulations	ALTA/CLTA Standard Policy	ALTA/CLTA Homeowner's Policy
1 Someone else owns an interest in your property	Yes	Yes
2 A document is not properly executed	Yes	Yes
3 Forgery, fraud or duress	Yes	Yes
4 Defective recording of any document	Yes	Yes
5 There are restrictive covenants	Yes	Yes
6 There is a lien on your title because there is:		
» a deed of trust	Yes	Yes
» a judgment, tax or special assessment	Yes	Yes
» a charge by homeowner's association	Yes	Yes
7 Title is unmarketable	Yes	Yes
8 Mechanic's lien protection	No	Yes
9 Forced removal of structure because it:		
» Extends onto other land or onto an easement	No	Yes
» Violates a restriction in Schedule B	No	Yes
» Violates an existing zoning law	No	Yes
10 Can't use land for a single family dwelling because the use violates a restriction in Schedule B or a zoning ordinance.	No	Yes
11 Pays rent for substitute land or facilities	No	Yes
12 Unrecorded lien by a homeowner's association	No	Yes
13 Unrecorded easements	No	Yes
14 Rights under unrecorded leases	No	Yes
15 Enhanced continuing coverage	No	Yes
16 Building permit violations	No	Yes
17 Compliance with Subdivision Map Act	No	Yes
18 Restrictive covenant violations	No	Yes
19 Forgery occurring after policy date	No	Yes
20 Encroachment occurring after policy date	No	Yes
21 Damage from minerals or water extraction occurring after policy date	No	Yes
22 Coverage continues after transfer to your Living Trust	No	Yes
23 Enhanced access, vehicular and pedestrian	No	Yes
24 Attached map not consistent with legal description	No	Yes
25 Potential increase in policy limit up to 150% due to inflation	No	Yes
26 Adverse possession occurring after policy date	No	Yes
27 Cloud on title occurring after policy date	No	Yes
28 Prescriptive easement occurring after policy date	No	Yes
29 Covenant violation resulting in reversion	No	Yes
30 Boundary, walls and fence encroachment	No	Yes
31 Violations of building setbacks	No	Yes

Some additional coverage is subject to a deductible and maximum dollar limits of liability. For more details on all coverages, including the coverages outlined above, please refer to the terms of the policy itself. Copies are available from your local Placer Title Company office. The ALTA/CLTA Homeowner's Policy is designed for issuance on certain subdivided residential properties and are not available for all properties. Check with your title representative for availability.

METHODS OF HOLDING TITLE

	Community Property	Community Property w/Right of Survivorship	Joint Tenancy	Tenancy in Common	Artificial Entities	Trust Arrangements
Parties	Married persons or domestic partners.	Married persons or domestic partners.	Any number of persons, but cannot be artificial entity such as corporation, LLC or trustee of trust.	Any number of persons or entities may hold title as tenants in common.	Only partners/shareholders/members of the artificial entity.	Trustee and beneficiaries of trust may be individuals, trusts or any legally created entity.
Division	Ownership and management are equal.	Ownership and management are equal.	Ownership interests must be equal (can have equal interests in undivided interest).	Ownership can be divided into any number of interests, equal or unequal.	Single legal entity, partners/shareholders/members own interest in entity, not property held.	Trustee holds legal title; Beneficial Interests in trust are held in accordance with terms of trust.
Title	Title is in the "community." Each interest is separate but management is unified.	Title is in the "community." Each interest is separate but management is unified.	Each joint tenant has separate legal title to undivided interest, subject to right of survivorship.	Each owner has a separate legal title to undivided interest.	Title is in the artificial entity.	Held by the trustee(s).
Possession	Each spouse or partner has equal rights of management and control.	Each spouse or partner has equal rights of management and control.	Equal right of possession.	Equal right of possession.	Entity has sole right of possession. Entity's organizational documents determine individual partner's/shareholder's/member's rights, if any.	In accordance with terms of trust.
Conveyance	Both spouses or partners must convey or encumber in writing, or conveyance is voidable.	Both spouses or partners must convey or encumber in writing, or conveyance is voidable. Right of survivorship may be terminated.	Each owner's interest may be conveyed or encumbered individually, but conveyance or encumbrance without joinder of other joint tenants severs joint tenancy.	Each owner's interest may be conveyed separately.	Conveyance authority determined by organizational documents and applicable statutes.	Trustee has authority to convey in accordance with terms and limitations of trust agreement.
Death	On spouse's or partner's death, 1/2 belongs to surviving spouse/partner; 1/2 passes by will or, if no will, then passes to surviving spouse or partner.	Upon death of spouse/partner, interest passes to surviving spouse/partner without administration.	On co-owner's death, interest passes to surviving joint tenants. Interest may not be disposed of by will.	Interest passes by will or intestate, if no will. Interest must be probated.	Entity not capable of dying. Impact, if any, of death of partner/shareholder/member on affairs of entity determined by organizational documents and applicable statutes.	Upon death of trustee, successor trustee, if any, holds title on behalf of trust. Effect of interests in trust upon death of a beneficiary determined by terms of trust agreement.
Successor Status	If passing to others by will, tenancy in common with surviving spouse; if passes to spouse, then owned in entirety by surviving spouse.	If passing to others by will, tenancy in common with surviving spouse; if passes to spouse, then owned in entirety by surviving spouse.	Last survivor owns property.	Devisee or heir becomes tenant in common with other owners.	Interest, but not management authority, of partner/shareholder/member in the entity passes by will or, if no will, by intestate succession.	Defined by terms of trust agreement.
Creditor's Rights	Property is liable for the debts of either spouse made before or after marriage, subject to homestead rights, if principal residence.	Property is liable for the debts of either spouse made before or after marriage, subject to homestead rights, if principal residence.	Involuntary lien of creditor or deed of trust executed during joint tenancy terminates on death of joint tenant. If creditor executes on lien prior to death and acquires title, becomes tenant in common with remaining tenants	Owner's interest may be sold on execution sale to satisfy creditor. Creditor becomes tenant in common with remaining owners.	Creditor of partner/shareholder/member may obtain order attaching interest in entity, but not property held by entity.	Creditor with lien/judgment against beneficiary may not execute against property held by trust. Lien against individual trustee may not attach to trust. However, if trustee is settlor or revocable trust, lien may attach.
Presumptions	Strong presumption that property taken as married persons or as domestic partners is community property.	Strong presumption that property taken as married persons or as domestic partners is community property.	Creation of joint tenancy must be in writing.	Joint ownership presumed to be as tenants in common, unless title acquired by married persons or domestic partners.	Property must be expressly vested in partnership.	Property must be expressly vested in trustee of trust. Trust is created by executed trust agreement.

The information provided above is intended for informational purposes only. It is important to seek professional counsel from an attorney and/or CPA to determine the legal and tax consequences of how you hold title to real property.

WHAT IS ESCROW

Buying, selling, or refinancing real property usually involves the transfer of large sums of money. It is imperative that a neutral third party, known as the Escrow Holder (Placer Title Company), handles the transfer of these funds and related documents from one party to another. The Escrow Holder impartially carries out all written instructions given by the principals (borrowers). As a neutral third party, Placer Title Company oversees the escrow process to ensure that all conditions of the loan are met.

THE ESCROW HOLDER'S DUTIES

- ▶ Serves as the neutral third party and the liaison between all parties involved
- ▶ Requests a Preliminary Report to facilitate issuance of title insurance
- ▶ Prepares the escrow instructions
- ▶ Complies with lender's conditions and prepares necessary documentation
- ▶ Requests payoff demands for anything to be paid through escrow
- ▶ Records the Deed and other related documents
- ▶ Receives closing instructions, documents, borrower's funds and reviews file to determine that all conditions have been met
- ▶ Closes the escrow
- ▶ Disburses funds as authorized by the instructions, including charges for title insurance, recording fees, lender fees, and loan payoff
- ▶ Arranges for the Title Insurance Policy for the borrower and the lender

WHAT DO I NEED TO PROVIDE?

You may be asked to complete a Statement of Information as part of the paperwork. Because many people have 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 considered highly confidential.

STATEMENT OF INFORMATION

A Statement of Information provides a title company with the information needed to distinguish the buyers and sellers of real property from others with similar names.

WHAT IS A STATEMENT OF INFORMATION?

A Statement of Information is a form routinely requested from the buyer(s) and seller(s) in a transaction where title insurance is sought. The completed form allows the title company to disregard matters that do not affect the property to be insured — matters that actually apply to some other person.

WHAT DOES A STATEMENT OF INFORMATION DO?

Everyday, documents affecting real property—liens, court decrees, and bankruptcies — are recorded. Whenever a title company uncovers a recorded document in which the name is the same or similar to that of the buyer, seller, or borrower in a title transaction, the title company must ask, “Does this affect the parties we are insuring?”

WHAT TYPES OF QUESTIONS ARE ON A STATEMENT OF INFORMATION?

Personal information such as date of birth, dependents, marital history (current and former), residential history (present and past 10 years), and occupational history (present and past 10 years).

WILL THE INFORMATION BE KEPT CONFIDENTIAL?

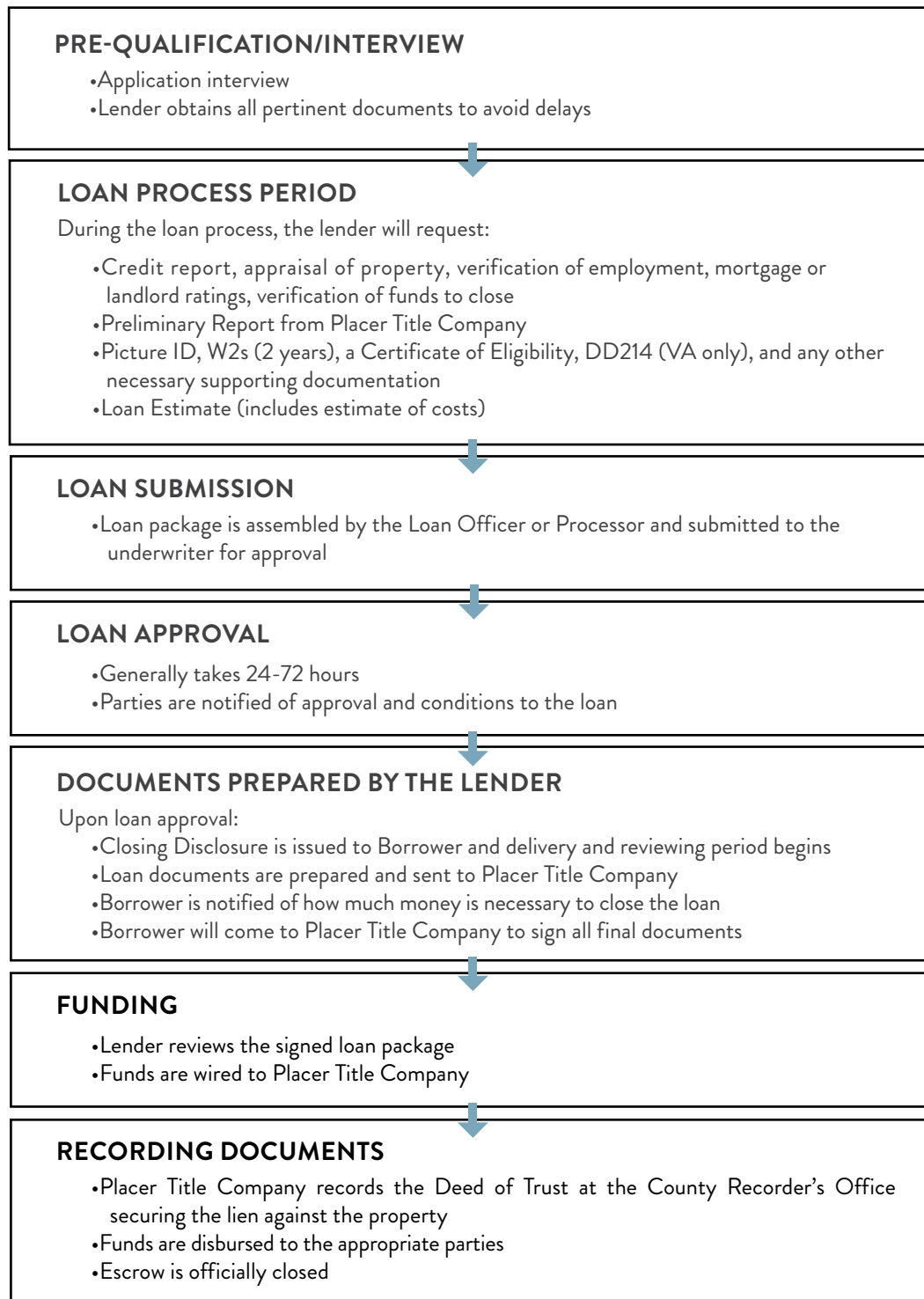
Yes, the information is completely confidential and only for the title company to use in completing the search of records necessary before a policy of title insurance can be issued.

WHERE CAN I FIND A STATEMENT OF INFORMATION?

You can find Placer Title’s Statement of Information on Placer Title’s website. Placer Title offers this form in English and Spanish. You may also request one directly from your Sales Representative or Escrow Officer.

THE LOAN PROCESS

Unless you are paying cash for your property, you will need to apply for a mortgage loan. Your lender can explain current financing options and help you select the right type of loan for your situation. The following details the steps to securing a loan:



CLOSING COSTS

Below are some typical closing costs you may incur during the home buying process. Placer Title Company will review and explain your closing statement during your signing appointment.

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 AND 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 upon the time of month a loan closes, the per diem charge may vary from a full month's interest to a few day's interest.

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 COMMISSION

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 escrowing funds.

CALIFORNIA PROPERTY TAX GUIDE

Property taxes could affect expenses when closing escrow. See below on how this can impact your transaction.

Lien Date Jan 1st			2nd Installment Delinquent Apr 10th			Beginning of Fiscal Tax Year Jul 1st			Tax Bill Mailed for Current Fiscal Year Last Week of Oct		1st Installment Delinquent Dec 10th	*
2nd Installment Due Feb 1st			Apr 15th, Last Day to File for Homeowners Exemption - 100% File by Dec 1st for 80%						1st Installment Due Nov 1st			
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	
2nd Installment January 1-June 30						1st Installment July 1-December 31						

*Tax amounts will be prorated through escrow based on closing date and next installment due

NOTES

1. Owner must own and occupy property on the 1st of March to be eligible for applicable exemptions.
2. Penalties for delinquency are 10% on the date of delinquency plus \$10.00 costs for delinquent 2nd Installment. Thereafter, 1.5% per month of original tax amount until paid.
3. Property may be sold at public auction after 5 years of delinquency.

Tax Impound Reserve Schedule

Closing Month	1st Payment	Pay 1st in Escrow	Pay 2nd in Escrow	Number of Months Required By Lender to Impound
January	March			6
February	April		Yes	1
March	May		Yes	2
April	June		Yes	3
May	July			4
June	August			5
July	September			6
August	October			7
September	November			9
October	December	Yes		4
November	January	Yes		5
December	February	Yes		6

The number of months shown above are estimates and may vary according to individual lender requirements.

SUPPLEMENTAL TAXES

WHAT IS IT?

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's schools. It is expected to produce over \$300 million per year in revenue to aid California's schools.

WHO DOES IT AFFECT?

Supplemental property taxes only affect those individuals who are initiating new construction or buying property. Once the construction or purchase is complete, the new owner will receive the Supplemental Property Taxes bill, which will become a lien against the property.

All supplemental taxes are payable in two equal installments and are typically not prorated in escrow. 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.

WHEN WILL THE BILL COME?

Once you have closed escrow on 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.

WHO PAYS THEM?

The buyer does. Supplemental taxes that are assessed due to a change in ownership are not prorated in escrow since they are incurred on the date of the transfer of title. As such, they are the responsibility of the buyer. Supplemental tax bills are not mailed to your lender. If you have arranged for your property tax payments to be paid through an impound account, the supplemental tax bills will not be paid by your lender, and it is your responsibility to pay these supplemental bills directly to the Tax Collector, as these bills are in addition to the regular annual tax bills.

FIRPTA

The disposition of a U.S. real property interest by a foreign person (the seller) is subject to the Foreign Investment in Real Property Tax Act of 1980 (FIRPTA) income tax withholding. This IRS Rule requires the transferee/buyer to determine if withholding applies and, if so to remit the withholding to the IRS. If the buyer has determined FIRPTA withholding applies, the buyer and seller may mutually instruct the Escrow Officer to deduct the set amount, gather the applicable forms and remit them to the IRS on their behalf.

For transactions closing on or after February 17, 2016, foreign sellers are subject to a 10% or 15% withholding of the sales price unless ONE of the following exemptions are met:

- The sales price is \$300,000.00 or less and the buyer(s) signs the FIRPTA Buyer Occupancy Affidavit, which states they are acquiring the real property for use as a home and that either the buyer or a family member of the buyer has definite plans to reside at the property for at least 50% of the number of days the property is used by any person during each of the first two 12-month periods following the date of transfer. Note immediate family members are: spouse, brothers and sisters (whole or half blood), ancestors, and lineal descendants.
- The seller provides a certification stating that the seller is not a foreign person which means they are a U.S. resident or a resident alien that lives in the U.S. and has a U.S. tax identification number.
- The buyer or seller receives a waiver from the IRS that excuses or reduces the amount of the withholding prior to close of escrow.

For sales prices in excess of \$300,000.00, and for which the seller does not have a certification exception, or the buyer does not have a waiver, there are mandatory withholdings of 10% or 15% depending upon occupancy and/or the sales price.

Buyer intends to occupy the property?	Yes	No
Sales price \$300,000 or less	0%	15%
Sales price \$300,001 to \$1,000,000	10%	15%
Sales price \$1,000,001 or more	15%	15%

Placer Title's Escrow Officers have the necessary FIRPTA forms to help you complete these types of transactions. Please let us know if we can be of assistance.

WITHHOLDING

WHAT IS WITHHOLDING?

Real estate withholding is a prepayment of state income taxes for sellers of California real property. Real estate withholding is not an additional tax on the sale of real estate, but a prepayment of the income tax due on the gain from the sale of real property. Withholding is required on sales or transfers of California real property when the sales price exceeds \$100,000 and does not qualify for an exemption.

In California, all transferees (buyers) are required to withhold 3 1/3% of the total sales price unless exempt by reasons listed below. To document the exemption, the real estate escrow person obtains a completed and signed under penalty of perjury California FTB form 593.

Below are the exemptions listed on the FTB form 593 which would determine whether you qualify for a full or partial withholding exemption.

CERTIFICATIONS WHICH FULLY EXEMPT THE SALE FROM WITHHOLDING:

- The property qualifies as the seller's principal residence under Internal Revenue Code (IRC) Section 121.
- The seller last used the property as the seller's principal residence under IRC Section 121 without regard to the two-year time period.
- The seller has a loss or zero gain for California (CA) income tax purposes on this sale. The seller will need to complete Part VI, Computation of the FTB form 593.
- The property is compulsorily or involuntarily converted, and the seller intends to acquire property that will qualify for nonrecognition of gain under IRC Section 1033.
- The transfer qualifies for nonrecognition treatment under IRC Section 351 or IRC Section 721.
- The seller is a corporation (or a limited liability company (LLC) classified as a corporation, qualified through the CA Secretary of State or has a permanent place of business in CA.
- The seller is a CA partnership or a partnership qualified to do business in CA (or an LLC classified as a partnership for income tax purposes that is not a single member LLC disregarded for income tax purposes).
- The seller is a tax-exempt entity under California or federal law.
- The seller is an insurance company, individual retirement account, qualified pension/profit sharing plan, or charitable remainder trust.

WITHHOLDING

CERTIFICATIONS THAT MAY PARTIALLY OR FULLY EXEMPT THE SALE FROM WITHHOLDING:

- The transfer qualifies as either a simultaneous or deferred like-kind exchange under IRC Section 1031.
- The transfer of this property is an installment sale where the buyer must withhold on the principal portion of each installment payment. A copy of the promissory note will need to be attached, and the buyer will complete Part V Buyer/Transferee Information which is located on Side 2 of the form.

ALTERNATIVE WITHHOLDING:

An election is made to withhold on the actual calculated gain of sale as follows:

- 12.3% Individuals, non-California Partnerships, and Trusts; 13.8% S corporations; 15.8% Financial S corporations; 8.84 Corporations; 10.84% Bank and Financial Corporations.

ADDITIONAL INFORMATION

FTB Form 593 may be used to estimate the amount of your gain or loss for withholding purposes and to calculate an optional gain on sale withholding amount. This form and information is for the seller's calculation and should be held by the seller as applicable for 5 years. See guidelines provided from Franchise Tax Board as to completion of this form.

For answers to questions on tax withholding, you are urged to contact the State of California Franchise Tax Board at 888.792.4900 or consult with your Tax Advisor/CPA.

HELPFUL REMINDERS & SOURCES OF ASSISTANCE

TRANSFERRING ESCROW FUNDS

If you wish to transfer or wire transfer funds to another escrow, bank or investment account, arrangements must be made in advance with your Escrow Officer.

POWER OF ATTORNEY

In the event that you wish to use a power of attorney, arrangements must be made one to two weeks in advance with the Escrow Officer. If Placer Title does not draft the power of attorney, our legal staff must approve it. These arrangements should be made as early as possible.

TAX-DEFERRED §1031 EXCHANGE

If the property you are selling is an investment property and the proceeds from the sale are going to be used to purchase other “Like-Kind” investment real estate, you may wish to consider a tax-deferred exchange. Exchanging is an Internal Revenue Service (IRS) recognized approach to the deferral of capital gains taxes. The IRS recognizes the use of an Accommodator or Qualified Intermediary throughout your transaction as a Safe Harbor.

To accurately approach an exchange, become familiar with the rules and regulations underlying such a tax-deferred or tax-free transaction. We suggest you see your tax lawyer or tax professional and advise your Escrow Officer early in your transaction.

IN PREPARATION FOR YOUR SIGNING

Below is a list of items that you will need at your appointment to sign escrow papers.

CASHIER'S CHECK

Obtain a cashier's or certified check made payable to Placer Title Company in the amount indicated by your Escrow Officer. A personal check will delay the closing since Placer Title Company is required by law to verify good funds before disbursing funds from the escrow.

IDENTIFICATION

There are several acceptable forms of identification that may be used during the escrow process. These include:

- ▶ Current State of California Department of Motor Vehicles driver's license
- ▶ Current State of California Department of Motor Vehicles identification card
- ▶ Passport
- ▶ Other California-approved identification card, provided it has a photograph, description of the person, signature of the person and an identifying number

Check with your Escrow Officer to learn more about acceptable forms of identification. One of these forms of identification must be presented at the signing of escrow for the signature to be notarized.

LENDER'S REQUIREMENTS

You must satisfy your lender's requirements prior to closing.

FIRE & HAZARD INSURANCE/HOMEOWNER'S INSURANCE

Your lender will require that the first year of fire and hazard insurance premiums be paid into escrow. If you are purchasing a townhouse, check with your Real Estate Professional to see if your insurance is paid through homeowner's dues. Provide your Escrow Officer the insurance agent's name and phone number so a copy of the policy can be forwarded to the lender.

TITLE TO YOUR HOME

Decide how you wish to hold title to your new home. You may refer to the chart "Methods of Holding Title" on page 9 for more information. Consult a lawyer, tax consultant or other qualified professional if you have questions.

ESCROW DELAYS

There are many situations or title issues that can arise during the escrow process that may cause your transaction to be delayed or have unexpected costs. Below is a list of the most common situations that cause problems originating from the buyer. Remember to always advise your Escrow Officer and/or loan officer as soon as you are aware of any of these issues.

- Buyers leaving town without establishing a power of attorney. Use of a power of attorney must be approved by the title insurer and the buyer's new lender. If a power of attorney is not approved, additional outside signing fees may be incurred.
- Additional funds to close may be needed.
- Method to holding title to the property undecided prior to signing.
- Escrow Officer not made aware of various statuses (e.g., marriage, separation, registered domestic partnership, sole and separate property, properties held in a trust, 1031 exchange, etc.).
- Lender requirements not satisfied prior to closing.
- Spouse absent at signing.
- Cashier's or Certified Check missing at closing, or a wire transfer was not arranged.
- Acceptable forms of identification, including current Driver's License, passport, or California DMV Identification Card, not provided at signing.

CLOSING'S COMPLETE. NOW WHAT?

HERE ARE SOME THINGS TO EXPECT ONCE YOUR CLOSING IS COMPLETE:

- Your Real Estate Professional will be contacted by your Escrow Officer from Placer Title once your documents have been recorded with the County.
- Your Real Estate Professional can then make arrangements for the transfer of keys to the property and will contact you letting you know how you will receive them.
- Your Escrow Officer can now close out the file and disburse all the proceeds to the appropriate parties.
- A Final Closing Statement and HUD or Closing Disclosure (whichever is applicable) is prepared, showing how all funds were disbursed. A copy is mailed to both the buyer and the seller showing their side of the transaction. If you are receiving a refund check, this will be mailed to you with your Closing Statement unless you have made arrangements to pick it up at our office.
- You can submit a change of address to the DMV and Registrar of Voters by downloading the form from the DMV.
- Any recorded documents to which you are entitled will be mailed to you after the close of escrow. Frequently, these documents will come to you directly from the Recorder's Office or the Secretary of State and can take several weeks.
- And finally, you will receive your Owner's Title Policy from Placer Title reflecting you as the owner of the property and loan information, if you have borrowed money. This normally takes a period of time to receive and will be mailed to you.

BEFORE YOU MOVE CHECKLIST

Eight weeks before you move

- Contact movers for estimates or reserve moving van.
- Clean out your attic, basement, storage shed, and other big storage areas.
- Inventory and evaluate your possessions to determine if anything can be sold or donated. Plan a garage sale to sell unneeded items or arrange to donate them to charity.
- Start to use up things you can't move, such as frozen foods and cleaning supplies.

Six weeks before you move

- If you're moving at an employer's request, verify what expenses may be reimbursed.
- Locate all auto licensing and registration documents.
- For out of town moves, contact the IRS or your accountant for information on what moving expenses may be tax-deductible.
- If some of your goods are to be stored, make the necessary arrangements.
- Contact schools, doctors, dentists, lawyers and accountants and obtain copies of your personal records or request forwarding.
- Ask doctor and dentist for referrals. Obtain birth records, medical records, etc.
- Notify your vet: "chipped pets" are often forgot about. Make sure your vet knows about your address change.
- Transfer memberships for clubs and civic organizations. Request letters of introduction.
- Begin collecting boxes and other moving supplies.

Four weeks before you move

- Make change of address notifications: Post Office, credit card and other billing accounts, subscriptions, friends and relatives.
- Arrange special transportation for your pets and plants.
- Contact utility and related companies (gas, electric, water, telephone, cable TV, internet, and trash collection) to establish service at your new home.

- Contact current vendors and request refunds for any deposits.
- Contact insurance companies (auto, homeowner's or renter's, medical, fire and life) to arrange for coverage in your new home.
- If you're packing yourself, purchase packing boxes from your local mover. Pack items that you won't be needing in the next month.
- Arrange for transportation of autos you will not drive yourself.
- Transfer all medical prescriptions to a pharmacy in your new location.
- Call newspaper courier, lawn services, etc. and set a date to cancel.

Three weeks before you move

- Make sure travel arrangements and reservations are in order.
- Arrange to close accounts at your local bank and open accounts in your new locale. Don't forget automatic deposit and payment items.

Two weeks before you move

- If moving out of or into a building with elevators, contact the building management to schedule use of the elevators.
- Contact the moving company to review and confirm the arrangements for your move.

One week before you move

- Withdraw the contents of your safety deposit box, pick up any dry cleaning, return library books and rented videos, etc.
- Verify service connection dates with new utility companies.

MOVING CHECKLIST

Two to three days before you move

- Defrost your freezer and refrigerator.
- Disconnect major appliances and prepare for the move. You should request the gas company to disconnect your gas dryer, oven and any other gas appliance.
- Pack a box of personal items that will be needed immediately at your new home. Ask the movers to load this box last or transport it yourself.
- Set aside those things that you are transporting yourself so that they are not mistakenly loaded by your mover.
- Contact your mover to confirm arrival time of the moving van. Provide directions to your new home (Include your itinerary, emergency numbers, etc.).
- Unplug all television sets 24 hours in advance of moving day so that they will be at room temperature.

Moving Day

- Record all utility meter readings (gas, electric, water).
- Read your bill of lading and inventory carefully before you sign them.
- Keep contracts, bills and other moving papers in a safe place until all charges have been paid and all claims have been settled.
- Carry jewelry and documents yourself or use registered mail.
- Carry enough cash or traveler's checks to cover cost of moving services and expenses until you make banking connections in new city.
- Let a close friend or relative know the route and schedule you will travel, including overnight stops.
- Double check closets, drawers, shelves to be sure they are empty.
- Leave old keys needed by new tenant or owner with Real Estate Professional or neighbor.

At Your New Home...

- Check on service of phone, gas, electricity, + water.

- Check pilot light on stove, hot water heater, incinerator and furnace.
- Have appliances checked.
- Ask Mailman for mail held for your arrival.
- Have new address recorded on driver's license.
- Register car within five days after arrival in state or face a potential penalty.
- Visit city offices, register for voting, obtain information from Chamber of Commerce.
- Register family in your new place of worship.
- Register children in school.
- Arrange for medical services: doctor, dentist, prescriptions, etc.

Packing Tips...

- Finish packing and prepare an "essentials" box.
- Designate boxes and items to load last into the moving truck. Pack suitcases and valuables separately.
- Pack one room at a time and clearly label each box with a description of contents and the destination room (e.g. kitchen, office).
- Be as specific as possible when labeling boxes. It makes unpacking much easier.
- Keep the weight of boxes reasonable. If possible put heavy items in small boxes to make them easier to carry.
- Double box fragile items and use plenty of cushioning material.
- Fill boxes completely, but don't over-pack the box.

When everything is packed, make sure the items you need first at your new home are loaded last. Items you may need when you arrive should be packed and carried separately. For each person in your household, prepare a change of clothes, towel, prescriptions, toothbrush, sheets, and other personal items. Prepare a bag of plastic eating utensils, paper plates, cups, paper towels, toilet paper, trash bags, soap, first aid kit, snacks, beverages, and food for your pets.

GLOSSARY

These definitions are to acquaint the homebuyer with terms commonly used in real estate transactions. The terms are intended to be general and brief and are not complete and wholly accurate when applied to all possible uses of the term. Please consult your Real Estate Professional for more information or questions regarding specific terms.

Adjustable Rate Mortgage (ARM) – A mortgage instrument with an interest rate that is periodically adjusted to follow a pre-selected published index. The interest rate is adjusted at certain intervals during the loan period.

Adjustment Period – The length of time between interest rate changes on an ARM. For example, in the case of an ARM loan with a one-year adjustment period, the interest rate may change once each year.

Agency – Any relationship in which one party (agent) acts for or represents another (principal) under the authority of the principal. Agency involving real property should be in writing, such as listing, trust, powers of attorney, etc.

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

Amortization – Repayment of a mortgage debt with periodic payments of both principal and interest, calculated to retire the obligation at the end of a fixed period of time.

Annual Percentage Rate (APR) – A term defined in section 106 of the Federal Truth in Lending Act (15 USC 1606), which expresses on an annualized basis the charges imposed on the borrower to obtain a loan (defined in the Act as “finance charges”), including interest, discounts and other costs.

Appraisal – An opinion or estimate of value. Also refers to the process by which a value estimate is obtained.

Assignment – The transfer of ownership, rights, or interests in property, as in a mortgage, lease, or deed of trust. Mortgages and other security instruments are regularly assigned from one investor to another and commitments by HUD/FHA to insure mortgages may

be assigned by one originating lender to another before insurance.

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

Broker, Real Estate – One who is licensed by the state to carry on the business of dealing in real estate. A broker is employed on a fee or commission basis to bring together buyers and sellers, landlord and tenant, or parties to an exchange, and assist in negotiating contracts between them.

California Land Title Association (CLTA) – A California statewide association of title insurers and underwritten title companies. The association adopts standard title policy forms.

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.

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

Closing Costs – The costs incurred to purchase real estate. These may include loan fees, title fees, appraisal fees, etc.

Closing Disclosure – This form provides disclosures to help consumers understand all of the costs of the transaction. The Closing Disclosure must be provided to consumers three business days before they close on the loan.

Closing Statement – The financial disclosure statement that accounts for all of the funds received and expected at the closing, including deposits for taxes, hazard insurance, and mortgage insurance.

GLOSSARY

Commission – An agent’s compensation for negotiating a real estate or loan transaction, often expressed as a percentage of the selling price.

Community Property – A form of ownership under which property acquired during a marriage is presumed to be owned jointly unless acquired as separate property of either spouse.

Contingency Clause – A contract term that calls for a condition to be met or action to be performed as a prerequisite for the other obligations and rights under the contract to become binding (e.g. the sale of the purchaser’s home). A contingency becomes part of a binding sales contract when both parties (i.e., the seller and the buyer) agree to the terms and sign the contract.

Deed – The document by which title to real property is transferred or conveyed from one party to another.

Deed of Trust – Type of security instrument in which the borrower conveys title to real property to a third party (trustee) to be held in trust as security for the lender, with the provision that the trustee shall reconvey the title upon the payment of the debt, and, conversely, will sell the land and pay the debt in the event of a default by the borrower.

Deposit – A sum of money given to (1) bind a sale of real estate, or (2) assure payment or an advance of funds in the processing of a loan. Also called Earnest Money.

Discount Points – A negotiable fee paid to the lender to secure financing for the buyer. Discount points are up front interest charges to reduce the interest rate on the loan over the life, or a portion, of the loan’s term. One discount point equals one percent of the loan amount.

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

Earnest Money – A deposit made to bind the conditions of a sale of real estate.

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

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

Federal National Mortgage Association – Commonly 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.

Finance Charge – The total cost a borrower must pay, directly or indirectly, to obtain credit according to Regulation Z.

Foreclosure – The legal process by which property is sold to satisfy an unpaid debt in the event of default on terms or payments of a mortgage.

Good Faith Estimate (GFE) – A document that tells borrowers the approximate costs they will pay at or before settlement, based on common practice in the locality. Under requirements of the Real Estate Settlement Procedures Act (RESPA), the mortgage banker or mortgage broker, if any, must deliver or mail the GFE to the applicant within three business days after the application is received.

Graduated Payment Mortgage – A residential mortgage with monthly payments that start at a low level and increase at a predetermined rate.

Grant Deed – One of many types of deeds used to transfer real property.

Hazard Insurance – Real estate insurance protecting against loss caused by fire, some natural causes, vandalism, etc., depending upon the terms of the policy.

Homeowner’s Association – (1) An association of people who own homes in a given area, formed for the purpose of improving or maintaining the quality of the area. (2) An association formed by the builder of condominiums or planned developments and required by statute in some states.

GLOSSARY

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

Index – A measure of interest rate changes used to determine changes in an ARM's interest rate over the term of the loan.

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 real property can be definitely located by reference to surveys or recorded maps. Sometimes referred to simply as “the legal.”

Lien – A legal hold or claim on property as security for a debt or charge.

Loan Commitment – A written promise to make a loan for a specified amount on specific terms.

Loan Estimate – This document provides disclosures to help consumers understand the key features, costs and risks of the mortgage loan. The Loan Estimate must be provided to consumers no later than three business days after they submit a loan application.

Loan to Value Ratio – The relationship between the amount of the appraised value of the property and the loan, expressed as a percentage of the appraised value.

Lock-in – A guarantee by the lender of a particular loan rate. The loan must fund before the lock expiration in order to receive the guaranteed or “locked” rate.

Margin – The number of percentage points the lender adds to the index rate to calculate the ARM's interest rate at each adjustment.

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.

Mortgage Payment – A payment that is owed to the bank/lender each month toward repayment of the loan.

The amount is determined by the terms of the loan: principal, interest rate, length of the loan, and periodic adjustments, if applicable.

Multiple Listing Service – An exclusive listing, submitted to all members of an association, so that each may have the opportunity to sell the property.

Negative Amortization – Occurs when monthly payments fail to cover the interest cost. The interest that isn't covered is added to the unpaid principal balance, which means that even after several payments you may owe more than you did at the beginning of the loan. Negative amortization can occur when an ARM has a payment cap that results in monthly payments that aren't high enough to cover the interest.

Note – A unilateral agreement containing an express and absolute promise of the signer to pay to a named person, order, or bearer a definite sum of money at a specified date or on demand. Usually provides for interest and, concerning real property, is secured by a mortgage or trust deed.

Origination Fee – A fee made by a lender for making a real estate loan. Usually a percentage of the amount loaned, such as one percent.

PITI (Principal, Interest, Taxes and Insurance) – The four major components of a usual monthly mortgage payment.

Point – An amount equal to 1% of the principal amount of the investment or note. The lender assesses loan discount points at closing to increase the yield on the mortgage to a position competitive with other types of investments.

Power of Attorney – An authority by which one person (principal) enables another (attorney-in-fact) to act for him. (1) General power – authorizes sale, mortgaging, etc., of all property of the principal. Invalid in some jurisdictions. (2) Special power specifies property, buyers, price and terms.

GLOSSARY

Preliminary Report – A report prepared prior to issuing a policy of title insurance that shows the ownership of a specific parcel of land, together with the liens and encumbrances thereon which will not be covered under a subsequent Title Insurance Policy.

Prepayment Penalty – A penalty under a note, mortgage, or deed of trust imposed when the loan is paid before it is due.

Pre-Qualification Letter – A letter that states a potential borrower's financial status to determine the size and type of mortgage available to him/her.

Principal – (1) The amount of debt, not including interest. (2) The person who is served by an agent or attorney.

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. The premium is paid by the borrower and is included in the mortgage payment. Typically required if down payment is less than 20% of purchase price.

Processing (or Origination) Fees – Fees that cover the administrative cost of processing the loan. These charges vary from lender to lender.

Promissory Note – A promise in writing and executed by the maker to pay a specified amount during a limited time, on demand or at sight to a named person, or on order to bearer.

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

Quitclaim Deed – A deed operating as a release; intended to pass any title, interest, or claim which the grantor may have in the property, but not containing any warranty of a valid interest or title in the grantor.

Reconveyance – The conveyance to the landowner of the title, held by a trustee under 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.

Right of Survivorship – The right of a survivor of a deceased person to the property of said deceased. A distinguishing characteristic of a joint tenancy relationship.

Statement of Information (SI) – A confidential form filled out by buyer and seller to help a title company determine if any liens are recorded against either party. It is necessary to differentiate between parties with similar names. Also called a Statement of Identity.

Tenancy in Common – An undivided ownership in real estate by two or more persons. The interests need not be equal. In the event of the death of one of the owners, no right of survivorship in the other owner exists.

Title Insurance Policy – A policy that protects the purchasers, mortgagee or other parties against losses.

Uniform Settlement Statement – The real estate closing form required by the Real Estate Settlement Procedures Act (RESPA) in order to account for all funds received, all disbursements made, and all expenses and all credits at close. The form is more commonly known as a HUD-1.

VA Loan – A loan that is guaranteed by the Veteran's Administration and made by a private lender.

Vesting – Denotes the manner in which title is held. Examples of common vestings are: Community Property, Joint Tenancy, Tenancy in Common, and Community Property with Right of Survivorship.



CORPORATE HEADQUARTERS

189 Fulweiler Avenue • Auburn, CA 95603
800.317.8407 • www.placertitle.com

