

HOME BUYER'S & SELLER'S GUIDE | To the Title & Escrow Process in California.





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Quick Reference

Your Escrow Number	
Your New Address	
City / State / Zip	

Your Title Company			
Title Officer		Email	
Assistant		Email	
Company		Phone	
Address		Fax	
City / State / Zip			

Your Escrow Number			
Escrow Officer		Email	
Escrow Assistant		Email	
Address		Phone	
City / State / Zip		Fax	



Count on **Pacific Coast Title Company**

Welcome to the home-selling process. Throughout this process, you can count on Pacific Coast Title to guide you smoothly through your transaction and provide expert answers to your questions. We are happy to serve you

COUNT ON US FOR SERVICE

Pacific Coast Title's professionals are proud to provide the title insurance that assures people's home ownership. Backed by our strong underwriting partners, your transaction will be expertly completed in accordance with state-specific underwriting standards and state and federal regulatory requirements.

COUNT ON US FOR STABILITY

Pacific Coast Title is a sister company of the Fidelity Title Insurance family, which is one of the largest suppliers of title insurance services in the nation. With roots dating back to 2006, we plan to serve California families for generations to come

COUNT ON US FOR CONVENIENCE

Pacific Coast Title has a direct office or agent near you, offering convenient locations throughout California. We also have an extensive network of offices and agents throughout the United States. So regardless of where your transaction is, we will be able to help.

COUNT ON US TO MEET YOUR NEEDS

Pacific Coast Title offers more than title insurance and escrow services through our sister company and vendors. Our subsidiaries also provide property data; title plant records and images; home warranties; property and casualty insurance; and banking, trust and advisory services.

Terms You Should Know

AMENDMENTS

A change—either to alter, add to, or correct—part of an agreement without changing the principal idea or essence.

APPRAISAL

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

ASSUMPTION

Taking over another person's financial obligation; taking title to a parcel of real property with the Buyer assuming liability for paying an existing note secured by a deed of trust against the real property.

BENEFICIARY

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

CLOSE OF ESCROW

Generally the date the documents are recorded and title passes from Seller to Buyer. On this 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."

DEED, GRANT DEED, OR WARRANTY DEED

A real estate-oriented document used to convey fee title to real property from the grantor (usually the Seller) to the grantee (usually the buyer).

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 property.

EARNEST MONEY DEPOSIT

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

EASEMENT

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

LIEN

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

MORTGAGE

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

PITI

A payment that combines Principal, Interest, Taxes and Insurance.

POWER OF ATTORNEY

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

PURCHASE AGREEMENT

The purchase contract between the Buyer and Seller. It is usually completed by the real estate agent and signed by the Buyer and Seller.

QUITCLAIM DEED

A deed operating as a release, intending to pass any title, interest, or claim which the grantor may have in the real property, but not containing any warranty of a valid interest or title by the grantor.

RECORDING

Filing documents affecting real property with the County Recorder as a matter of public record.

REALTOR®

A Realtor® is a licensed real estate agent 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 AGENT

A real estate agent is licensed by the state to represent parties in the transfer of real property. Every Realtor is a real estate agent, but not every real estate agent has the professional designation of a Realtor®.

LISTING AGENT

A key role of the listing agent 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 AGENT

A key role of the buyer's agent 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 to which you are not willing to take subject, and provide the policy of title insurance regarding the 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.



Key Professionals Involved In Your Transaction

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Understanding Title Insurance

The Title Industry & Title Insurance in Brief

Prior to the development of the title industry in the late 1800s, a homebuyer received a grantor’s warranty, attorney’s title opinion, or abstractor’s certificate as assurance of home ownership. The buyer relied on the financial integrity of the grantor, attorney, or abstractor for protection. Today, homebuyers look primarily to title insurance to provide this protection. Title insurance companies are regulated by state statute. They are required to post financial guarantees to ensure that any claims will be paid in a timely fashion. They also must maintain their own “title plants” which house duplicates of recorded deeds, mortgages, plants, and other pertinent county property records.

WHAT IS TITLE INSURANCE?

Title insurance provides coverage for certain losses due to defects in the title that, for the most part, occurred prior to your ownership. Title insurance protects against defects such as prior fraud or forgery that might go undetected until after closing and possibly jeopardize your ownership and investment.

WHY IS TITLE INSURANCE NEEDED?

Title insurance insures Buyers against the risk that they did not acquire marketable title from the Seller. It is primarily designed to reduce risk or loss caused by defects in title from the past. A Loan Policy of Title Insurance protects the investment of the mortgage lender, while an Owner’s Policy protects the equity of you, the Buyer, for as long as you or your heirs (in certain policies) own the real property.

WHEN IS THE PREMIUM DUE?

You pay for your Owner’s title insurance policy only once, at the close of the escrow. Who pays for the Owner’s Policy and Loan Policy varies depending on local customs.

Understanding **Home Warranty**

A home warranty plan covers a variety of mechanical, electrical, and plumbing items, as well as some appliances. Optional coverage is available for additional items such as air conditioners, refrigerators, pools, and spas.

The Seller may purchase a home warranty plan prior to sale to protect against repairs needed during the listing period and the Buyer may be able to assume the plan at the close of escrow. Or the Seller may offer to purchase a home warranty plan for the Buyer. Offering a home warranty plan may provide these benefits.

- Increase the marketability of your home by reassuring potential buyers
- Help sell your home faster and at a higher price
- Ward off potential disputes after the sale for repair and/or replacement of covered items

Understanding **the Appraisal Process**

If the Buyer is securing a new loan to purchase your home, the Buyer's lender will require an appraisal to determine the fair market value of the property. A licensed appraiser will research nearby houses that have sold recently, usually in the last six months, and are similar to yours in size, age, construction, and amenities.

The appraiser will make an appointment to see your home and will take about 30 minutes to an hour to look over the property. He or she will measure your home, draw a representative floor plan, take

photographs inside and out, and review the property's condition, specific improvements, and amenities.

The appraiser will provide a typed appraisal report to the Buyer's lender within a few days after visiting your property. You will be notified if the lender requires repairs before they will lend on your home. If repairs are required, the appraiser will have to return to review the repairs and a re-inspection fee may be charged.

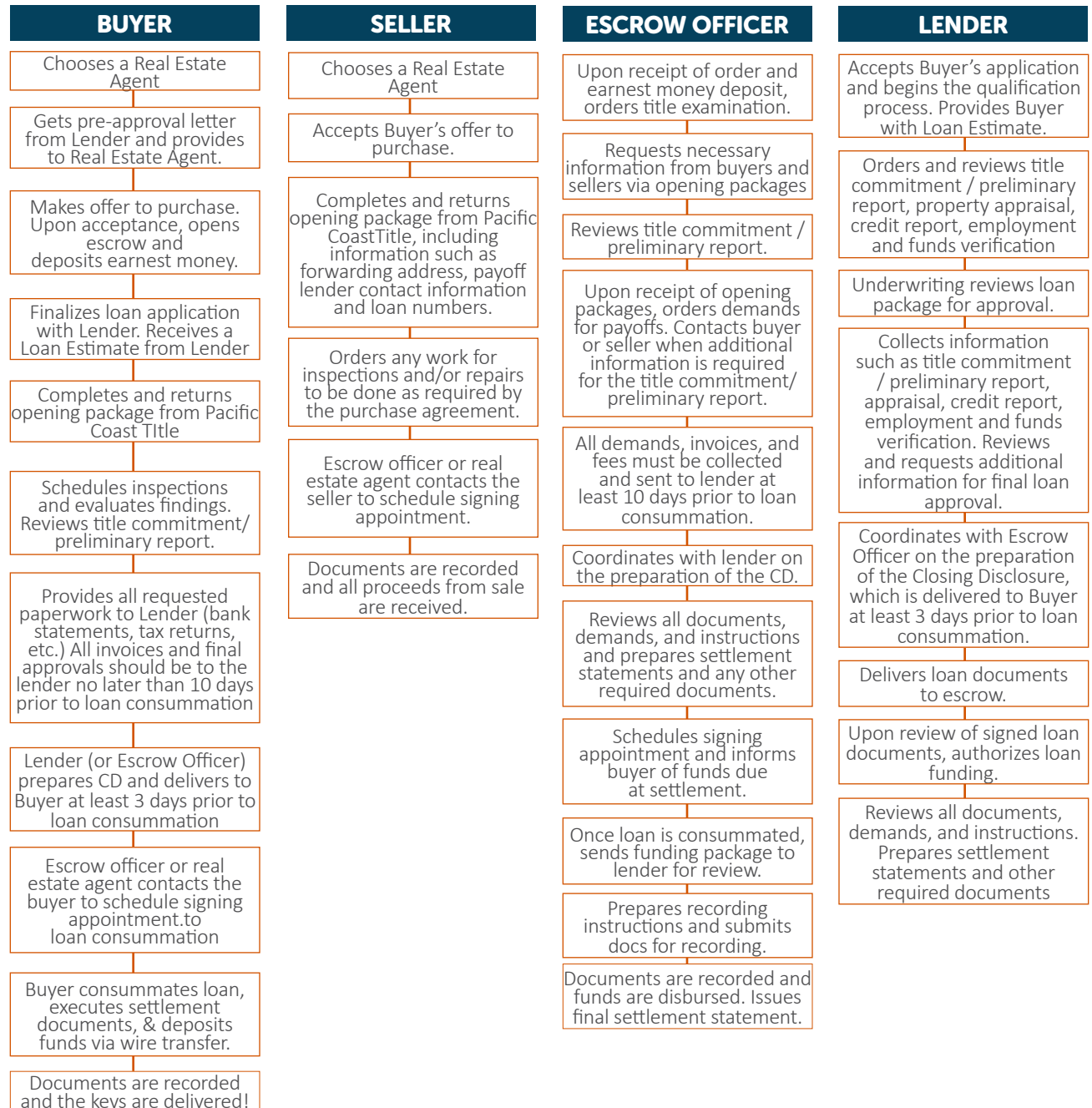
Understanding **the Escrow Process**

An escrow is a process wherein the Buyer and Seller deposit written instructions, documents, and funds with a neutral third party until certain conditions are fulfilled. It enables the parties to the escrow to deal with each other without risk, provides an accounting of all the funds deposited in the escrow, and provides the Buyer and the Seller with a settlement statement. In a real estate transaction, the Buyer does not pay the Seller directly for the property. The Buyer deposits the funds to an escrow holder. The escrow holder, acting as a neutral third party, verifies that a title insurance policy can be

issued pursuant to the terms of the contract. Then, the escrow holder arranges for the documents transferring title to the property to the Buyer to be recorded, for the issuance of the title policy, pays any liens and all the costs associated with the sale that are chargeable to the Buyer and Seller, and disburses the sales proceeds to the Seller. If the Buyer gets a new loan, then the lender's money is deposited into the escrow and the lender's security documents are recorded at the same time as the Deed.



The Life Of An Escrow



The **Escrow Process** Briefly Explained



Your Escrow Professional May

- ➡ Open escrow and deposit good faith funds into an escrow account.
- ➡ Conduct a title search to determine the ownership and title status of the real property.
- ➡ Review the preliminary report and begin the process of working with you and the title officer to eliminate the title exceptions the Buyer and the Buyer's new lender are not willing to take subject to. This includes ordering a payoff demand from your existing lender.
- ➡ Coordinate with the buyer's lender on the preparation of the Closing Disclosure (CD).
- ➡ Work with the Buyer's lender to get the loan documents into escrow.
- ➡ Prorate fees, such as real property taxes, per the contract and prepare the settlement statement.
- ➡ Set separate appointments allowing the buyer and seller to sign documents and deposit funds.
- ➡ Review documents and ensure all conditions are fulfilled and certain legal requirements are met.
- ➡ Request funds from buyer and buyer's new lender.
- ➡ When all funds are deposited and conditions met, record documents with the County Recorder to transfer the real property to the buyer.
- ➡ After recording is confirmed, close escrow and disburse funds, including proceeds, loan payoffs, tax payments, and more.
- ➡ Prepare and send final documents to all parties.





THE CLOSING OR SIGNING APPOINTMENT

The escrow holder will contact you or your agent to schedule a closing or signing appointment. You will have a chance to review the settlement statement and supporting documentation. This is your chance 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. You are responsible for all charges incurred, even if overlooked by the escrow holder. It's better to bring any issues to his or her attention before the closing has been completed.

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 officer 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 (such as a deed). A driver's license is preferred. You will also be asked to provide your social security number for tax reporting purposes, along with a forwarding address.

WHAT HAPPENS NEXT?

If the Buyer is obtaining a new loan, the buyer's 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 the buyer's loan documents are satisfactory, the lender will send the funds directly to the escrow holder. When the loan funds are received, the escrow holder will verify that all necessary funds are in. Escrow funds will be disbursed to you and other appropriate payees. The keys to the property are then given to the buyer.

Consider This...

One escrow transaction could involve more than 20 individuals, including real estate agents, buyers, sellers, attorneys, escrow officer, escrow technician, title officer, loan officer, loan processor, loan underwriter, home inspector, termite inspector, insurance agent, home warranty representative, contractor, roofer, plumber, pool service, and so on. And often, one transaction depends on another.

When you consider the number of people involved, you can imagine the opportunities for delays and mishaps. Your experienced escrow team can't prevent unforeseen problems from arising; however, they can help smooth out the process.





Why Title Insurance is... your Best Bet.

Title insurance protects the interests of property owners and lenders against legitimate or false title claims by previous owners or lien holders. It insures the investment, unlocking its potential as a financial asset for the owner.

At Pacific Coast Title we access, assemble, analyze, and distribute title information, in addition to handing escrow and closing. Title problems are discovered in more than one-third of residential real estate transactions. These “defects” must be resolved prior to closing. The most common problems are existing liens, unpaid mortgages, and recording errors of names, addresses or legal descriptions.

A homeowner’s title insurance policy protects the owner for as long as he or she has an interest in the property; and the premium is paid only once, at closing. Title insurance is different from other forms of insurance because it insures against events that occurred before the policy is issued, as opposed to insuring against events in the future, as health, property or life insurance do. Title insurance is loss prevention insurance.

Pacific Coast Title relies on a thorough search of existing records to identify all possible defects in order to resolve them prior to issuing a policy. We perform intensive and expensive work up-front to minimize claims. The better we do this, the lower our rate of claims and the more secure your level of protection. Researching titles is extremely labor-intensive since only about 15 percent of the public records are computerized. The industry invests a substantial amount of time and expense to collect and evaluate title records. On a combined basis, the total of operating expenses and loss expenses (claims) of title insurance amounts to 98.3 percent of revenue, while only the remaining 1.7 percent comprises the historical profit margin in the industry.

Dollar for dollar, title insurance is the best investment you can make to protect your interest in one of the most valuable assets you own: your home. Title insurance insures a real estate investment, unlocking its potential as a financial asset for the owner. As such, title insurance plays a major role in the confidence that lies at the heart of our nation’s real estate market and economy.

Title Policy Comparison

Below you will find a comparison chart of a standard CLTA policy vs our extended homeowner's policy which is one of the highest protections available to California homeowners.

1. Someone else owns an interest in your title
2. A document is not properly signed
3. Forgery, fraud, duress, incompetency
4. Defective recording of a document
5. Unmarketability of title
6. Lack of a right of access to and from the land
7. The priority of any lien or encumbrance over the lien of the insured mortgage

CLTA
STANDARD POLICY

8. Mechanic's lien protection
9. Forced removal of residential structure-encroachments
10. Forced removal of residential structure-restrictions
11. Forced removal of residential structure-zoning
12. Cannot use land for SFR due to zoning or restrictions
13. Unrecorded liens by the homeowners association
14. Unrecorded easements
15. Others have rights arising out of leases, contracts or options
16. Pays rent for substitute housing
17. Plain language
18. *Building permit violations-forced removal
19. *Subdivision law violations
20. *Zoning violations-forced removal
21. *Boundary wall or fence encroachment
22. Restrictive covenant violations
23. Post-policy defect in title
24. Post-policy contract or lease rights
25. Post-policy forgery
26. Post-policy easement
27. Post-policy limitation on use of land
28. Post-policy encroachment by neighbor other than wall or fence
29. Enhanced access-vehicular and pedestrian
30. Damage to structure from use of easement
31. Street address is correct
32. Map shows correct location of the land
33. Exercise of mineral rights
34. Sale fails due to neighbor's encroachments
35. Living trust coverage
36. Coverage for spouse acquiring through divorce
37. Automatic policy increase up to 150%
38. Forced removal due to building setbacks
39. Discriminatory covenants

Note: Items marked with an * are subject to a deductible and maximum liability, which is less than the policy amount. This chart is intended for comparison purposes only and is not a full explanation of policy coverage. Policy coverages are subject to the terms, exclusions, exceptions and deductibles shown in the policy.

HOMEOWNER'S POLICY
(1 - 4) UNITS THAT ARE OWNER OCCUPIED



PACIFIC COAST
TITLE COMPANY