



A Guide to Buying

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Corcoran Global Living is at your service

Buying a new home is a financial and emotional experience that requires life-changing decisions. In today's competitive and complex real estate market, working with a licensed, full-time real estate sales associate will ensure that you find a home that best fulfills your wishlist on terms and conditions that are most advantageous to you. Working with one of our sales associates will ensure the best representation.

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YOUR SALES ASSOCIATE

Each of our sales associates are dedicated to providing you with the very best in personal service and attention to help you find the right home. Your sales associate will:

- Meet with you to discuss your needs, analyze your financial resources and establish achievable goals
- Regularly tour property to keep up on inventory and comparable sales
- Recommend financial institutions where you can shop for the best possible financing
- Show you homes based upon your criteria
- Explain conditions, contingencies, customary practices, local laws, regulations & agency relationships
- Guide you toward loan pre-approval
- Draft the purchase agreement
- Present your offer to the seller and the seller's sales associate, highlighting your strengths as a buyer
- Negotiate a fair agreement
- Open escrow with a title company
- Manage the escrow period, ensuring that all conditions and contingencies are addressed promptly and in accordance with the contract
- Help arrange and be present for all inspections of the property and review the inspection reports
- Review the Seller's Transfer Disclosure Statement, title report and all other documents with you
- Coordinate with your insurance agent and the title company to make sure your policy is in effect at the close of escrow
- Be the first to congratulate you on your new home
- After close of escrow, follow up to make sure you have settled in comfortably and see if we can be of any further service to you



Key Professionals

Involved in Transactions

REALTOR®: A REALTOR® is a licensed real estate sales associate and a member of the National Association of REALTORS®, a real estate trade association. REALTORS® also belong to their state and local Association of REALTORS®.

Real Estate Sales Associate: A real estate sales associate is licensed by the state to represent parties in the transfer of property. Every REALTOR® is a real estate sales associate, but not every real estate sales associate has the professional designation of a REALTOR®.

Listing Sales Associate: A key role of the listing sales associate or broker is to form a legal relationship with the homeowner to sell the property and place the property in the Multiple Listing Service.

Buyer's Sales Associate: A key role of the buyer's sales associate or broker is to work with the buyer to locate a suitable property and negotiate a successful home purchase.

Multiple Listing Service (MLS): The MLS is a database of properties listed for sale by REALTORS® who are members of the local Association of REALTORS®. Information on an MLS property is available to thousands of REALTORS®.

Title Company: These are the people who carry out the title search and examination, work with you to eliminate the title exceptions you are not willing to take subject to, and provide the policy of title insurance regarding title to the real property.

Escrow Officer: An escrow officer leads the facilitation of your escrow, including escrow instructions preparation, document preparation, funds disbursement, and more.

Inspectors: Home inspectors are an integral part of the home buying team. They will help you to gain a full understanding of the condition of the home you are purchasing, and what short or long term repairs will be needed.

Mortgage Professional: Whether you choose to work with a mortgage broker (who will have access to rates and loan programs from many lenders) or a loan officer (works for a specific lender), your mortgage professional will help you determine what purchase price you can qualify for based on your income, assets and credit score.

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Setting Priorities

Your Vision

It is important to be cognizant of your lifestyle to help set priorities in your property search. Your sales associate will help guide you in this process.

THE VISION OF YOUR NEW HOME

In the initial buyer meeting, your sales associate will help you establish a search process to find a property that suits your lifestyle and needs. We will discuss price and neighborhood. We will take the time to analyze how you live, and where in the home you spend the majority of your time in order to establish lifestyle priorities.

For example, if you work at home, a space for an office may be essential.

If you entertain often, you may want larger public rooms. If you are a gourmet chef, a well-appointed kitchen is important.

CREATE A WISH LIST, THEN PRIORITIZE

Let your imagination run when creating your initial list of parameters. Then prioritize your list carefully. You may have to make some trade-offs between the various items on your wish list.

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Setting Priorities

Your Vision (continued)

QUESTIONS TO CONSIDER

As you narrow down your vision for your home, consider these questions:

- Why have you decided to move?
- When would you like to move?
- How long have you been looking?
- What do you like most about your present home?
- What do you like least about your present home?
- What are your hobbies and special interests?
- What neighborhoods do you like?
- What style of property would you like?
(e.g., Victorian, Marina, contemporary)
- What condition? (e.g., fixer upper, new construction)
- What features are you looking for?
 - Property type
 - Bedrooms / Baths
 - Size
 - Separate dining room
 - Eat-in kitchen
 - Play area
 - View
 - Fireplace
 - Garden / Yard
 - Parking / Garage
 - Climate
 - Transit
 - Shopping
- Is your home currently on the market? How long? At what price?
- Are you the sole buyer or do you have partners?
- Are you ready to purchase now, or do you have to sell a property, let a lease expire or wait for any other reason?

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Looking for Properties

The right property may be found online, through sales associate networking, and other sources.

PROPERTIES ON THE MARKET

Begin by viewing properties already on the market. This helps both you and your sales associate define what you like and dislike and helps your sales associate refine properties to show you in the future. When possible, your sales associate will preview properties before showing them to you. Your sales associate will arrange for you to view new listings as they come on the market. You may need to make yourself available on short notice to secure desirable or well-priced properties.

PROPERTIES OFF THE MARKET

Our reputation in the brokerage community allows us to learn about properties before they are on the market, both at Corcoran Global Living and elsewhere.

SEARCHING ONLINE

When you register at CorcoranGL.com, you gain access to a powerful property search that includes the entire MLS and allows you to save searches and favorites, and sign up for new match alerts by email.

OPEN HOUSES

You may wish to visit open houses on your own. Remember to tell the sales associate at the open house that you're working with us and give him or her your sales associate's business card.

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Looking for Properties

The right property may be found online, through sales associate networking, and other sources.

(continued)

BROKERS' TOURS

Each week, new listings are open to sales associates for viewing. If your sales associate finds a property that is appropriate for you, he or she will provide you with the address and arrange for a showing.

EVALUATING THE PROPERTY

There is more to home cost than sales price. Factors such as repair work needed (or recently completed) may have an impact on what your real expense or value will be. This should be taken into consideration when determining your offer price. Additionally, market climate and competition may further impact the ultimate price and terms as well. Although a seller may furnish some inspections and reports, it ultimately is the buyer's responsibility to evaluate before making an offer. Your sales associate can provide invaluable guidance in this process. Some questions to consider:

- Are there any recent inspection reports?
- What is the condition of the plumbing, electrical system, the roof, foundation, and sewer lateral?
- What items of personal property are included in the sale? (e.g. appliances)
- Are there any signs of dampness or poor drainage?
- When were improvements made and were they done with permits?

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Virtual Home Buying Program

1) Virtual Consultation:

We will schedule a virtual appointment to learn what you are looking for and make a game plan to get what you want.

2) Home Favorites:

We will email you listings matching your criteria the moment they hit the market.

3) Virtual Tours:

You will take virtual video tours of homes you like, subject to availability.

4) Electronically Sign:

We use DocuSign to make home buying seamless and easy!

5) Earnest Money Delivery:

You will wire your earnest money directly to escrow.

6) Inspection:

Our inspectors will provide detailed photos and descriptions to give you a complete overview of the home.

7) Closing Time:

You will come into Escrow to sign loan documents. This is the only limited in-person interaction needed.

8) Welcome Home:

We will overnight ship the keys to you!

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Terms You Should Know

Appraisal: An estimate of value of property resulting from analysis of facts about the property; an opinion of value.

Annual Percentage Rate (APR): The borrower's costs of the loan term expressed as a rate. This is not their interest rate.

Beneficiary: The recipient of benefits, often from a deed of trust; usually the lender.

Closing Disclosure (CD): Closing Disclosure form designed to provide disclosures that will be helpful to borrowers in understanding all of the costs of the transaction. This form will be given to the consumer three (3) business days before closing.

Close of Escrow: Generally the date the buyer becomes the legal owner and title insurance becomes effective.

Comparable Sales: Sales that have similar characteristics as the subject real property, used for analysis in the appraisal. Commonly called "comps."

Consummation: Occurs when the borrower becomes contractually obligated to the creditor on the loan, not, for example, when the borrower becomes contractually obligated to a seller on a real estate transaction. The point in time when a borrower becomes contractually obligated to the creditor on the loan depends on applicable state law. Consummation is not the same as close of escrow or settlement.

Deed of Trust: An instrument used in many states in place of a mortgage.

Deed Restrictions: Limitations in the deed to a parcel of real property that dictate certain uses that may or may not be made of the real property.

Disbursement Date: The date the amounts are to be disbursed to a buyer and seller in a purchase transaction or the date funds are to be paid to the borrower or a third party in a transaction that is not a purchase transaction.

Earnest Money Deposit: Down payment made by a purchaser of real property as evidence of good faith; a deposit or partial payment.

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Terms You Should Know

(continued)

Easement: A right, privilege or interest limited to a specific purpose that one party has in the land of another.

Endorsement: As to a title insurance policy, a rider or attachment forming a part of the insurance policy expanding or limiting coverage.

Hazard Insurance: Real estate insurance protecting against fire, some natural causes, vandalism, etc., depending upon the policy. Buyer often adds liability insurance and extended coverage for personal property.

Impounds: A trust type of account established by lenders for the accumulation of borrower's funds to meet periodic payments of taxes, mortgage insurance premiums and/or future insurance policy premiums, required to protect their security.

Legal Description: A description of land recognized by law, based on government surveys, spelling out the exact boundaries of the entire parcel of land. It should so thoroughly identify a parcel of land that it cannot be confused with any other.

Lien: A form of encumbrance that usually makes a specific parcel of real property the security for the payment of a debt or discharge of an obligation. For example, judgments, taxes, mortgages, deeds of trust.

Loan Estimate (LE): Form designed to provide disclosures that will be helpful to borrowers in understanding the key features, costs and risks of the mortgage loan for which they are applying. Initial disclosure to be given to the borrower three (3) business days after the application.

Mortgage: The instrument by which real property is pledged as security for repayment of a loan.

PITI: A payment that includes Principal, Interest, Taxes, and Insurance.

Power of Attorney: A written instrument whereby a principal gives authority to a sales associate. The sales associate acting under such a grant is sometimes called an "Attorney-in-Fact."

Recording: Filing documents affecting real property with the appropriate government agency as a matter of public record.

Settlement Statement: Provides a complete breakdown of costs involved in a real estate transaction.

TRID: TILA-RESPA Integrated Disclosures

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Financing Your New Home

There are many critical factors involved in determining the best way to finance your home. Working with the right mortgage professional is key.

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DETERMINING THE RIGHT PRICE RANGE

The first step in the buying process is to determine the price range. You will need to consider how much cash you are prepared to invest in your home and how much money you will need to borrow.

DETERMINING ADDITIONAL COSTS

Your sales associate will help you estimate your purchasing power and costs, but we highly recommend that you talk to your accountant and/or financial advisor to discuss your cash needs and your tax advantages.

DETERMINING CASH YOU WILL NEED

Your cash on hand will have to cover both the down payment and any closing costs associated with the purchase. Closing costs vary significantly based on the terms of any loan you may obtain, but are generally 1% to 2% of the purchase price. There are also moving expenses to remember.

You should also take into consideration how much your property taxes and insurance will cost in addition to a monthly mortgage payment in determining the right price range.

PRE-QUALIFYING FOR A LOAN

An offer to purchase a property is given greater consideration by a seller when the offer is accompanied by a pre-qualification or a pre-approval letter from a reputable lender or mortgage broker. This gives assurance to the seller that you will be able to get financing and will not tie up the property needlessly. We can recommend several lending institutions from which you may obtain pre-approved financing.

POTENTIAL LENDERS WILL INQUIRE ABOUT 6 CRITICAL FACTORS:

1. INCOME
2. AVAILABLE CASH
3. CREDIT HISTORY
4. DEBT LEVEL
5. EMPLOYMENT HISTORY
6. THE PRICE OF THE PROPERTY YOU WISH TO PURCHASE

Options for Financing

WHAT ARE MY OPTIONS FOR FINANCING THE HOME I WISH TO BUY?

It's important to get the advice of your lender as to what financing option is right for you. Here are a few of the more common options:

1) Fixed-Rate Mortgage:

Also known as traditional mortgages, these types of mortgages offer a fixed interest rate (and in turn a fixed monthly payment) for a longer period of time, usually 15-30 years. These are a good option for people who plan to live in their home for a long time and like a predictable payment schedule.

2) Adjustable-Rate Mortgage (ARMs):

These are shorter term mortgages. ARMs offer an interest rate that is fixed for a short period of time. After this initial period, the interest rate will adjust up or down, depending on how the market fluctuates.

3) Interest-Only Payments:

Both fixed and ARM mortgages have this option. What this means: for a certain amount of time during the course of your loan, you are allowed to pay only enough to cover the interest portion of your payment. You may pay the principle amount if you wish, but you don't have to.

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Making an Offer

WHAT IS THE OFFER PROCESS?

The first step to getting into escrow with the seller is to write an offer. The offer will include the price you'd like to pay for the home, any special conditions such as a longer or short term escrow, items to convey such as washer and dryer, etc. Your real estate sales associate will submit your offer once you are satisfied with the conditions.

Then, you will normally receive a counter-offer from the seller. Sometimes you get lucky at this point and the seller will notify that they have accepted the price and terms of your offer and you will go into escrow. However, most likely the seller will have conditions of their own. Your real estate sales associate will review the seller's counter-offer with you. If you are agreeable, your sales associate will give the seller's sales associate notice that you accept their terms.

Sometimes, you may wish to submit another counter-offer of your own. These counters will go back and forth until both parties mutually accept the terms of the sale contract or you, the buyer, decide to withdraw your offer. If the offer doesn't get accepted through negotiations, sometimes the sales associate can stay in contact with the listing sales associate and bring the negotiations back to the table at a later date. Of course, the buyer can always look for and purchase another property.

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Signature: _____

Signature: _____



Making an Offer

Your sales associate will help tailor your offer to best position it for current market conditions and will advocate for you in all negotiations.

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FINANCIAL & OTHER CONSIDERATIONS

Once you have identified the property that can fulfill your goals and are prepared to make an offer, there are financial, psychological and emotional considerations in structuring your offer. Is the property a “hot one” that could invite multiple offers? If the seller counters your offer and asks for a higher price, what is your top dollar? Is the property in dire need of improvement? How motivated is the seller? How motivated are you? What contingencies have you placed in the offer? Do you have to sell a property in order to purchase this one? Are you pre-approved for a loan?

PRESENTING & NEGOTIATING YOUR OFFER

Your sales associate will represent you to the seller and seller’s sales associate in the best light possible to obtain an accepted offer. When presenting your offer, pre-approvals, financial statements, etc. may be appropriate.

SUBMITTING YOUR DEPOSIT

Evidence of a good faith deposit must accompany your offer. It is customary for your initial deposit to be 3% of the purchase price.

WRITING THE OFFER

In writing the offer, there are several factors that your sales associate can discuss to help you make an informed decision:

- **Purchase price.** Having viewed other properties, you will have a good idea of the value of your prospective home. Your sales associate can provide you with information about similar properties in the neighborhood that have sold recently. This information will help you establish fair market value and guide you to the “right price.”
- **Loan contingency.** If you are obtaining a loan to finance the purchase of your home, your sales associate will structure the purchase contract to allow reasonable time to obtain a loan from a lender of your choice and at terms that are acceptable to you. It often takes 3 to 4 weeks to obtain a loan commitment.
- **Inspections.** In the majority of transactions, offers are made contingent upon obtaining and approving inspection reports on the property by licensed professionals. This is to inform and protect the buyer about known and unknown conditions. We recommend that three major inspections be conducted: pest control, general contractor, and underground storage tank inspection. It may also be appropriate to have inspections by structural engineers, roofers or other specialists.
- **Personal property to be included.** It is important to clearly identify all personal property that will be included in the sale.

Offer Accepted

The escrow process is the method by which a property is transferred from the prior owner (Seller) to the new owner (Buyer) by means of a neutral third party, the escrow company. Here are the ten basic steps of the escrow process.

1) Prepare Escrow Instructions: These are prepared by your Escrow Officer and both the Buyer and Seller must agree to and sign the escrow instructions. In the purchase of a home, these instructions include: purchase price and terms, agreement as to mortgages, matters of record subject to which Buyer is to acquire title, inspection reports to be delivered into escrow, proration adjustments, date of Buyer's possession of the property, documents to be signed, delivered, and recorded, disbursements to be made, costs, charges and responsible parties for various payments, and the date of closing.

2) Order Title Search: A title search is ordered and the Escrow Officer examines the resulting preliminary title report for items not included in the original escrow instructions. This includes whether or not there is a lien or additional loan on the property that wasn't reported. The Seller either has to clear these items or they must be brought to the attention of the Buyer.

3) Request Demands and/or Beneficiary Statements: If the Seller's existing loan is to be paid in full through escrow, request a demand for pay-off. If the Buyer is purchasing the property subject to or assuming a loan, request the beneficiary statement.

4) Accept Structural Pest Control and Other Reports: All of these reports pertain to the property's condition. The Escrow Officer might obtain necessary approvals from the Seller and/or Buyer, due to information contained in the reports.

5) Accept New Loan Instructions and Documents: The Escrow Officer will facilitate the Buyer's approval/execution of the loan documents. The Escrow Officer must also satisfy all of the lender's instructions before using the lender's funds to complete the transaction.

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Offer Accepted

(continued)

6) Complete Settlement: The Escrow Officer makes all prorations, accepts and delivers any fire insurance policy, completes the settlement details, and informs the Principals that escrow is ready to proceed.

7) Request Closing Funds: The Escrow Officer cannot disburse any funds until all items have cleared and become available for withdrawal.

8) Prepare File For Closing: The Escrow Officer accounts for all funds and documents and verifies that the parties have complied with all of the escrow instructions.

9) Order Recording: The Escrow Officer authorizes the title company to record the necessary documents.

10) Close Escrow: Hooray! The escrow holder can “close escrow” after confirming recording by: preparing settlement statements for Buyer and Seller, disbursing all funds, and delivering documents to all parties involved.

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Summary of Closing Costs

Although who pays for various closing costs is negotiable between the buyer and seller, the following is the customary division.

The SELLER customarily pays:

- Real estate commission
- Document preparation for deed
- Documentary transfer tax (amount is dependent upon sales price)
- Payoff of all loans against the property
- Interest accrued on loans being paid off, reconveyance fees and pre-payment penalties
- Home warranty (if specified in contract)
- Any judgment or tax liens against seller
- Property tax proration
- Unpaid homeowner's dues (for condominiums)
- Bonds or assessments
- Delinquent taxes
- Move-out fees (for condominiums)
- Notary fees and recordation fees
- Third party Natural Hazard Disclosure Statement & California Tax Disclosure Report
- Pre-sale pest inspection fee
- Underground storage tank report
- Energy & Water Conservation inspections & recording
- Miscellaneous charges

The BUYER customarily pays:

- Title insurance premium for lender and buyer
- Escrow fee
- Notary fees
- Contractor's and pest inspection fees
- All new loan charges (points, appraisal, document processing fees, etc.)
- Interest on new loan from date of funding to 30 days prior to the 1st payment date
- Home warranty (if specified in contract)
- Homeowner's insurance for 1st year
- Earthquake insurance (optional)
- Private mortgage insurance (typically 2 months) if required by lender
- Private mortgage insurance impound account (1 year) if required by lender
- Property tax impound account if required by lender
- Move-in fee (for condominiums)
- HOA account transfer fee
- Miscellaneous charges

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Closing costs are the various charges made by the lender, the title company, real estate sales associates, and other service providers necessary to complete a transaction.

(This list is a general guideline of charges and may not be wholly inclusive for your transaction.)

Working with Escrow

WHAT IS AN ESCROW?

Escrow refers to the use of a neutral third party to hold the deposit of funds, a deed, and other instruments by one party until the other party has completed a specific condition or event. When that happens, the Title Company working in conjunction with escrow transfers title to the property to the new owner. Escrow provides a guarantee that no funds or property will change hands until ALL of the terms and conditions as previously agreed upon by the two parties have been completed.

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Navigating Escrow

After your contract is ratified, the escrow process begins. Escrow usually takes 15–30 days. Your sales associate will guide you through the process.

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WHAT IS ESCROW?

The sale of real property involves transferring large sums of money and signing important documents by you, the seller, your lender, and your sales associate. To protect all parties, escrow was developed. Escrow is the process in which a third party acts as a stakeholder for both the buyer and the seller, carrying out both parties' instructions and assuming responsibility for handling the paperwork, distribution of funds and recording of the deed.

ESCROW ACTIVITIES

Escrow is normally opened within one business day after acceptance of the purchase agreement. We will coordinate the activities that take place during this process. The following is a sample of typical escrow activities:

- **Schedule & Attend Property Inspections.** Inspections are usually conducted within the first 15 days of escrow. Since most of the homes for sale are not new, we recommend that you obtain major inspections, even if there are prior reports on the property. It is valuable for you to attend so you can acquire first-hand knowledge of any problems that may surface, ask pertinent questions and gain knowledge about your prospective property:
 - Pest control inspection. A licensed structural pest inspector will examine your home for any evidence of problems such as termites, dry rot, earth to wood contact, excessive dampness, and beetle infestation. The inspector will provide you with a written report along with a bid for any corrective work. This is a critical inspection because this type of damage can be very costly to repair. The cost of correcting pest control work normally is a negotiable item between you and the seller.
 - General contractor. This inspection covers major systems, structural elements, safety features and code compliance. Accompanying the contractor during the inspection gives you the opportunity to ask questions and to get many valuable maintenance tips.
 - Underground storage tank inspection. If a UST is found, the cost of removal may be very expensive.
 - Other inspections may be warranted based on the findings of these inspections and on the disclosures provided by the seller. The costs of inspections are normally paid by the buyer. The results of the inspections can be points for negotiating the final purchase price with the seller.

Navigating Escrow

(continued)

- **Review all disclosure materials.** Sellers of residential properties and involved sales associates are required by law to disclose to you any information which may materially affect the value of your home. There are some exceptions to disclosure requirements, such as probate and foreclosure sales.
- **Secure financing.** During escrow, you must select a lender or mortgage broker and submit a loan application if you have not already done so. Be prepared to submit tax returns and other financial documentation. The lender will require an appraisal of the property. It usually takes 3 to 4 weeks to secure financing. Ideally pre-approval should be completed prior to a written offer.
- **Decide on a home warranty.** Either a buyer or a seller may buy a home warranty. Such plans are designed to protect you against unknown defects and failures in certain systems and appliances in your new home. Your sales associate will provide referrals to companies where you can obtain information on how home warranties work, their costs and what is covered.
- **Remove contingencies.** Following satisfactory inspection and approval from the lender, you must remove your contingencies.
- **Increase your deposit.** Generally, if your deposit was less than 3% of the purchase price, after all the inspection contingencies are removed you must increase your deposit to approximately 3% of purchase price. This amount is deposited into your escrow account.
- **Choose how to hold title.** If more than one person is buying the property, you must decide upon the form of ownership.
- **Arrange for homeowners, fire/liability insurance.** This is required by your lender.
- **Give 30 day notice.** If you are renting, notify your landlord.
- **Select a moving company.**
- **Arrange for all utilities to start.**
- **Notify the post office of your address change.** Don't forget doctors, banks and others.
- **Sign loan documents and closing papers.** Your sales associate will accompany you to the title company to sign documents.

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Navigating Escrow

(continued)

- **Deliver the balance of funds** needed to close escrow to your title company within two business days prior to the close of escrow (down payment and closing costs). Funds should be in the form of a cashier's check or wire transfer.
- **Pick up your keys** to your new property.
- **Receive your closing documents** from Corcoran Global Living and the title company.

CLOSING ESCROW

Once you have completed your obligations according to the contract and have gone to the title company to sign your closing papers, your lender will wire the loan proceeds to the title company. Your title company will take your deed and various loan papers to the Recorder's Office to be recorded into public record. Once this happens, you are the proud new owner. Your sales associate will arrange the delivery of the keys.

Occasionally, sellers may request the right to rent back the property after the close of escrow, delaying your possession of the property. This usually happens when the sellers' next home is not ready for them by the close of escrow. If you agree to a seller rent-back, the custom is for the seller to pay you rent to equal your mortgage payments plus property taxes and hazard insurance (PITI) on a per day basis. A written rent-back agreement will be provided.

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Escrow Timeline

- Day 1**
 - The listing sales associate opens escrow
 - The escrow company assigns an escrow number
 - A copy of the purchase agreement is sent to the lender, the approval process begins and the appraisal should be ordered
 - The buyer's sales associate orders a home inspection
- Day 3**
 - The buyer must send their deposit to escrow by personal check or wire by end of day
 - The escrow company orders the Home Owner's Association documents and sends the initial escrow
 - The listing sales associate schedules a termite inspection if this has not already been done
- Day 3-10**
 - All buyers inspections are completed, reviewed, and any requests for repairs are written up and sent to the seller
 - The buyer should contact the insurance company to get quotes and make sure home owner's insurance is available for the home
 - All seller disclosures are completed and sent to the buyer for review. This should also include the termite report, local and state disclosures, as well as a Natural Hazard disclosure
 - Escrow will be sending out HOA documents, escrow instructions, title report and vesting instructions for you to fill out (in other words: how do you want to hold title?)
 - The lenders appraisal is completed and reviewed by the lender
- Day 16**
 - If there are any repair requests, the seller and buyer should agree on what repairs will be completed by the seller by this date
 - Loan approval should be in by this day along with appraisal
- Day 21**
 - If all previous steps are acceptable, the buyer removes all contingencies. If any items cannot be released, the buyer can request an extension

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Ways to Hold a Title

	Tenancy in Common	Joint Tenancy	Community Property	Community Property with Right of Survivorship
Parties	Two or more persons	Two or more natural persons	Spouses or domestic partners	Spouses or domestic partners
Division	Ownership can be divided into any number of interests, equal, or unequal	Ownership interests must be equal	Ownership must be equal as between spouses or domestic partners	Ownership interests must be equal as between spouses or domestic partners
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 language on the deed stating "as husband and wife" or "as domestic partners"; or specifying "as community property"	Single conveyance and spouses or domestic partners must indicate consent which can be on deed
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 joint tenancy is severed and 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 non 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 subject to forced sale to satisfy debt of either spouse or domestic partner
Death of Co-Owner	Decedent's interest 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 passes to surviving spouse or domestic partner unless otherwise devised by will
Advantages/Disadvantages	Co-owner's interests may be separately transferable	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	Right of survivorship; mutual consent required for transfer; surviving spouse or domestic partner may have tax advantage

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Preliminary Title Report

PRELIMINARY REPORT CONTAINS THREE IMPORTANT ELEMENTS:

- 1) Dated formal report;
- 2) The specific description of the title on a particular parcel of land;
- 3) The conditions under which title company is willing to insure the property by the later issuance of a policy of title insurance.

THE PRELIMINARY REPORT CONSISTS OF THE FOLLOWING:

- 1) Cover page Exclusions from coverage
- 2) Preprinted exceptions
- 3) Exclusions from coverage
- 4) Typewritten exceptions – property specific

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Final Walk-Through

WHAT IS THE FINAL WALK-THROUGH AND WHY SHOULD I GO TO IT?

There are many inspections throughout the escrow process. The final walk-through is the final inspection of your home before the transaction officially closes and the home becomes yours. This is your last chance to make sure that everything has been left as agreed.

Do you really need to go to it? Yes, you should make every effort to attend the final walk-through with your sales associate. You can elect to waive the walk-through, but it is advised that you go to it.

Here are just a few of the things that you will verify with your real estate sales associate:

- That all agreed upon appliances and fixtures have stayed.
- That the repair requests you had agreed upon with the seller have been completed.
- That nothing has been broken or damaged since the last inspection.

In general, you should verify that everything is the way that it was when you decided to buy the home.

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What to Avoid During the Closing Process

1. Avoid Changing Jobs

A job change may result in the loan being denied, particularly if you are taking a lower-paying position or moving into a different field. Don't think you're safe because you've received approval earlier in the process, as the lender may call your employer to re-verify your employment just prior to funding the loan.

2. Avoid Switching Banks or Moving Your Money To Another Institution

After the lender has verified your funds at one or more institutions, the money should remain there until needed for the purchase.

3. Avoid Paying Off Existing Accounts Unless Your Lender Requests It

If your loan officer advises you to pay off certain bills in order to qualify for the loan, follow that advice. Otherwise, leave your accounts as they are until your escrow closes.

4. Avoid Making Any Large Purchases

A major purchase that requires a withdrawal from your verified funds or increases your debt can result in your not qualifying for the loan. A lender may check your credit or re-verify funds at the last minute, so avoid purchases that could impact your loan approval.

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Closing Your Escrow

THE CLOSING DISCLOSURE

Once the loan is approved and all invoices and paperwork have been provided, the lender and escrow officer will collaborate on the preparation of the Closing Disclosure (CD). In order to close on time, all paperwork and invoices should be submitted at least 10 days prior to the expected close of the escrow date. The borrower must receive the CD at least three days* prior to consummation of the loan (typically the signing date). The escrow officer will also prepare an estimated settlement statement and inform the buyer of the balance of the down payment and closing costs needed to close escrow.

THE CLOSING OR SIGNING APPOINTMENT

The escrow holder will contact you or your sales associate to schedule a closing or signing appointment. In some states, this is the "close of escrow." In others, the close of escrow is either the day the documents record or that funds are disbursed. Ask your escrow holder if you would like clarification about your state's laws.

You will have a chance to review the settlement statement and supporting documentation. This is your opportunity to ask questions and clarify terms. You should review the settlement statement carefully and report discrepancies to the escrow officer. This includes any payments that may have been missed/forgotten. You are responsible for all changes incurred even if overlooked by the escrow holder, so it's better to bring these to their attention before closing.

The escrow holder is obligated by law to have the designated amount of money before releasing any funds. If you have questions or foresee a problem, let your escrow holder know immediately.

DON'T FORGET YOUR IDENTIFICATION

You will need valid identification with your photo I.D. on it when you sign documents that need to be notarized. A driver's license is preferred. You will also be asked to provide your social security number for tax reporting purposes, and a forwarding address.

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Closing Your Escrow

(continued)

WHAT HAPPENS NEXT?

If you are obtaining a new loan, your signed loan documents will be returned to the lender for review. The escrow holder will ensure that all contract conditions have been met and will ask the lender to “fund the loan.” If your loan documents are satisfactory, the lender will send funds directly to the escrow holder. When loan funds are received, the escrow holder will verify that all necessary funds are in. Escrow funds will be disbursed to the seller and other appropriate payees. Then, you’ll receive the keys to your home!

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After the Closing

We recommend you keep all records pertaining to your home together in a safe place, including all purchase documents, insurance, maintenance, and improvements.

Home Warranty Repairs

If you have a home warranty plan with the Title Company, please call them directly and have your home warranty number available.

Recorded Deed

The original deed to your home will be mailed directly to you by the County Recorder, generally within four to six weeks.

Title Insurance Policy

The Title Company will mail your policy to you in about two to three weeks.

Property Taxes

You may not receive a tax statement for the current year on the home you buy; however, it is your obligation to make sure the taxes are paid when due. Check with your mortgage company to find out if taxes are included with your payment. For more information on your property taxes, visit your County Auditor/Controller's web site.

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About Property Taxes

Your property tax is based on the assessed Full Market Value of your home at the close of escrow, which is typically the sales price.

The Tax Year

Property taxes are charged on a fiscal year beginning July 1 and ending June 30. Hence tax years are referred to as 2015/2016 or 2017/2018. Taxes are billed in two equal installments. Tax bills are sent to homeowners in the last week of October. The first installment, which covers the period from July 1 through December 31, is delinquent if not paid by December 10. The second installment, which covers the period from January 1 through June 30, is delinquent if not paid by April 10.

Calculating Property Taxes

In most cases, the assessed valuation in your first year of ownership will be the same as the purchase price. It may be increased by up to 2% per year for each year you own the property.

Homeowners' Exemption

If you own and occupy a dwelling on March 1 as your principal place of residence, you are eligible to receive a reduction of up to \$7,000 of the dwelling's taxable value in the form of a Homeowners' Exemption. To receive this exemption, you must file a claim with the Assessor. Once you receive the exemption, it is not necessary to file each year as long as you own and occupy the residence.

Supplemental Taxes

Upon change of ownership, the Assessor's Office will reappraise the property and bill the new owners for any difference in taxes resulting from a higher assessed value. The Assessor will issue you a supplemental assessment bill which is prorated based on the number of months remaining in the fiscal year ending June 30.

Mello-Roos Community Facility Districts

Mello-Roos districts are designated areas which have issued bonds for community facilities, e.g., earthquake retrofitting of schools, and for which annual tax levies are collected as a part of the property tax billing.

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Moving Checklist

Moving can be stressful. Be prepared and start organizing for a smooth move with this handy checklist.

BEFORE YOU LEAVE

Address Change Notification

- Post office forwarding address
- Subscriptions (requires several weeks)
- Friends and relatives
- Bank

Insurance

- Notify carrier of new location for coverages: Life, Health, Fire and Auto

Change Over Services

- Gas, electric, water, phone, cable TV, garbage
- Newspaper

Gather Records (for a new city)

- Ask doctor and dentist for referrals; transfer needed prescriptions, eyeglasses, x-rays
- Obtain birth records, medical records, child school records, etc.
- Obtain pet records, tags

Movers

- Arrange for moving company.
- Clean rugs or clothing before moving; have them moving-wrapped.
- Check insurance coverage, packing and unpacking labor, arrival day, various shipping papers, method and time of expected payment.
- Plan for special care needs of infants or pets.

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Moving Checklist

(continued)

ON MOVING DAY (TO A NEW CITY)

- Carry enough cash to cover cost of moving services and expenses until you make banking connections in your new city.
- Carry jewelry and documents yourself—or use registered mail.
- Plan for transporting pets; they are poor traveling companions if unhappy.
- Let a close friend or relative know the route and schedule you will travel, including overnight stops; use him/her as message headquarters.
- Double check closets, drawers, shelves, etc. to be sure they are empty.
- Leave all old keys needed by new tenant or owner with REALTOR® or neighbor.

AT YOUR NEW ADDRESS

- Check on service of telephone, gas, electricity, water and garbage.
- Check pilot light on stove, hot water heater and furnace.
- Have appliances checked.
- Visit city offices and re-register to vote.
- Register car within five days after arrival in state or a penalty may have to be paid when getting new license plates.
- Apply for state driver's license.
- Register children in school.
- Arrange for medical services: doctor, dentist, veterinarian, etc.

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Mediation & Arbitration

Many real property sale and purchase contracts contain optional or mandatory mediation and/or arbitration provisions.

Despite efforts that may be made to avoid them, disputes can sometimes arise in connection with real property sale and purchase transactions. If a dispute involves a significant issue and the parties are unwilling to come to an agreement concerning how it should be resolved, the filing of a lawsuit may seem to be the only remedy available.

In order to provide buyers and sellers of real property with a less formalized and often less costly form of dispute resolution, many real property sale and purchase contracts contain optional or mandatory mediation and/or arbitration provisions. Mandatory mediation clauses often provide that if a party fails or refuses to mediate, that party loses the right to later obtain its attorney's fees in an arbitration or court proceeding. Only a qualified attorney is competent to give legal advice regarding the advantages and disadvantages of mediation and arbitration.

MEDIATION

Mediation is a non-binding process by which the parties to a dispute come together with a professionally trained and experienced mediator who assists them in attempting to resolve their dispute by negotiating a mutually acceptable settlement. The result of a successful mediation is a written settlement agreement which, when properly prepared and signed by all the parties to the dispute, should be legally enforceable. The settlement agreement is a document that should be reviewed by a qualified real estate attorney since its scope can affect important legal rights. If mediation is unsuccessful, the parties are left to pursue other forms of dispute resolution, such as arbitration or litigation.

The cost of mediation can vary depending on the mediator selected and the amount of time allocated for the mediation. Mediation fees can be as little as a few hundred dollars, divided equally between the parties, or they can involve an initial filing fee of several hundred dollars plus a substantial hourly fee for the mediator.

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Mediation & Arbitration

(continued)

ARBITRATION

Arbitration is a binding process by which the parties to a dispute (either by themselves or through their attorneys) submit the dispute to a neutral arbitrator for resolution. A binding agreement to submit disputes to arbitration is effected when both the buyer and the seller initial the "Arbitration of Disputes" provision contained in most residential real property sale and purchase contracts. By agreeing to arbitrate disputes, the parties give up their right to have the dispute litigated in a court of law before a jury. Once the decision of an arbitrator is rendered, it generally is not able to be appealed, and is immediately subject to full legal enforcement.

The disputes subject to arbitration include only those arising out of matters described in the "Arbitration of Disputes" provision of the residential purchase contract. Further, under most purchase contracts, the brokers are not obligated to arbitrate any of these described matters. Buyers and sellers should read this provision carefully to determine which types of actions are included. Buyers and sellers are urged to consult with a qualified real estate attorney before initialing the "Arbitration of Disputes" provision of any purchase contract. The legal profession is divided concerning the relative merits of a jury trial as opposed to alternative forms of dispute resolution, such as arbitration. Buyers and sellers are urged to give careful consideration to the consequences of giving up their rights to a jury trial before electing to arbitrate instead.

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Liquidated Damages

When writing an offer, you will need to decide whether to include a liquidated damages clause. Be prepared by familiarizing yourself now.

Most residential real property sale and purchase contracts contain liquidated damages clauses which, if initialed, set the maximum amount of damages a seller may recover if the residential real property sale and purchase contract is breached.

Whenever a buyer fails to perform a material obligation agreed to in a real property sale and purchase contract, the buyer is deemed to have breached the contract. Most residential purchase contracts contain a provision which allows the buyer and the seller to agree in advance on the maximum amount of damages (so-called "liquidated damages") a seller may recover through litigation if the contract is breached by the buyer. This limit is usually the amount deposited in escrow, but in the case of the transaction involving 1-4 residential units, one of which the buyer plans to occupy as buyer's principal residence, it is usually further limited to no more than three percent of the purchase price.

For the liquidated damages provision of a purchase contract to become effective, it must be initialed by both the buyer and the seller. For any increased deposits to be subject to the provision, a separate, statutory liquidated damages form also must be signed.

Initialing or signing a liquidated damages provision or form is not a guarantee that the seller will recover liquidated damages. If the buyer disputes the provision, the seller still must prove in a court of law or in arbitration, among other things, that the contract was breached by the buyer. And even if the seller proves a breach, the buyer still can seek a return of the funds, or some portion of them, by challenging the "reasonableness" of the amount. Thus, for example, if within six months after the buyer defaults the seller can sell the property to another party for the same amount, the buyer may be entitled to a return of the deposit less any offsets for the seller's carrying costs (e.g., interest on loans secured by the property, etc.).

Generally, the liquidated damages provision in most residential purchase contracts, when initialed by both the buyer and the seller, has no effect on the damages the buyer may recover from the seller if the seller breaches the contract. Buyers and sellers are urged to discuss any questions they may have regarding liquidated damages provisions with a qualified real estate attorney. Real estate brokers are not qualified to provide advice in this regard.

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To take the next steps call **855.437.1704**
or email **findassociate@corcorangl.com**

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