

A photograph of a modern, two-story house with a mix of light and dark grey siding, set against a twilight sky. The house has a prominent garage on the left and a central entrance. The image is overlaid with a semi-transparent dark blue filter.

# THE CALIFORNIA --- BUYER & SELLER GUIDE

STRENGTH | SERVICE | STABILITY  
[www.FirstIntegrityTitle.com](http://www.FirstIntegrityTitle.com) | 714.835.6370

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## About Us | First Integrity Title Company

First Integrity Title got its start 24 years ago and has consistently grown its market share to become a top-tier national title company. We believe first and foremost, in focusing on the needs and aspirations of our clients. This client first focus permeates in everything we do from our service levels, product quality, pricing and insuring your transaction. Our primary goal is to deliver exceptional customer service from start to finish so at the closing table we have exceeded our clients' expectations. We are devoted to exemplifying strength, service and stability.

### On Staff Attorneys

With our on-staff attorneys, we are able to provide you with quick and reliable responses to complex title issues.

### Underwriters

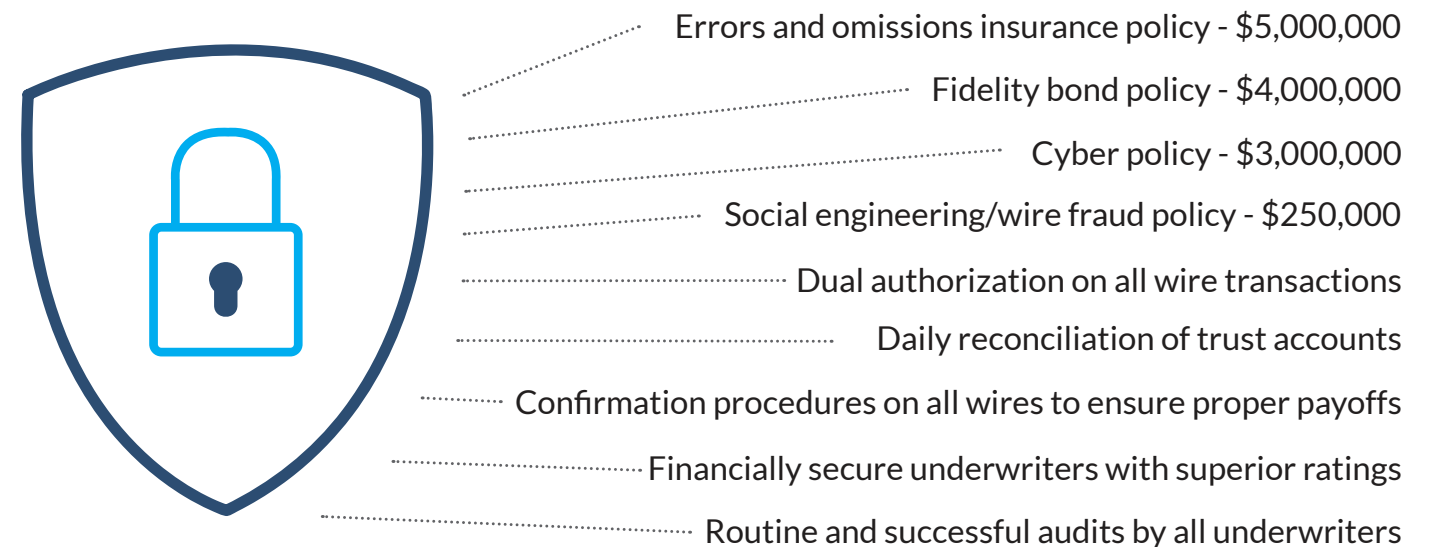
We are proudly underwritten by multiple underwriters with strong financial ratings. This allows us to offer the most comprehensive protection and competitive pricing with reissue rate opportunities.

### Pricing

We provide competitive title rates. Ask your account manager for our rate sheet to see more details.

### Financially Strong

First Integrity Title has unparalleled financial strength to guarantee that secure transactions take place. We go above and beyond to provide our clients with peace of mind by providing the following:



## ■ YOUR REAL ESTATE DREAM TEAM

Throughout the process of selling your home, you will have a team of professionals working behind the scenes to ensure a smooth real estate transaction. Below is a list of these key professionals.

### Real Estate Agent

A licensed professional who represents parties in the transfer of real property.

### Listing Agent

The Real Estate Agent who represents the seller and markets the property by placing it on the MLS (Multiple Listing Service).

### Selling Agent (Buyer's Agent)

The Real Estate Agent who represents the buyer and searches for available properties within the MLS (Multiple Listing Service).

### Mortgage Lender

If you are obtaining financing in order to purchase a home, the mortgage lender will work with you to get you pre-approved and find the best loan and interest rate based on your credit score, employment and debt to income ratio.

### Multiple Listing Services (MLS)

An online database of available properties listed for sale accessible only to licensed Real Estate Agents.

### Title Company

A neutral, third party that performs a title search and examination of the real property and facilitates the closing and escrow process.

### Escrow Officer

Your Escrow Officer will facilitate the closing process by preparing documents, work with the Mortgage Lender and Real Estate Agents, disburse funds and more.



## ■ PREPARING TO SELL YOUR HOME



### MEET WITH YOUR AGENT

Your agent can save you a lot of time and energy by guiding you through the pre-listing phase. They are there to serve you and help you decide if listing your home is the right option.



### PRE-QUALIFY TO BUY

Get pre-qualified to buy your next home before putting your current one on the market. Working with a reputable mortgage professional will help you understand what you need to net from your current home and achieve your goals for the next one.



### PRICE CORRECTLY

Listing your home at the proper market value is critical to selling within a reasonable time frame. Be cautious of making decisions based on valuations online. Instead use your agent's knowledge of the local area as a resource.



### PRE-INSPECT

Home inspections are often where a home sale can go wrong. Material defects may need to be repaired prior to a buyer purchasing the home. Determine these potential fixes before you list, instead of during the negotiation process.



### DE-CLUTTER

If your house is cluttered or filled with personal mementos, it's more difficult for a potential buyer to picture themselves living there. Placing large pieces of furniture or family photos in storage is worth the effort to help your home sell quicker.



### PROFESSIONAL PHOTOGRAPHY

The modern-day home search usually starts online and first impressions are very important. Make sure your real estate agent used a professional photographer in order to show your home in the best light.

## TIPS FOR STAGING YOUR HOME



### DECLUTTER & ORGANIZE

- Time to purge all those old clothes! Donate or trash any old items you don't use anymore.
- Clear off surfaces such as, kitchen countertops, nightstands, coffee tables, dressers, etc.
- Align items in your bathroom and kitchen cabinets.
- Organize your closet! A good rule of thumb - you should be able to fit two fingers in between each hanger.

### UNPERSONALIZE

- It may be hard to do, but removing pictures and other items specific to your family will give your home a clean slate.
- Remove or replace built-in items that you plan to take with you.

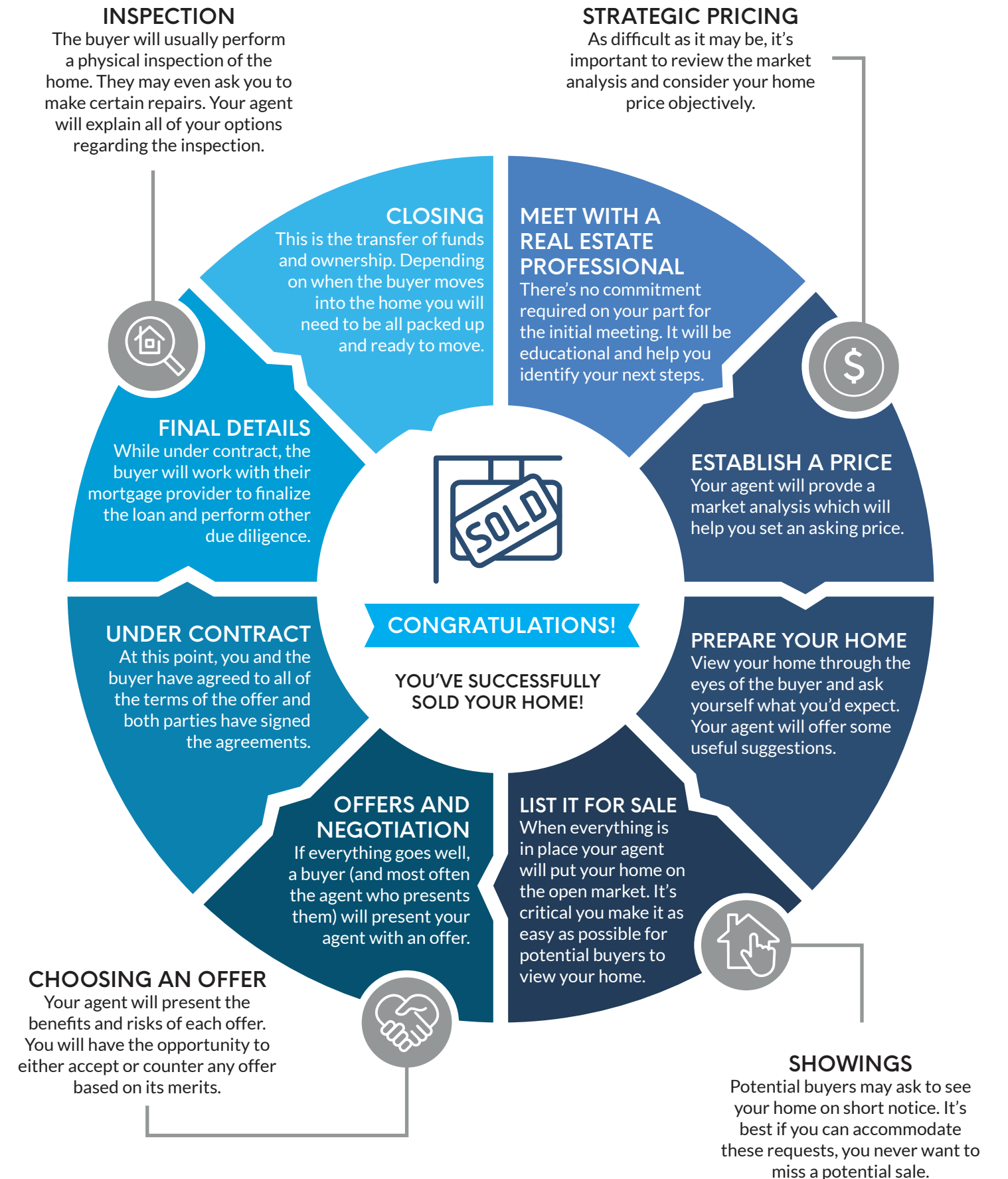
### CLEAN INSIDE & SPRUCE OUTSIDE

- Deep clean your home! Vacuum, wax wood floors and steam your carpets.
- Dust those hard to reach areas, as well as furniture and any light fixtures.
- Consider re-caulking around the tub and sink and polish the metals.
- Clean your windows and pressure wash the exterior.

### REPAIR

- Have any lime green walls? It's time to paint those loud colored rooms a neutral color.
- Address any creaking doors, drawers that jam and fix any leaky faucets.

## THE SELLER'S ROAD MAP



Information provided by Breakthrough Broker.

## ■ UNDERSTANDING ESCROW

### WHAT IS AN ESCROW?

Escrow is the process of having a neutral party manage the exchange of money for real property. The escrow holder is known as an escrow or settlement officer or agent. The Buyer deposits funds and the Seller deposits a deed with the escrow holder along with all of the other documents required to remove all “contingencies” (conditions and approvals) in the purchase agreement prior to closing.

### WHY DO I NEED AN ESCROW?

Whether you are the buyer, seller, lender or borrower, you want the assurance that no funds or property will change hands until ALL of the instructions in the transaction have been followed. The escrow holder has the obligation to safeguard the funds and/or documents while they are in the possession of the escrow holder and to disburse funds and/or convey title only when all provisions of the escrow have been complied with.

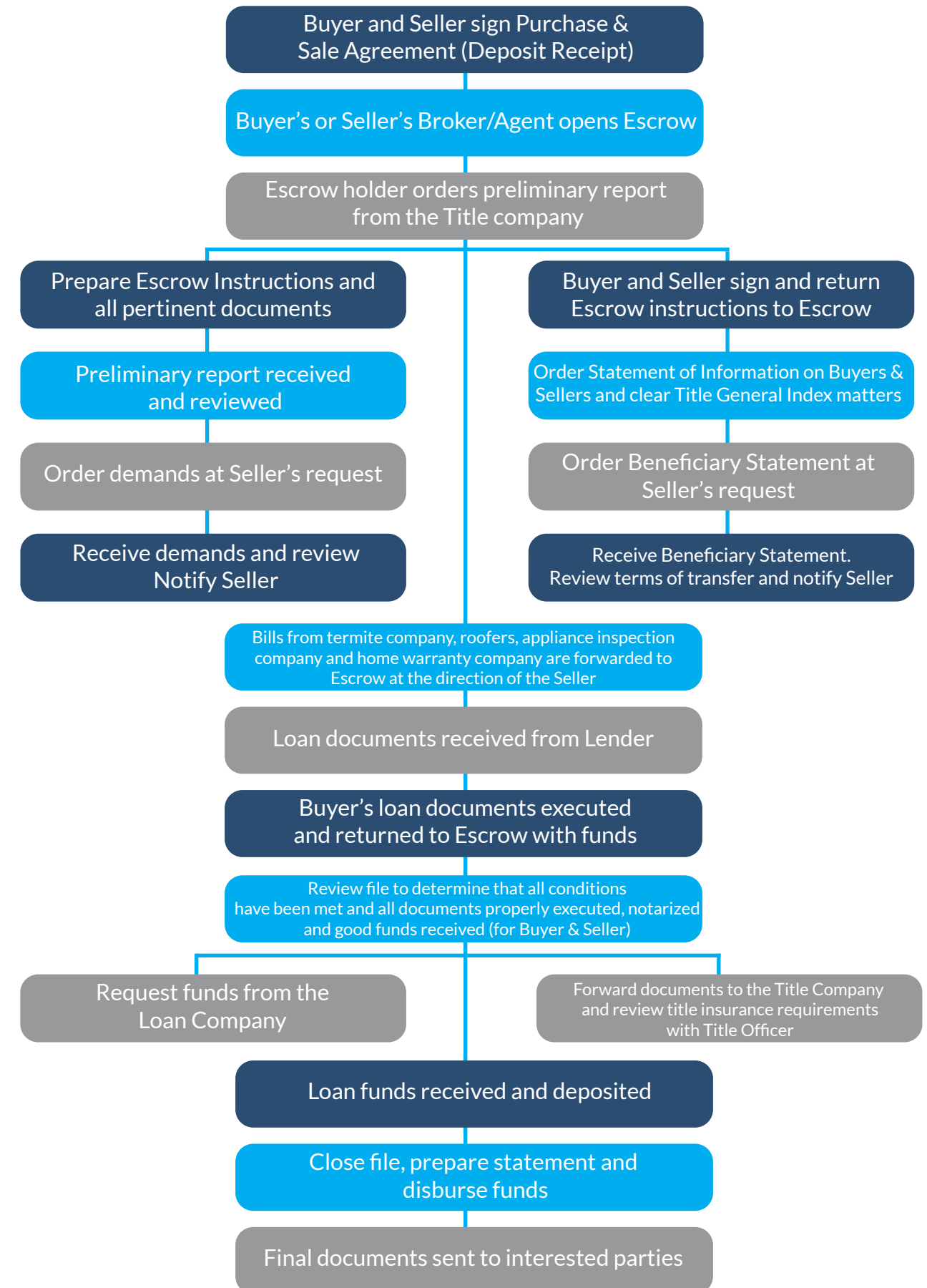
### HOW DOES ESCROW WORK?

The principals to the escrow (buyer, seller, lender, borrower), cause escrow instructions, usually in writing, to be created, signed and delivered to the escrow officer. If a broker is involved, they will normally provide the escrow officer with the information necessary for the preparation of your escrow instructions and documents. The escrow officer will process the escrow, in accordance with the escrow instructions and when all conditions required in the escrow can be met or achieved, the escrow will be “closed.” Each escrow, although following a similar pattern, will be different in some respects, as it deals with your property and the transaction at hand. The duties of an escrow holder include:

- Following the instructions given by the principals and parties to the transaction in a timely manner
- Handling the funds and/or documents in accordance with instructions
- Paying all bills as authorized
- Responding to authorized requests from the principals
- Closing the escrow only when all terms and conditions have been met
- Distributing the funds in accordance with instructions



## ■ LIFE OF AN ESCROW



## ■ UNDERSTANDING TITLE INSURANCE

The purchase of a home is one of the most expensive and important purchases you will ever make. You and your mortgage lender will want to make sure the property is indeed yours and that no one else has any lien, claim or encumbrance on your property. The following Q&A answers some questions frequently asked about an often misunderstood line of insurance, title insurance.

### WHAT IS TITLE INSURANCE?

Title insurance is used by homebuyers and lenders for protection against back taxes, undisclosed liens, legal judgments, forgeries, fraud and a host of other potential legal/financial problems that can arise when purchasing or refinancing property. Title companies perform upon an exhaustive search of the public record to identify and correct liens and encumbrances on property. Most of the title insurance premium goes towards identifying and eliminating these potential problems before the close of escrow. Consumers pay only once for title insurance – there are no monthly premiums –for coverage that lasts as long as they own the property.



### WHO NEEDS TITLE INSURANCE?

Both buyers and lenders in real estate transactions need title insurance. Both want to know that the property they are involved with is insured against certain title defects. Title companies provide this needed insurance coverage subject to the terms of the policy. The seller, buyer and lender all benefit from the insurance provided by title companies. Title companies routinely issue two types of policies: An “owner’s” policy that insures the homebuyer for as long they own their home; and a “lender’s” policy that insures the priority of the lender’s security interest over the claims that others may have in the property.

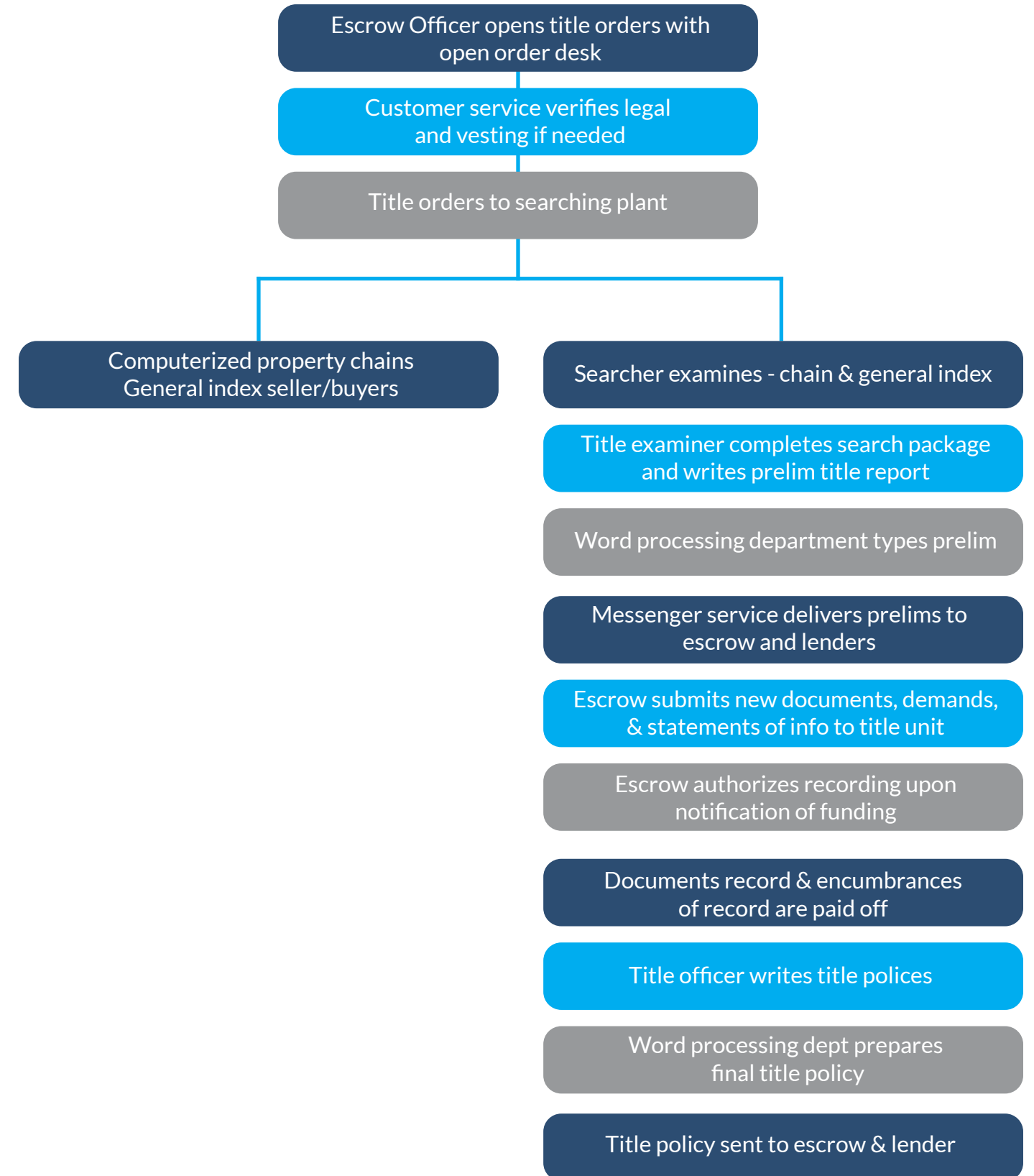
### THE IMPORTANCE OF A TITLE SEARCH

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

- Previously undisclosed errors with claims against the property
- A forged deed that doesn’t transfer title to real property
- Instrument executed under expired or fabricated powers of attorney
- Mistakes made in public record

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

## ■ LIFE OF A TITLE SEARCH



# CLOSING COSTS

## WHO PAYS WHAT

The **SELLER** can generally be expected to pay for:

- Real Estate Commission
- Document preparation fee for Deed
- Documentary transfer tax (County Tax) (\$1.10 per \$1,000.00 of sales price)
- Any city Transfer Tax
- Payoff of all loans in seller's name
- Interest accrued to lender being paid off,
- Statement Fees, Reconveyance Fees and 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 Association dues
- Any bonds or assessments
- Any and all delinquent taxes
- Notary Fees
- Escrow Fee
- Title Insurance Premium

The **BUYER** can generally be expected to pay for:

- Title Insurance Premium
- Escrow Fee
- Document preparation (if applicable)
- Notary Fees
- Recording charges for all documents in buyer's names
- Termite Inspection (according to contract)
- Tax proration (from date of acquisition)
- Homeowner's Association transfer fee
- All new loan charges
- 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
- Beneficiary Statement Fee for assumption of existing loan
- Inspection Fees (roofing, property inspection, geological, etc.)
- Home Warranty (according to contract)
- Fire Insurance Premium for first year

## YOURS OR THEIRS - THE PERSONAL 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 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, free-standing refrigerators, washer/dryers, microwaves, 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.

## UNDERSTANDING RECURRING AND NON-RECURRING CLOSING COSTS

There are two types of costs or expenses in an escrow: the recurring costs and the non-recurring costs. This chart will define and give examples of both types.

### RECURRING COSTS

Costs which the party pays at closing and will continue to pay after the close of escrow, as part of maintaining the property.

- Fire Insurance Premium
- Real Property Taxes
- Homeowner's Association Dues
- Interest on the New Loan

### NON-RECURRING COSTS

Costs which are charged ONE TIME ONLY as an expense of closing the transaction.

- Title Insurance Premiums
- Endorsement Fees to Title Company
- Reconveyance Fees
- Escrow Fees
- Messenger Fees
- Credit Report
- Loan Processing
- Tax Service Contract
- Fees for Property Disclosures or City Reports
- Home Warranty Premium
- Homeowner's Association
- Recording Fees
- Sub-Escrow Fee to Title Company
- Documentary Transfer Tax
- Notary Fees
- Appraisal
- Loan Origination
- Document Fees
- Real Estate Broker Commissions



## WAYS TO TAKE TITLE

### COMMON WAYS TO TAKE TITLE TO CALIFORNIA RESIDENTIAL PROPERTY

	Tenancy in common	Joint tenancy	Community property	Community property with Right of Survivorship
Parties	Two or more persons <sup>1</sup>	Two or more natural persons	Spouses or domestic partners <sup>2</sup>	Spouses or domestic partners <sup>2</sup>
Division	Ownership can be divided into any number of interests, equal or unequal	Ownership interests must be equal	Ownership interests must be equal	Ownership interests must be equal
Creation	One or more conveyances (law presumes interests are equal if not otherwise specified)	Single conveyances (creating identical interests); vesting must specify joint tenancy	Presumption from marriage or domestic partnership or can be designated in deed	Single conveyance and spouses or domestic partners must indicate consent
Possession and control	Equal	Equal	Equal	Equal
Transferability	Each co-owner may transfer or mortgage their interest separately	Each co-owner may transfer his/her interest separately but tenancy in common results	Both spouses or domestic partners must consent to transfer or mortgage	Both spouses or domestic partners must consent to transfer or mortgage
Liens against one owner	Unless married or domestic partners, co-owner's interest not subject to liens of other debtor/owner but forced sale can occur	Co-owner's interest not subject to liens of other debtor/owner but forced sale can occur if prior to co-owner's/debtor's death	Entire property may be subject to forced sale to satisfy debt of either spouse or domestic partner	Entire property may be subject to forced sale to satisfy debt of either spouse or domestic partner
Death of co-owner	Decedent's passes to his/her devisees or heirs by will or intestacy	Decedent's interest automatically passes to surviving joint tenant ("Right of Survivorship")	Decedent's 1/2 interest passes to surviving spouse or domestic partner unless otherwise devised by will	Decedent's 1/2 interest automatically passes to surviving spouse or domestic partner due to right of survivorship
Possible advantages / disadvantages	Co-owners interests may be separately transferable <sup>3</sup>	Right of Survivorship (avoids probate); may have tax disadvantages for spouses	Qualified survivorship rights; mutual consent required for transfer; surviving spouse or domestic partner may have tax advantage <sup>2</sup>	Right of survivorship; mutual consent required for transfer; surviving spouse or domestic partner may have tax advantage

<sup>1</sup> "Persons includes a natural person as well as validly formed cooperation, limited partnership, limited liability company or general partnership. Trust property is vested in the trustee (usually a natural person or corporation).

<sup>2</sup> Transfers by spouses/domestic partners may require a quitclaim deed from the other spouse/partner for title insurance purposes.

If co-owners are spouses/domestic partners, property may be subject to legal presumption of "community property" requiring consent of both spouses/partners to convey or encumber title notwithstanding vesting as "joint tenancy"

THIS IS PROVIDED FOR GENERAL INFORMATION ONLY. FOR SPECIFIC QUESTIONS OR FINANCIAL, TAX OR ESTATE PLANNING GUIDANCE, WE SUGGEST YOU CONTACT AN ATTORNEY OR CERTIFIED PUBLIC ACCOUNTANT.

## TAX CALENDAR

### JULY 1

Beginning of the fiscal year.

### NOVEMBER 1

First SECURED PROPERTY TAX installment is due.

### DECEMBER 10

FIRST INSTALLMENT payment deadline. A 10% penalty is added after the deadline.

### FEBRUARY 1

Second SECURED PROPERTY TAX installment due.

### APRIL 10

Second SECURED PROPERTY TAX installment payment deadline. A 10% penalty plus \$10.00 cost is added after the deadline.

### JULY 1

Delinquent SECURED and SECURED SUPPLEMENTAL accounts are transferred to delinquent tax roll and additional penalties added at 1.5% 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.









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