SAN FRANCISCO

PRISM GROUP

BUYER'S GUIDE

COMPASS

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BENEFITS OF WORKING WITH US

TEAM PERFORMANCE

15
Years of Experience

Top 1.5%
Of Agents & Teams Nationwide

Top 10%
Of All Agents & Teams In SF

$130M
In Sales Volume

WE WILL...

Work on your timeline. We will not rush or push you. Our only interest is to find you the home you will love and enjoy for many years to come at the best possible price and terms.

Know about all available listings through the Multiple Listing Service (MLS), and keep our eyes open for upcoming listings not yet on the market.

Help assess your personal and financial goals to define the property parameters that meet your goals and your budget. We believe the home you buy should meet your housing needs at an affordable cost. We can recommend trustworthy loan agents who can review your different financing options and help you obtain loan pre-approval.

Review the purchase contract so you fully understand its specifications, contingencies and timelines, as well as customary practices, local laws and agency relationships.

Will, at your direction, prepare, present and aggressively negotiate the purchase offer on your behalf. We will provide the information, counsel, options and strategies pertaining to the offer process so that you can make informed decisions.

Manage every aspect of the escrow, disclosure and due diligence processes.

Have the expertise and knowledge to advise you on market values, conditions and trends.

Help coordinate the physical inspections of the property by qualified professionals and then review the inspection reports with you in detail.

Review the Seller's Transfer Disclosure Statement, title report and all other documents and disclosures with you to ensure a clear understanding of their data and implications.

Coordinate the third-party professional resources necessary to bring the transaction to a successful close: lender, appraiser, inspectors, contractors, insurance agent, escrow and title company, and so forth and so on.

Help you review the final closing documents and accompany you for their signing.

Follow-up after close of escrow to make sure you are settled comfortably into your new home and that there are no outstanding issues that need to be addressed.

GETTING STARTED

Purchasing a home is typically one of the largest, most complicated and most emotional financial transactions of one's life. Not only will you be finding a new home, but also making an important investment and creating a significant asset. There is a lot at stake, and we are committed to guiding you expertly through the process and representing your best interests at every step. That is the fiduciary duty we owe to all our clients and we take it very seriously. Before even starting the search, we suggest you make a list of your 10 or 12 most important criteria for a new home. Then we will meet to discuss your timeline, price range, needs, preferences, special circumstances, and other purchase parameters for the property that will best suit you, your lifestyle and goals. We'll review options in property type, architectural style, neighborhood, amenities, and financing – all of which will typically get further refined once the search process begins. We'll review current market conditions and trends, and how they will affect your search. We'll go over how we can help you best, how we can work together most effectively, and the things that you'll need to do to make the process successful. And then plot a course forward.

You can rest assured that you will receive the utmost care, attention, hard work, and professionalism. We love what we do and our success is entirely dependent upon your satisfaction. We promise unparalleled service and the highest ethical standards.
We hope that your home purchase will be the start of a long-term relationship between us. Thank you for allowing us the opportunity to work as your Realtor.

BEFORE YOU START

1. What is your price range?
2. What type of property are you looking for? (single-family home, condo, TIC)
3. Do you have any preferred neighborhoods?
4. Do you have pets?
5. Do you have children?
6. Is proximity to public transportation an important factor?
7. What amenities are most important to you? (parking, yard, etc.)

THE HOME BUYING PROCESS

1. CONSIDERATIONS

Needs, Wants and Priorities
Purchase Timeline
Financial Parameters and Costs
Buyer-Agent Relationship

2. PREPARATION

Financing Pre-Approval
Assess Market Conditions and Values
Learn Property Types
Neighborhood Pros and Cons

3. SEARCH

Listing Information Review
Home Tours and Open Houses
Exploring Options/Learning the Market
Find the Home You Wish to Buy

4. THE OFFER

Review Property Documents
Comparative Market Value Analysis
Negotiation of Best Terms and Price
Offer Acceptance

5. ESCROW

Review Timeline of Events
Escrow Account Opened
Buyer Good-Faith Deposit
Preliminary Title Report

6. DUE DILIGENCE

Lender Appraisal
Property Inspection & Investigation
Review of Disclosures and Reports
Removal of Contingencies of Sale

7. THE WEEK BEFORE CLOSING

Final Walk-Through
Review and Sign Closing Documents
Buyer Final Deposit
Funding of Loan

8. DAY OF CLOSING

Recordation of the Deed
Close of Escrow
Delivery of Keys
Move In

SEARCHING FOR YOUR NEW HOME

ONCE YOU HAVE AN IDEA OF WHAT YOU'RE SEEKING, IT'S TIME TO START VIEWING AVAILABLE PROPERTIES. THESE ARE THE BEST PLACES TO GET STARTED:

Properties on the market. It starts with the current inventory. This will help you better define your needs, wants and options and to understand market values. When possible, we will preview properties that meet your parameters before showing them to you. Being available to view newly listed homes can be important – since the most appealing and best priced may sell quickly.

Sunday open homes. Most new homes are shown during weekend open houses. When it is not possible for us to do this together, we can compare notes soon thereafter. Tell agents at the open homes you visit that you are working with a Compass agent; ideally give them your agent's business card.

Brokers' tours. Each Tuesday and Wednesday in San Francisco, new home listings are open to agents and their clients. This is often the first showing of a new listing.

How to look at a house. Each time you view a property, evaluate it against your list of needs and wants, and then rate it from 1 to 10 (10 being the perfect home). If you're willing to do work, consider whether the home can be improved to achieve what you want – by painting, new flooring, remodeling or minor structural alterations.

ONCE WE'VE FOUND YOU HOMES OR NEIGHBORHOODS WORTHY OF FURTHER CONSIDERATION, HERE ARE ADDITIONAL FACTORS TO KEEP IN MIND:

Assess locations in greater detail. Measure the commute time – consider driving or using public transport to get a real sense of how long it takes to get to work. Evaluate local schools and the proximity to shopping, dining and other activities that are important to you. Perhaps investigate the Megan's Law Database and local crime statistics.

Visit the home during both day and night times to get a better sense of noise levels and light at different times of the day, traffic and parking conditions in the neighborhood, and your comfort level with how safe it feels.

When determining the size requirements, keep in mind how your need for space may change in the future.

Evaluate the floor plan against your style of living and how you plan to use the rooms. Consider what you want for entertaining and privacy. How do the outside spaces complement the inside? Think about utility as well as curb appeal and graciousness.

PROPERTY TYPES

Single Family Home

A single-family home (often abbreviated as SFH), house or dwelling is a free-standing residential building that is maintained as a single dwelling unit. Even if the dwelling unit shares one or more walls with another unit it is considered a single family home if it has direct access to a street and does not share heating facilities/equipment, water equipment, nor any other essential facility or service.

Condo

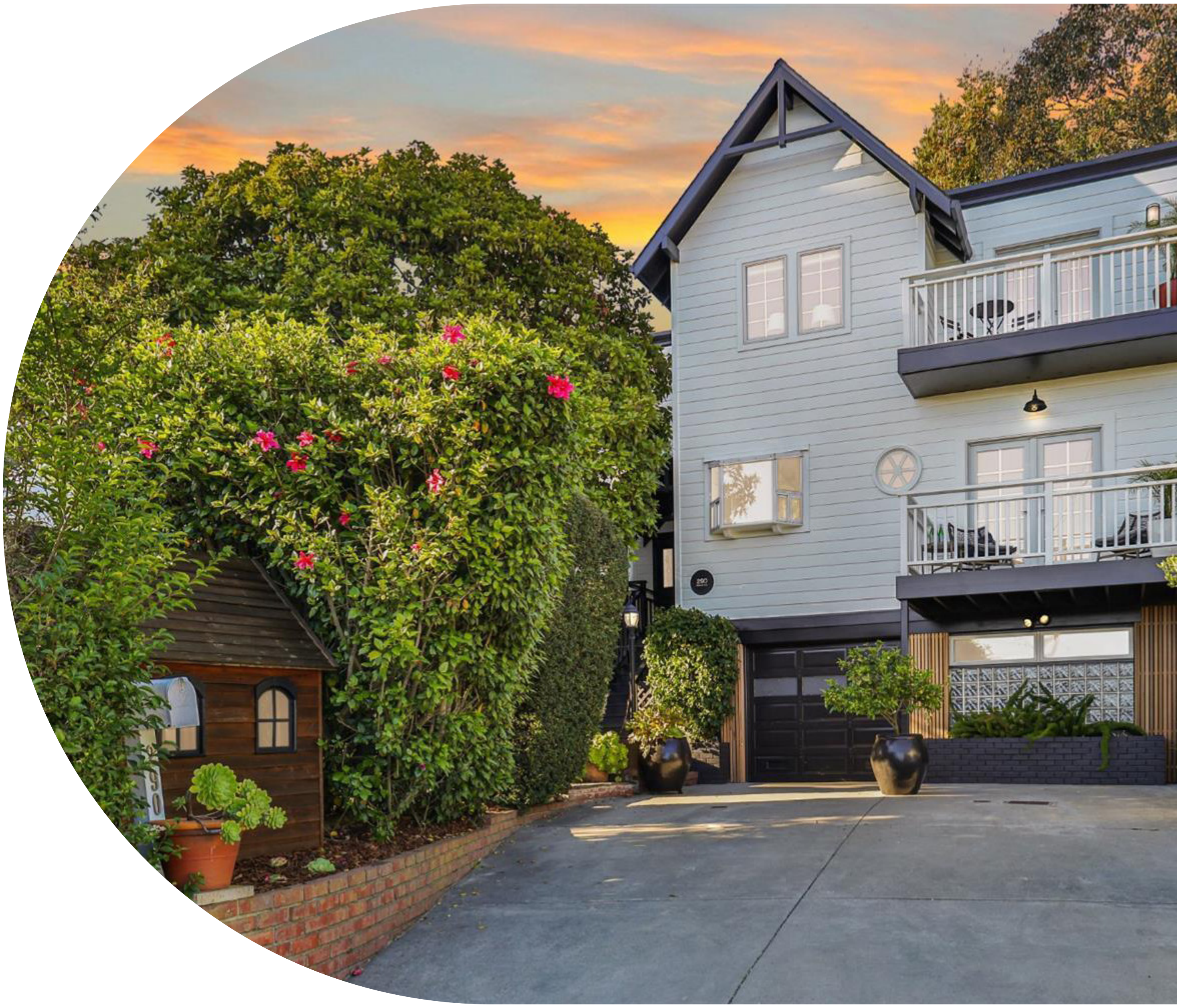
A condominium is usually attached housing, where the buyers/owners of each unit own their individual unit and a portion of the private land that the building sits on, as well as any amenities.All condominium buildings have associations (often referred to as Homeowner Associations or HOAs) that govern/oversee the policies of the condominium building as a whole, allocate expenses for maintenance, and collect the homeowner association fees.

Co-Op

Co-operative (Co-Op) housing is the form of ownership in which the whole property is owned by a co-operation and then sold as shares to the individual buyers/owners of the community. Cooperative housing typically shares the costs of upkeep and maintenance and shares amenities across all of its members.

Tenancy in Common (TIC)

Tenancy In Common (TIC): In a TIC, a building is owned by a TIC group in percentage shares, including the rights to occupy a particular unit. Each owner has a distinct. separately transferrable interest in the building as a whole. All areas of the property are owned equally by the group, and therefore an individual may not claim ownership to a specific part of the property.



FINANCING YOUR PURCHASE

OBTAINING A LOAN

STEP 1: REVIEW FINANCING OPTIONS

Financing your new home purchase begins with a consultation with a qualified loan agent. If you wish, we can recommend one who has the requisite experience, competence and integrity. There are a wide array of loan options, and choosing the one that works best for you will depend on a number of factors: your financial wherewithal and future plans, the monthly housing expense you are comfortable with, cash available for the down payment and closing costs, how long you plan to own your new home, etc. You may wish to consult your accountant regarding financial and tax implications.

STEP 2: LOAN PRE-APPROVAL

Your home search should begin with obtaining formal loan pre-approval – so that you fully understand your financing options, what you can afford, and what your closing costs and ongoing housing expenses will be. Furthermore, a lender pre-approval letter significantly strengthens your position when it is time to make your purchase offer to the Seller. Your loan agent will guide you through the pre-approval process, which involves the submittal, to chosen lenders, of your loan application and accompanying documentation regarding employment, income, assets, debts, and credit history.

STEP 3: YOUR NEW HOME IS FOUND & YOUR OFFER ACCEPTED

You have already been loan pre-approved; now the lender must approve the specific purchase terms and the property itself. This involves review and approval of the purchase contract, the property appraisal, the Preliminary Title Report, and any other supporting documentation required. Depending on the lender, the property and specific circumstances, this process typically takes from fourteen to thirty days.

STEP 4: LOAN APPROVAL

The property has appraised satisfactorily and all supporting documentation approved by the lender. The lender issues a formal loan commitment letter, and the purchase contract's loan contingency is removed.

STEP 5: LOAN DOCUMENTS

After formal loan approval, the loan documents are drawn up and sent by the lender to the title company. After careful examination, you sign these and other closing documents; they are then notarized by the escrow agent and returned to the lender for final review and funding.

STEP 6: FUNDING

The lender funds the loan, depositing the loan amount into the escrow account. You deposit any additional monies necessary to complete the purchase such as the remainder of your down payment and closing costs. These final monies are typically delivered by cashier's check or bank wire.

STEP 7: RECORDATION OF TRANSFER OF OWNERSHIP & CLOSE OF ESCROW

The legal documents transferring the property into your name and the deed of trust pertinent to the property's new loan are legally recorded with the County Clerk. The funds in escrow are then disbursed, as appropriate, to the Seller, the Seller's lender and other involved parties or service providers. Escrow is closed, and you are now the owner of your new home!

FINANCING YOUR PURCHASE

PREPARATION

Loan Application with Supporting Documentation	Credit Report	Pre-Approval Issued	Loan Options

PROPERTY SEARCH

Property Search Begins	Offer Accepted	Loan Submission to Lender	Lender Underwriting Begins

ESCROW PERIOD

Conditional Approval Given by Lender	**Final Approval Given by Lender**	Loan Docs Sent From The Lender	Loan Docs Recorded Purchase Closes

THINGS NOT TO DO WHEN APPLYING FOR A HOME LOAN

Below are a list of things to steer clear of when seeking to obtain financing for a home. The following items may be detrimental when trying to move forward with the loan process.

DON'T buy or lease an auto before you apply for a home loan
Lenders look carefully at your debt-to-income ratio. A large payment such as a car lease or purchase can greatly impact those ratios and prevent you from qualifying for a home loan.

DON'T move assets from one bank account to another
These transfers show up as new deposits and complicate the application process, as you must then disclose and document the source of funds for each new account. The lender can verify each account as it currently exists. You can consolidate your accounts later if you need to.

DON'T change jobs
A new job may involve a probation period, which must be satisfied before income from the new job can be considered for qualifying purposes.

DON'T buy new furniture or major appliances for your new home
If the new purchases increase the amount of debt you are responsible for, there is the possibility this may disqualify you from getting the loan, or cut down on the available funds you need to meet the closing costs.

DON'T run a credit report on yourself
This will show as an inquiry on your lender's credit report. Inquiries must be explained in writing.

DON'T attempt to consolidate bills before speaking with your lender
The lender can advise you if this needs to be done.

DON'T pack or ship information needed for the loan application
Important paperwork such as W-2 forms, divorce decrees, and tax returns should not be sent with your household goods. Duplicate copies take weeks to obtain, and could stall the closing date on your transaction.

THE FLOW OF A REAL ESTATE TRANSACTION

SELLER		BUYER
Agent presents Comparable Market Analysis Price established, Listing Agreement signed		Commitment to the agent Market education Financial Pre-Qualifications
MLS (Multiple Listing Service) Marketing, advertisement, open house showings		Viewing properties Property of choice located Writing offer with agent
	Disclosures provided	
	Purchase offer presented to Seller	
	Negotiation of terms	
	Sales contract accepted	
	Escrow opened Earnest money deposit	Loan process initiated
Inspections facilitated	Disclosures inspection Preliminary Title Report	Inspections obtained
Conditions removed	Possible additional negotiations	Conditions removed Deposit increased
	Escrow closing procedures	
Cash proceeds Move out	Loan funding Property title records at City Hall Utilities transfer to Buyer	Keys delivered Move in

DISCLOSURES

Real Estate Transfer Disclosure Statement (called the RETDS), Seller Property Questionnaire
These disclosures are questionnaires about the condition of the property and neighborhood

Preliminary Title Report
Provided by the Title Company, this report gives you information about the sellers

Pest Inspection Report
SSometimes referred to as a "Termite Report", it examines all types of insect and fungus damage (Section 1) as well as conditions that could lead to damage (Section 2). This inspection is performed by a specially licensed contractor who must inspect properties according to criteria established by the State Board of Pest Inspection.

Conditions, covenants and restrictions commonly referred to as CC&Rs

Home Owners Association (HOA) Meeting Minutes for the last 12 months

Home Inspection
A home inspection will check the overall condition of the home from the foundation to the roof, including electrical. plumbing, and heating, the basic structure, as well as the quality of the finish work. Other recommended inspections may include structural engineering, soil conditions. fireplace and furnace. The inspection period is useful for obtaining estimates for repairs and improvements you plan to make later.

Natural Hazard Zone Disclosure (Property ID or JCP Report)
This report gives you all information about how the property might by affected by a natural hazard., e.g., earthquake, Wildfire, Tsunami, Flood, etc. based on its specific location.

Agent's Visual Inspection Disclosure
Each agent will conduct a visual inspection of the property to identify red flags.

HOA Budget and Budget Reserve Study (if it's a larger building)

Condominium Certification Form

House Rules / Misc. Communication

MAKING THE OFFER

What is a good offer?
A good offer depends on multiple factors: the market, the neighborhood. the seller needs and the list price. It is your agent's job to provide you with the best information on these factors to help you make a decision.

- Is the list price low or high compared to the market?
- Is your offer the only one on the table or are there several you are up against?
- Are properties in general selling above or below asking in the neighborhood?

How do you win in a multiple bid situation?
Primarily by understanding the strategy and motivation of the sellers. It is important to know how many other offers are on the table. the state of the market, and the goals of the seller. An offer is more than a purchase price — a good offer is drafted carefully with overall terms that will appeal to the seller.

How long will it take for me to hear if I/we got it?
We generally give 24 hours for the seller to respond. In some cases the seller requests more time. but usually no more than a couple days. In the case of a short sale or REO. it can take weeks or months to hear back from the bank.

What is the counter offer? How does it work?
When you submit an offer. the seller has four choices:

1. They can ACCEPT it as written. and you are ratified, meaning you are "in contract" to buy it.
2. They can REJECT it.
3. They can offer you a "BACK-UP" position, in the case that they have accepted another offer. This will put you in first position to ratify if the first offer cancels or falls through.
4. They can COUNTER your offer. They can counter you on the purchase price. the length of escrow. contingency periods. or any other terms. Once you receive their counter you can then 1) Accept 2) Reject or 3) Counter their counter. This can go back and forth many times until both sides come to an agreement. As soon as one party agrees to the other's counter. you are ratified.

What is a Multiple Counter Offer?
If a seller receives more than one offer. they can counter all of them or a select few. In this scenario. the offer is not ratified when you respond to their counter. The seller has the final say. therefore you are not ratified until the seller accepts your counter.

THE ESCROW PROCESS

WHAT IS ESCROW?

The sale of real property involves transferring large sums of money and signing important documents by you, the Seller and your lender. Escrow is the process in which an impartial third party acts as a stakeholder and facilitator for both you and the Seller. Typically this entity is the Title Company. It carries out both parties' instructions and handles the paperwork, distribution of funds, title insurance, and the transfer and recordation of the title deed.

Escrow is normally opened within one business day of acceptance of the purchase agreement and at this time your initial deposit as specified in the contract is deposited into the escrow account. The duration of the escrow period – from offer acceptance to recordation of the transfer of ownership – is usually 21 to 45 days.

ESCROW CHECKLIST

Property Inspections
Professional inspections probably constitute the most important part of your due diligence on the property, and are typically conducted within 15 days of offer acceptance. Please review the "Buyer's Inspection Advisory" carefully. Inspection fees are usually paid by you, but the costs of issues that surface in the course of inspections are normally negotiable between you and the Seller (as specified in the purchase contract). It is vital you attend all inspections so you can see for yourself any problems that surface, ask pertinent questions of the inspector, and gain first-hand knowledge about property conditions and maintenance.

Structural Pest Control Inspection

A licensed structural pest inspector will examine the home for evidence of termites, dry rot, earth to wood contact, water intrusion and beetle infestation, and then provide a written report and bid for corrective work.

Contractor Inspection

This inspection covers major systems such as plumbing, heating and electrical; structural elements; roof; safety features and building code compliance.

Other Inspections

Inspections by other professionals may be warranted based upon the specific property and disclosures provided by the Seller. These include inspections by structural engineers, surveyors, and experts in soils, roofs, fireplaces, underground storage tanks and environmental hazards.

Review Disclosures
Sellers of residential properties and the real estate agents involved are required by law to disclose any material information known regarding the condition and circumstances of the property, and a number of statutorily required reports and disclosures will be supplied for your careful review. Sellers of probates and foreclosures are exempted from a number of these requirements.

THE ESCROW PROCESS

ESCROW CHECKLIST CONTINUED...

Finalize Financing
Ideally, you've already been pre-approved by the lender of your choice prior to making your offer to buy. During the escrow process, the lender will have the property appraised, and review the purchase contract, title report and other documents it deems necessary prior to giving final loan commitment. This process usually takes two to four weeks. Before funding, it will typically confirm that your financial situation has not changed.

Home Warranty
Home warranties are designed to protect you against unknown defects and failures in certain systems and appliances in your new home. We will provide information and referrals, outlining procedures, costs and coverage. Either Buyer or Seller may purchase a home warranty.

Remove Contingencies
Once you have completed your inspections and reviewed the reports and disclosures to your satisfaction, and received final loan approval, you will remove your contingencies of sale as specified in the purchase contract. Depending on how the contract was written, you may be increasing your deposit in escrow at this time.

Begin Moving Arrangements

Review and Sign Loan & Closing Documents
We will accompany you to the title company to sign documents. Before going to the title company to sign escrow papers, make sure to do the following:

- Confirm you have satisfied all your lender's requirements. Review the loan documents carefully.
- Obtain hazard/fire insurance and provide your escrow officer with the insurance agent's name and telephone number. You must have the policy in place before the lender will fund your loan.
- Decide how you will hold title to your new home. It is recommended that you consult a lawyer, tax consultant or other qualified professional in making this decision.
- Review the estimated closing statement of costs and disbursements prepared by the escrow agent.
- Bring your valid driver's license or passport to the signing appointment.

Deliver the Balance of Funds (down payment and closing costs) needed to close escrow to your title company at least two business days prior to closing in the form of a cashier's check or wire transfer.

Receive Your Closing Documents From Compass and the title company.

CLOSING ESCROW

CLOSING ESCROW

After both Buyer and Seller have completed their contractual obligations, and closing documents have been signed, your lender will wire the loan funds into the escrow account. Your title company will then record the title deed and loan deed of trust at the Recorder's Office. You are now the proud owner of your new home and the keys will be personally delivered to you. Occasionally Sellers may request the right to rent back the property after the close of escrow for a short period of time. If you agree to a Seller rent-back, the terms are negotiated as part of the purchase contract. It is typical for the Seller to pay prorated rent equal to the principal and interest costs of your loan plus property taxes and insurance (PITI).

WHAT TO KEEP FROM YOUR CLOSING

- The Real Estate Settlement Procedures Act (RESPA) statement. This form, sometimes called a HUD 1 statement, itemizes all the costs associated with the closing. You'll need this for income tax purposes and when you sell the home.
- The loan documents and the Truth-in-Lending Statement.
- The title deed of the property.
- Home insurance policy.
- Copies of all documents pertaining to the home purchase: contract, addenda, reports, disclosures, and any other documents received during the process.

TITLE INSURANCE

WHAT IS TITLE INSURANCE?

Title insurance is a contract of indemnity which guarantees that the title to the property is as reported. If it's not as reported, you are reimbursed for actual loss or damage under the conditions specified in the policy. The title policy covers you for your loss up to the amount of the policy.

TITLE SEARCH

Title companies work to eliminate risks by performing a search of the public records. The search consists of public records, laws and court decisions pertaining to the property to determine the current recorded ownership, and any recorded liens or encumbrances or any other matters of record which could affect the title to the property. When a title search is complete, the title company issues a Preliminary Title Report. The Preliminary Title Report contains vital information which can affect the close of escrow: ownership of the subject property, how the current owners hold title, matters of record that specifically affect the subject property, a legal description of the property and an informational plat map.

WHAT DOES A TITLE POLICY COVER?

Not all risks can be determined by a title search, since certain things such as forgeries, identity of persons, incompetency, failure to comply with the law, or incapacity cannot be uncovered by an examination of the public records. The Preliminary Title Report is an offer to insure under certain situations; the title policy is a contract that gives coverage against such problems. The California Land Title Association (CLTA) is the standard policy of title insurance in California.

WHAT DOES CLTA COVER?

- Mistakes in the interpretation of wills or other legal documents.
- Deeds delivered without the consent of the grantor.
- Deeds and mortgages signed by persons not of sound mind, by minors or by someone listed as single but who is, in fact, married.
- A forged signature on the deed.
- Impersonation of the real owner.
- Errors in copying or indexing.
- Falsification of records.
- Undisclosed or missing heirs.
- Recording mistakes.

WHAT DOES THE LENDER'S POLICY COVER?

- The priority of the insured mortgage.
- The invalidity or unenforceability of the insured assignment.
- The invalidity or unenforceability of the lien of the insured mortgage on the title.

INSPECTIONS AND HOME WARRANTY

BUYERS ARE RESPONSIBLE FOR INSPECTING THE PROPERTY

The purchase agreement typically contains provisions allowing you to perform any inspections you desire. Inspections do not guarantee the condition of the home; instead their purpose is to educate you regarding the home's current condition and how to maintain it in the future. Inspections are completed within a contractually specified time period, typically 10-15 days. If you are satisfied with the condition of the property, you remove the inspection contingency and proceed with the sale. If you are not satisfied, you may cancel the contract or negotiate with the Seller. In a negotiation, the purchase price may be adjusted, a credit may be given in escrow, or the Seller may perform work prior to close of escrow.

STRUCTURAL PEST CONTROL INSPECTION

Sometimes referred to as a "Termite Report," it examines all types of insect and fungus damage (Section 1) as well as conditions that could lead to damage (Section 2). This inspection is performed by a specially licensed contractor who must inspect properties according to criteria established by the State Board of Pest Inspection.

CONTRACTOR INSPECTIONS

A general contractor's inspection will check the overall condition of the home from the foundation to the roof, including electrical, plumbing and heating, the basic structure, as well as the quality of the finish work. Other recommended inspections may include structural engineering, soil conditions, fireplace and furnace. The inspection period is useful for obtaining estimates for repairs and improvements you plan to make later.

WHO PAYS FOR INSPECTIONS?

Typically, the Buyer pays for inspections. Pest control inspections generally range from $350 to $500 and contractor's inspections range from $400 to $800 depending on the size of the home. It is important to use qualified professionals and we can recommend inspectors in every category.

INSPECTIONS AND HOME WARRANTY

ON YOUR FINAL WALK-THROUGH, BE SURE THAT:

- Required repairs have been made. Obtain copies of paid bills and warranties.
- All items included in the sale (appliances, window coverings, light fixtures) are present in the home.
- All appliances are operating.
- Intercom, doorbell and alarm are operational.
- Heating and air conditioning systems are working.
- No plants or shrubs have been removed from the yard.
- Garage door opener and other remotes are available.
- Instruction books and warranties on appliances and fixtures are available.
- Hot water heater is working.
- All personal items of the Seller and all debris will be removed by close of escrow.

HOME WARRANTY PLANS

Several home warranty plans are available that provide insurance for the major systems and basic appliances of the home. The cost is approximately $350 to $500 per year depending on the extent of coverage. These plans can easily pay for themselves should a covered item need repair or replacement.

GUIDANCE DURING ESCROW

There are many reports, inspections, documents, disclosures, contractual obligations and important dates during the escrow period. When working with prism group, we are committed to providing guidance and representing your best interests through every step of the process. As a part of the service we provide, we:

- Assist you in understanding the complex purchase contract which delineates all the rights, responsibilities and obligations that will define the purchase and escrow process. There are many important decisions to make during the preparation of the offer and we will counsel you to the best of our ability to enable you to make informed decisions.
- Provide you with recommendations for any qualified professional resources required during the escrow and due diligence period.
- Coordinate with the loan agent and appraiser to arrange for entry to the property, supply all necessary documents, answer any questions regarding the home or neighborhood, and provide the most recent comparable sales.
- Coordinate and attend all inspections and assist you in reviewing and understanding the inspection reports. Ensure that any required corrective work is performed, and, if necessary, represent you in further negotiations pertaining to property conditions and circumstances.
- Assist you in reviewing and understanding the Preliminary Title Report. Assess whether additional information or outside professional resources are needed regarding any issues pertaining to title.
- Assist in the collection, review and understanding of the many disclosures and statutorily required reports supplied by the Seller and listing agent. Help identify any red flags that require further investigation.
- Ensure all contingencies and other contractual obligations are met within the time specified or, if needed, negotiate extensions.
- Ensure that all appropriate closing documents are ordered and prepared for your timely review.
- Assist you in complying with local ordinances and laws associated with the sale.
- Ensure that you receive copies of all documents pertinent to the transaction.

COMMON WAYS TO HOLD TITLE IN CO-OWNERSHIP

	COMMUNITY PROPERTY	COMMUNITY PROPERTY WITH RIGHT OF SURVIVORSHIP	JOINT TENANCY	TENANCY IN COMMON
Parties	Legally married spouses or domestic partners.	Legally married spouses or domestic partners.	2+ persons or entities (may be spouses or domestic partners).	2+ persons or entities (may be spouses or domestic partners).
Division	Ownership interest is equal.	Ownership interest is equal.	Interests are equal and undivided, yet each person controls own interest.	Ownership can be divided into any number of interests – equal or unequal.
Title	Title is in the "community" – each interest is separate.	Title is in the "community" subject to special survivorship right.	Ownership is joint. Sale by one severs tenancy as to others.	Each co-owner has title to an undivided interest.
Possession	Both co-owners have equal possession.	Both co-owners have equal possession.	Equal right of possession.	Equal right of possession.
Conveyance	Both parties must consent for valid transfer.	Both parties must consent for valid transfer.	Conveyance by one co-owner without others severs his/her joint tenancy.	Each co-owner's interest may be transferred separately.
Death	Deceased's half interest passes to surviving co-owner unless otherwise devised by will.	Deceased's half interest passes to surviving coowner. No separate interest is devisable by will.	Deceased's interest passes automatically to surviving joint tenant.	Deceased's interest passes to heirs by will.
Creditor's Rights	Entire property is liable for debts of either spouse or partner.	Entire property is liable for debts of either spouse or partner.	Each owner's interest subject to execution sale to satisfy debt.	Each owner's interest subject to execution sale to satisfy debt.

Provided for information only and should not be used to determine how you acquire ownership. Title may also be held in partnerships or trust arrangements. Buyers are advised to consult a financial advisor or attorney as to how to hold title.

GUIDE TO CLOSING COSTS

SELLERS GENERALLY PAY...	BUYERS GENERALLY PAY...
Brokerage Commissions	Title Insurance Premiums
Real Property Transfer Taxes	Escrow Fee
Payoff of Existing Property Loans	Inspection Reports (pest, contractor, engineer, roof, etc., as desired)
Statement Fees, Reconveyance Fees and Any LoanPrepayment Penalties	Pro-rated Property Taxes (from date of acquisition)
Pre-sale Inspection Reports (as desired)	Loan Points & Fees
Third-party Natural Hazard Disclosure Statement	Appraisal Fee
City Report of Residential Record	Interest on New Loan From Date of Funding to 30 Days Prior to First Payment
Energy & Water Conservation and Other Statutory Compliance Work	Home Warranty (as desired)
Home Warranty (according to contract)	Homeowner's Insurance for first year
Any Judgements, Tax Liens and Delinquent Taxes Recorded Against Property or Seller	Earthquake Insurance (optional)
Property Tax Proration (for any unpaid taxes up to time of transfer of title)	Homeowner's Association Transfer and Move-in Fees (for condominiums)
Any Unpaid Homeowner's Dues	Pro-rated Homeowner's Association Fees (for condominiums)
Homeowner's Association Document Fee	Private Mortgage Insurance (PMI) if required by Lender
Any Bonds or Assessments (according to contract)	Insurance Impound Account if required by Lender
Move-out Fees (for condominiums)	Property Tax Impound Account if required by Lender
Notary Fees and Recording Charges	Notary Fees and Recording Charges for All Documents in Buyer's Name
Courier Fees	Courier Fees

Who pays for the various closing costs is negotiable between the Buyer and Seller, though the above sets forth the customary division in San Francisco County. These items might not apply in other counties. Some counties split their title and escrow fees, and transfer taxes between Buyer and Seller in varying manners.

MOVING CHECKLIST

BEFORE YOU MOVE

Address Change Notification

- Post office forwarding address
- Waste disposal service
- Subscriptions (may take several weeks)
- Friends and relatives
- Bank and other financial institutions (for example, loans, credit cards)

Insurance

- Notify carrier of new location for coverage of: life, health, fire and auto

Transfer Services

- All utilities: gas, electric, water, phone, internet, cable, and garbage
- Newspapers

Gather Records (if moving to a new city)

- Obtain referrals from doctor and dentist; transfer prescriptions (for example, eyeglasses, medications)
- Obtain birth records, medical records
- Obtain pet records, tags/registration

Movers

- Arrange for moving company
- Clean rugs or clothing before moving; have them moving-wrapped
- Plan ahead for special care needs of small children and pets
- Check moving insurance coverage, packing and unpacking labor, arrival day and time, paperwork, method and time of expected payment

ON MOVING DAY

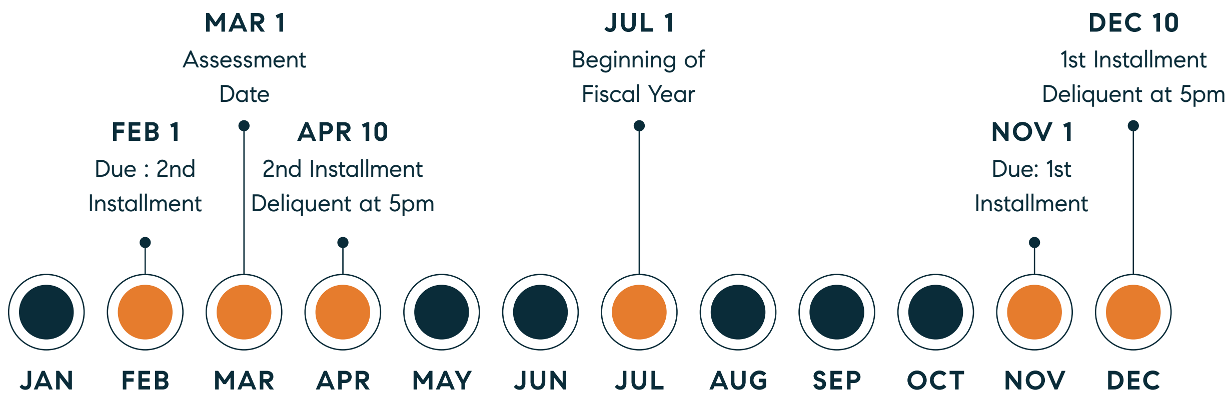
- Carry enough cash to cover cost of moving services and expenses
- Double check closets, drawers, shelves, and garage to be sure they are empty
- Make special arrangements for transporting pets
- Leave all old keys needed by new tenant or owner with appropriate party
- Transport jewelry and important documents yourself or use registered mail
- Let a close friend or relative know the route and schedule you will travel, including overnight stops; use him/her as a message headquarters

AT YOUR NEW ADDRESS

- Confirm status of all utility services
- Check pilot light on stove, hot water heater and furnace
- Have appliances checked
- Visit city offices and re-register to vote (save time and do this when you update records at DMV)
- Visit Department of Motor Vehicles to update driver's license(s), vehicle registration, vehicle inspection – in certain cases
- Register children in school
- Arrange for medical services: doctor, dentist, veterinarian


KITCHEN
BATHROOM

PROPERTY TAXES



THE TAX YEAR

Property taxes are charged on a fiscal year beginning July 1st and ending June 30th; hence tax years are referred to as 2020/2021, 2021/2022, etc. Taxes are billed in two equal installments: first installment covers July 1st through December 31st, second installment covers January 1st through June 30th. Tax bills are sent to homeowners in the last week of October. Tax payments are due November 1st and February 1st; tax payments are delinquent on December 10th and April 10th.

HOW TO CALCULATE 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. If you own and occupy a dwelling on March 1st as your principal place of residence, you are eligible to receive a reduction of up to $7,000 of the dwelling's taxable value. 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.

MELLO-ROOS COMMUNITY FACILITY DISTRICTS

Mello-Roos districts are designated areas which have issued bonds for community facilities, for example, earthquake retrofitting of schools, and for which annual tax levies are collected as part of the property tax billing. There are two districts in San Francisco. One encompasses the entire City and the other is a small area South of Market. The cost for the Mello- Roos Community Facility Bonds in most parts of San Francisco is $32.10 for a single family residence.

SUPPLEMENTAL TAXES

Upon change of ownership, the Assessor's Office will reappraise the property and will 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 30th.

PROPERTY TAXES

CAN YOU DISAGREE WITH THE AMOUNT?

You may apply to the Assessor to see if that office will change the valuation. Additionally, Appeals Boards have been established for the purpose of resolving valuation problems. Appeals on regular assessments may be filed between July 2nd and September 15th. Appeals on corrected assessments, escaped assessments (those that did not take place when they should have), or supplemental assessments must be filed no later than 60 days from the mailing date of the revised tax bill. If you choose to appeal, pay your tax installments in full by the deadlines or you may incur penalties. If the appeal is granted, a refund will be issued to you.

DID YOU RECENTLY PURCHASE A PROPERTY?

Escrow prorates taxes, but the actual taxes may not have been paid and you are responsible for any unpaid taxes at escrow closing. Read your escrow papers to determine if any portion of annual taxes were paid by the previous owner prior to closing. The Tax Collector will not send a bill for the remainder of the year in which you acquired the property unless requested. If any taxes remain unpaid, call the Tax Collector and request a bill; have the Assessor's Identification Number before calling.

GLOSSARY

Abstract (of title): A written summary of the title history of a particular piece of real estate.

Acceleration Clause: A clause in a Deed of Trust or note that accelerates or hastens the time when the debt becomes due. For example, most deeds of trust of loans contain a provision that the not shall become due immediately upon the sale or transfer of title of the loan, or upon failure to pay an installment of principal or interest. This is also called a due on sale clause.

Adjustment Period: The length of time between interest rate changes on an ARM. For example, a loan with an adjustment period of one year is called a one-year ARM, which means that the interest rate can change once a year.

Adjustable Rate Mortgage: A mortgage instrument with an interest rate that is periodically adjusted to follow a preselected published index. The interest rate is adjusted at certain intervals during the loan period.

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, and powers of attorney.

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

Application Fee: That part of the closing costs pre-paid to the lender at time of application to cover initial expenses.

Appraisal: An opinion of value based on factual analysis. Legally, an estimation of value by two disinterested persons of suitable qualifications.

APR (Annual Percentage Rate): The yearly interest percentage of a loan, as expressed by the actual rate of interest paid. The APR is disclosed as a requirement of federal truth in lending statutes.

Assessed Value: Value placed upon property for property, tax purposes by the tax collector.

Assessment: A levy against property in addition to general taxes. Usually for improvements such as streets, and sewers.

Assumption of Mortgage: Agreement by a Buyer to assume the liability under an existing note secured by a mortgage or deed of trust. The lender usually must approve the new debtor in order to release the existing debtor (usually the Seller) from liability.

Balloon Mortgage: A mortgage with periodic payments that do not fully amortize the loan. The outstanding balance of the mortgage is due in a lump sum at the end of the stated term.

Balloon Note: A note calling for periodic payments which are insufficient to fully amortize the face amount of the note prior to maturity, so that a principal sum known as a “balloon” is due at maturity.

Balloon Payment: A lump sum principal payment due at the end of some mortgages or other long-term loans.

Beneficiary: (1) One for whose benefit a trust is created. (2) In states in which deeds of trust are commonly used instead of mortgages, the lender (mortgagee) is called the beneficiary.

GLOSSARY

Binder: Sometimes known as an offer to purchase or an earnest money request. A binder is the acknowledgment of a deposit along with a brief written agreement to enter into a contract for the sale of real estate.

Borrower: One who borrows funds, with the express or implied intention of repaying the loan in full, or giving the equivalent.

Breach of Contract: Failure to perform a contract, in whole or in part, without legal excuse. Bridge Loan – A short-term loan secured by the equity in an as-yet unsold house, with the funds to be used for a down payment and/or closing costs on a new house. There is no payment of principal until the house is sold or the end of the loan term, whichever comes first. Interest payments may or may not be deferred until the house is sold.

Broker, Real Estate: One licensed by the state to carry on the business of dealing in real estate.A broker may receive a commission for his/her part in bringing together a Buyer and Seller,landlord and tenant, or parties to an exchange.

Buy Down: A fixed rate loan where the interest rate and payment are reduced for a specific period of time by paying the interest up front tosubsidized the lower payment.

Cal-Vet Loans: Real estate loans available to armed forces veterans from California, at low interest rates.

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

Cap (interest rate): The maximum interest rate increase allowable on an adjustable rate mortgage. Does not result in negative amortization. See Negative Amortization.

Cap (payment rate): The maximum payment amount increase allowable an adjustable rate mortgage

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

Certificate of Title: A statement that shows ownership of property, stating that the Seller has clear legal title.

Chain of Title: The chronological order of conveyances of a parcel of land, from the original owner to the present owner.

Clear Title: Real property against which there are no liens,especially involuntary liens (mortgages).

Closing: In real estate sales, the final procedure in which documents are executed and/or recorded, and the sale (or loan) is completed.

Closing Costs: Expenses incidental to a sale of real estate,such as loan fees, title fees, and appraisal fees.

Closing Statement: The statement which lists the financial settlement between Buyer and Seller, and the costs each must pay.

Cloud on Title: An invalid encumbrance on real property, which, if valid, would affect the rights of the owner. For example: A sells lot 1, tract 1, to B. The deed is mistakenly drawn to read lot 2, tract 1. A cloud is created on lot 2 by the recording of the erroneous deed. The cloud may be removed by quitclaim deed, or, if necessary, by court action.

Commission: An agent's or broker's fee for bringing the principals together and helping to negotiate a real estate transaction, often a percentage of the sales price or flat fee.

GLOSSARY

Commitment: An agreement, frequently in writing, between a lender and a borrower to loan money at a future date, subject to certain conditions.

Community Home Buyer's Program: A fixed rate loan with a low 3 to 5% down payment, no case reserve requirement, and easier qualifying ratios. Subject to borrower meeting income limits and attendance of a 4 hour training course on home ownership.

Comparables: Refers to similar properties used for comparison purposes in the appraisal process. These properties will be reasonably the same size and location, with similar amenities and characteristics, so that the approximate fair market value of the subject property can be determined.

Condominium: A form of real estate ownership where the owner receives title to a particular unit and has a proportionate interest in certain common areas. The unit itself is generally a separately owned space whose interior surfaces (walls, floors and ceilings) serve as its boundaries.

Consideration: Anything which is, legally, of value and induces one to enter into a contract. Contingency: A condition that must be satisfied before a contract is binding. For instance, a sales agreement may be contingent upon the Buyer obtaining financing. Conventional Mortgage: A mortgage or deed of trust not obtained under a government insured program such as FHA or VA.

Conversion Clause: A provision in some ARMs that enables you to change an ARM to a fixedrate loan, usually after the first adjustment period. The new fixed rate is generally set at the prevailing interest rate for fixed-rate mortgages. This conversion feature may cost extra.

Convey: To transfer real estate from one person to another by deed.

Conveyance: Transfer of title to land. Includes most instruments by which an interest in real estate is created, mortgaged or assigned.

Co-operative: A form of multiple ownership in which a corporation or business trust entity holds title to a property and grants occupancy rights to shareholders by means of proprietary leases or similar arrangements.

Covenants, Conditions and Restrictions (CC&R's): A term used in some areas to describe the restrictive limitations which may be placed on the property. CRB: Certified Residential Broker. To be certified, a broker must be a member of the National Association of Realtors' Managers' Council, have two years of experience as a licensed broker manager and have completed five required Management courses.

CRS: Certified Residential Specialist. To be certified, an agent must be a member of the National Association of Realtors, Residential Sales Council, have completed at least 50 residential transactions and have completed five required Residential Division courses.

Credit Report: The report to a prospective lender on the credit standing of a prospective borrower.

Deed: Actually, any one of many conveying or financing instruments, but generally a conveyancing instrument, given to pass thee title to property upon sale.

GLOSSARY

Deed of Trust: An instrument used in many states in place of a mortgage. Property is transferred to a trustee by the borrower (trustor), in favor of the lender (beneficiary), and reconveyed upon payment in full.

Default: Failure to fulfill terms as agreed in the mortgage note.

Deposit: Money given by the Buyer with an offer to purchase. Shows good faith. 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.

Disposable Income: Income, usually monthly income, leftover after fixed obligations and living expenses for that period of income are paid.

Documentary Transfer Tax: A City/County tax on the sale of real property, based on the sale price. Down Payment: Cash portion paid by a Buyer from his/her own funds, as opposed to that portion of the purchase price which is being borrowed.

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: The portion of the down payment delivered to the Seller or Escrow agent by the purchaser with a written offer as evidence of good faith.

Easement: A right to limited use of land owned by another. An electric company, for example, could have an easement to put up electric power lines over someone's property.

Encumbrance: A claim, lien, charge, or liability attached to and binding real property. Any right to, or interest in, land which may exist in one other than the owner, but which will not prevent the transfer of fee title.

Equity: The market value of real property, less the amount of existing liens.

Escrow: A procedure 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 all of the paperwork and distribution of funds.

Execute: To complete, to finish, in real estate deeds, to sign, seal, and deliver.

Fair Credit Reporting Act: A federal law giving one the right to see his/her credit report so that errors may be corrected. A lender refusing credit based on a credit report must inform the Buyer which company issued the credit report. The Buyer may see the report without charge if refused credit.

Federal Home Loan Banks: System of 11 regional banks established by the Home Loan Bank act of 1932 to keep a permanent supply of money available for home financing.

Fee Simple: Estate under which the owner is entitled to unrestricted powers to dispose of the property, and which can be left by will or inherited. Commonly, a synonym for ownership.

F.H.A. (Federal Housing Administration): A federal agency which insures first mortgages, enabling lenders to loan a very high percentage of the sale price.

FHA Loan: A loan insured by the Insuring Office of the Department of Housing and Urban Development, the Federal Housing Administration.

GLOSSARY

FHLMC (Freddie Mac): Federal Home Loan Mortgage Corporation. A federal agency purchasing first mortgages, both conventional and federal insured; from members of the Federal Reserve and the Federal Home Loan Bank System.

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

First Mortgage: A mortgage having priority over all other voluntary liens against certain property.

Fixed Rate Mortgage: A mortgage having a rate of interest which remains the same for the life ofthe mortgage.

Fixture: Property, such as a hot water heater or plumbing fixture, that has become permanently attached to a piece of real estate and goes with the property when it is sold.

Flood Certification: An independent agency report required by the lender to determine whether a property is located in a flood hazard zone. Such condition would then require a federally mandated flood insurance policy.

Flood Insurance: Insurance indemnifying banks against loss by flood damage. Required by lenders (usually banks) in areas designated (federally) as potential flood areas. The insurance is private but federally subsidized.

FNMA (Fannie Mae): Federal National Mortgage Association. A private corporation dealing in thepurchase of first mortgages, at discounts.

Foreclosure: A legal procedure in which property mortgaged as security for a loan is sold to pay the defaulting borrower's debt.

GNMA (Ginnie Mae): Government National Mortgage Association. A federal association, working with F.H. A., which offers special assistance in obtaining mortgages, and purchases mortgages in a secondary capacity.

Good Faith: Done with good intentions, without knowledge of fraudulent circumstances, or reason to inquire further.

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

Gross Income: Normal income, including overtime, prior to any payroll deductions that is regular and dependable. This income may come form more than one source.

Hazard Insurance: Real estate insurance protecting against loss caused by fire, some natural causes, and vandalism, depending uponthe terms of the policy.

Home Inspection Report: A qualified inspector's report on a property's overall condition. The report usually includes an evaluation of both the structure and mechanical systems.

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 statue in some states. The builder's participation as well as the duties of the association are controlled by statute.

GLOSSARY

Homeowner's Insurance: Includes the coverage of Hazard Insurance plus added coverage such as personal liability, theft away from the home (items stolen from the insured's car), and other such coverage.

Home Warranty Plan: A warranty that protects against failure of mechanical systems within the property. Usually this includes plumbing, electrical, heating systems and installed appliances.

Housing Starts: Number of houses on which construction has begun. The figures are used to determine the availability of housing, need for real estate loans, need for labor and materials.

HUD-1 Form: See Real Estate Settlement Statement Impound Account: Account held by a lender for payment of taxes, insurance, or other periodic debts against real property. The borrower pays a portion of, for example, the yearly taxes, with each monthly payment. The lender pays the tax bill from the accumulated funds.

Income Property: Real estate that is owned for investment purposes and not used as the owner's residence.

Index: An index used to adjust the interest rate of an adjustable rate mortgage loan. For example: the change in U.S. Treasury securities (T-bills) with a 1 year maturity. The weekly average yield on said securities, adjusted to a constant maturity of one year, which is the result of weekly sales, may be obtained weekly. This change in rates is the "index" for the change in the specific adjustable rate mortgage.

Instrument: Any writing having legal form and significance, such as a deed, mortgage, will, and lease.

Interest: A charge paid for the use of money. Interest Rate: The percentage of an amount of money which is paid for its use for a specified time, usually expressed as an annual percentage.

Interest Rate Cap: The maximum interest rate increase of an adjustable rate loan. For example: a 6% loan with a 5% interest rate cap would have a maximum interest for the life of the loan which would not exceed 11%.

Interim Financing: See Bridge Loan

Joint Tenancy: An undivided interest in property, taken by two or more joint tenants. The interests must be equal, occurring under the same conveyance, and beginning at the same time. Upon the death of a joint tenant, the interest passes to the surviving joint tenants, rather than to the heirs of the deceased.

Land Contract: When the Buyer agrees to make payments directly to the Seller at pre-negotiated terms. The Seller agrees to deed the property to the Buyer upon completion of the agreement. The Buyer becomes the owner of equity in this type of sale. (Also see Owner Financing)

Late Charge: A charge to the borrower for the failure to pay an installment payment on time.

Lease: An agreement by which an owner of real property gives the right of possession to another for a specified period of time and for a specified consideration (rent). Title does not pass.

Legal Description: A method of geographically identifying a parcel of land, which is acceptable in a court of law. A description parcel of land sufficient to identify the property such as a lot and tract number.

GLOSSARY

Lien: An encumbrance against property for money, either voluntary or involuntary. All liens are encumbrances but all encumbrances are not liens.

Lis Pendens: A legal notice recorded to show pending litigation relating to real property, and giving notice that anyone acquiring an interest in said property subsequent to the date of the notice may be bound by the outcome of the litigation.

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

Loan Origination Fee: One time setup fee charged by lender.

Loan Package: The file of all items necessary for the lender to decide whether to give a loan. Items would include the information on the prospective borrower (for example, loan application, credit report, financial statement, employment letters) and information on the property (for example, appraisal, survey)

Loan-To-Value (LTV) Ratio: The relationship between the amount of the mortgage and the appraised value of the property, expressed as a percentage of the appraised value.

Maintenance Reserve: Money reserved to cover anticipated maintenance costs.

Maker: One who executes (signs) as the maker (borrower)of a note.

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

Marketability: Saleability. The probability of selling property at a specific time, price and terms.

Marketable Title: Title which can be readily marketed (sold)to a reasonably prudent purchaser aware of the facts and their legal meaning concerning liens and encumbrances.

Market Price: The price a property brings in a given market. Commonly used interchangeably with market value, although not truly the same.

Market Value: The price at which a property will sell, assuming a knowledgeable Buyer and Seller, both operating without undue pressure.

Material Fact: A fact upon which an agreement is based, and without which, said agreement would not be made.

Maturity: (1) Termination period of a note. For example: A 30 year mortgage has a maturity of 30 years. (2) In sales law, the date a note becomes due.

Mechanics Lien: A lien created by statute for the purpose of securing priority of payment for the price or value of work performed and materials furnished in construction or repair of improvements to land, and which attaches to the land as well as the improvements.

Moisture Barrier: Insulating materials used to prevent the build up of moisture (condensation) in walls and other parts of a building.

Mortgagee: The party lending the money and receiving the mortgage. Some states treat the mortgagee as the "legal" owner, entitled to rents from the property. Other states treat the mortgagee as a secured creditor, the mortgagor being the owner. The matter is the more modern and accepted view.

GLOSSARY

Mortgage Credit Certificate (MCC) Program: A first time home buyer program subject to purchase price and income limits and limited to Alameda, Contra Costa, San Mateo and Santa Clara counties. The MCC program is actually a special tax credit and assists Buyers in qualifying on almost any loan program.

Mortgage Insurance: Insurance written by an independent mortgage insurance company protecting the mortgage lender against loss incurred by a mortgage default, thus enabling the lender to lend a higher percentage of the sale price. The Federal government writes this form of insurance through the FHA and VA.

Mortgage Life Insurance: A type of term life insurance often bought by mortgagors. The coverage decreases as the mortgage balance declines. If the borrower dies while the policy is in force, the debt is automatically covered by insurance proceeds.

Mortgage Note: A written promise to pay a debt at a stated interest rate during a specified term. The agreement is secured by a mortgage.

Mortgagor: The party who borrows the money and gives the mortgage.

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

Negative Amortization: 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 could owe more than you did at the beginning of the loan. Negative amortization can occur when as 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, or 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.

Notice of Action: Recorded notice that real property may be subject to a lien, or even that title is defective, due to pending litigation. Notice of a pending suit, also called "Lis Pendens".

Notice of Cessation: A notice stating that work has stopped on a construction project. Done to accelerate the period of filing a mechanic's lien.

Notice of Completion: A notice, recorded to show that a construction job is finished. The length of time in which mechanic's liens may be filed depends upon when and if a notice of completion is recorded.

Notice of Default: Notice filed to show the borrower under a mortgage or deed of trust is in default (behind on payments).

Offer: A presentation or proposal for acceptance, in order to form a contract. To be legally binding, an offer must be definite as to price and terms.

Offer and Acceptance: Necessary elements of a contract to sell real estate.

Offer to Purchase: A written proposal to buy a piece of real estate that becomes binding when accepted by the Seller. Also called a sales contract.

GLOSSARY

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.

Owner Occupied: Property physically occupied by the owner.

Owner Financing: A purchase in which the Seller provides all or part of the financing.

Ownership: Rights to the use, enjoyment and alienation of property, to the exclusion of others. Concerning real property, absolute rights are rare, being restricted by zoning laws, restrictions, and liens.

Payment Cap: A maximum amount for a payment under an Adjustable Mortgage Loan, regardless of the increase in the interest rate. If the payment is less than the interest alone, negative amortization is created.

Payoff: The payment in full of an existing loan or other lien.

Personal Property: Any property which is not designated by law as real property.

Piggybank Loan: A loan made jointly by two or more lenders on the same property under one mortgage or trust deed. One 90% loan, for example, may have one lender loaning 80% and another (subordinate) lender loaning the top 10% (high risk portion).

PITI (Principal, Interest, Taxes and Insurance): Used to indicate what is included in monthly payment on real property. Principal, interest, taxes (property) and insurance (hazard) are the four major portions of a usual monthly payment.

Planned Unit Development (PUD): A zoning designation for property developed at the same or slightly greater overall density than conventional development, sometimes with improvements clustered between open, common areas. Users may be residential, commercial or industrial.

Plat: A map of a piece of land showing boundary lines, streets, actual measurements and easements.

Point: An amount equal to 1% of the loan principal. Lenders charge loan points to increase their a mortgage. Points are considered prepaid interest.

Power of Attorney: An authority by which one person (principal) enables another (attorney-infact) to act for him. (1) General power – authorizes sales, and mortgaging, of all property of the principal. Invalid in some jurisdictions. (2) Special power specifies property, Buyers, price and terms. How specific it must be varies in each state.

Pre-approval: A commitment by a lender to extend credit provided that specific conditions are met.

Preliminary Title Report: A report showing the condition of title before a sale or loan transaction. After completion of the transaction, a title insurance policy is issued.

Pre-Qualification: A preliminary assessment of a Buyer's ability to secure a loan, based on a specific set of lending guidelines and Buyer representations made. This is not a guarantee or commitment by a lender to extend credit.

GLOSSARY

Prepaid Items: Those expenses of property which are paid in advance and will usually be prorated upon sale, such as taxes, insurance, and rent.

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

Prime Rate: The interest rate charged by banks to their preferred corporate customers, it tends to be an estimator for general trends in short term interest rates.

Principal: (1) The person who gives authority to an agent or attorney. (2) Amount of debt, not including interest. The face value or a note, and mortgage.

Private Mortgage Insurance: Insurance against a loss by a lender in the event of default by a borrower (mortgagor). The insurance is similar to insurance by a government agency such as FHA, except that it is issued by a private insurance company. The premium is paid by the borrower and is included in the mortgage payment.

Promisee: One to whom a promise has been made, such as the lender under a promissory note.

Promisor: One who makes a promise. The borrower under a promissory note.

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

Proration: To divide (prorate) property taxes, insurance premiums, and rental income, between Buyer and Seller proportionately to time of use, or the date of closing.

Public Records: Usually at a county level, the records of all documents which are necessary to give notice. The records are available to the public. All transactions for real estate should be recorded.

Purchase Agreement: Agreement between a Buyer and Seller of real property, setting forth the price and terms of sale.

Qualifying Ratios: Guidelines applied by lenders to determine how large a loan to grant a home Buyer.

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.

Real Estate: (1) Land and anything permanently affixed to the land, such as buildings, fences, and those things attached to the buildings, such as light fixtures, plumbing and heating fixtures, or other such items which would be personal property if not attached. The term is generally synonymous with real property, although in some states a fine distinction may be made. (2) May refer to rights in real property as well as the property itself.

Real Estate Settlement Statement: Final settlement statement often referred to as the HUD-1 form, used to itemize Buyer, Seller, broker, and lender charges and credits at closing.

Realtor: Real estate broker or associate active in local real estate board affiliated with the National Association of Realtors

GLOSSARY

Reconveyance: An instrument used to transfer title from a trustee to the equitable owner or real estate, when title is held as tolerable security for a debt. Most commonly used upon payment in full of a trust deed. Also called a deed of reconveyance or release.

Recording: Filing documents affecting real property as a matter of public record, giving notice to future purchasers, creditors, or their interested parties. Recording is controlled by statute and usually requires the witnessing and notarizing of an instrument to the recorded.

Recording Fee: Amount paid to recorder's office in order to make a document a matter of public record.

RESPA: Real Estate Settlement Procedures Act. Federal statute effective June 20, 1975, requiring disclosure of certain costs in the sale of residential (one to four family) improved property to be financed by a federally insured lender. Refinancing: Repaying a debt with the proceeds of a new loan, using the same property as collateral or security.

Regulation Z: The set of rules governing consumer lending issued by the Federal Reserve Board of Governors in accordance with the Consumer Protection Act.

Retaining Wall: A wall used to contain or hold back dirt, water, or other materials of a similar nature.

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.

Sales Contract: Another name for a sales agreement, and purchase agreement.

Second Mortgage: A mortgage which ranks after a first mortgage in priority. Properties may have two, three, or more mortgages, deeds of trust, or land contracts, as liens at the same time. Legal priority would determine whether they are called a first, second, third, lien.

Secondary Mortgage Market: The buying and selling of existing mortgages through agencies (i.e. Fannie Mae, Freddie Mac).

Septic System: A sewage system, whereby waste is drained through pips and a title field (a system of clay tiles and gravel) into a septic tank. Found in areas where city or county sewers have not yet been installed.

Septic Tank: An underground tank into which a sanitary sewer drains from a building. The sewage is held until bacterial action changes the solids into liquids or gasses, which are then released into the ground.

Signed, Sealed and Delivered: A phrase indicating that everything necessary to convey has been done by the grantor. Modernly, signed, and delivered are still necessary, but the only seals commonly used are by governments, corporations, and notaries.

Simple Interest: Interest computed on principal alone, as opposed to compound interest.

Special Assessment: Lien assessed against real property by a public authority to pay costs of public improvements (for example, sidewalks, sewers, street lights) which directly benefits the assessed property.

Specific Performance: An action to compel the performance of a contract, when money damages for breach would not be satisfactory.

GLOSSARY

Statement of Identity: Also called Statement of Information, a confidential form filled out by Buyer and Seller to help a title company determine if any liens are recorded against either. Very helpful when people with common names are involved.

Statute: A law which comes from a legislative body. A written law, rather than law established by court cases. Subordinate: To make subject or junior to.

Succession: Passing of real property by will or inheritance, rather than by grant of a deed or any other form or purchase.

Survey: The measurement of the boundaries of a parcel of land, its area and sometimes its topography.

Take Out Loan: The "permanent" (long term) financing of real estate after completion of construction.

Tax Base: The assessed valuation of real property, which is multiplied by the tax rate to determine the amount of tax due.

Tax Lien: (1) A lien for nonpayment of property taxes. Attaches only to the property upon which the taxes are unpaid. (2) A federal income tax lien. May attach to all property of the one owning taxes.

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

Tenant: (1) A holder of property under a lease or other rental agreement. (2) Originally, one who had the right to possession, irrespective of the title interest.

Terms: The consideration, other than price, in a sale, lease, and mortgage. For example: the way the money will be paid, time to take possession, and conditions. "Time Is Of The Essence": Clause used in contracts to bind one party to performance at or by a specified time in order to bind the other party to performance.

Title: The evidence one has of right to possession of land.

Title Insurance Policy: A policy that protects the purchaser, mortgage or other party against losses concerning title to the property and matters such as easements, encroachments and liens.

Title Search: A check of public record to disclose the past and current facts regarding ownership of a particular piece of property.

Topography: The contour of land surface, such as flat, rolling, and mountainous. Transfer: The act by which the title to property is conveyed from one person to another.

Transfer Tax: City/County tax on the transfer of real property. Based on purchase price or money changing hands. Also called documentary transfer tax.

Trust: A fiduciary relationship under which one holds property (real or personal) for the benefit of another. The party creating the trust is called the settler, the party holding the property is the trustee, and the party for whose benefit the property is held is called the beneficiary.

Trustee: (1) One who is appointed, or required by law, to execute a trust. (2) One who holds title to real property under the terms of a deed of trust.

GLOSSARY

Trustor: The borrower under a deed of trust. One who deeds his property to a trustee as security for the repayment of a loan.

Truth-In-Lending: A federal law that requires lenders to fully disclose, in writing, the terms and conditions of a mortgage, including the APR and other charges.

Underwriting: The process of evaluating a loan application to determine the risk involved for the lender.

Veterans Administration (VA): An agency of the Federal government which, among other things, insures and guarantees loans or veterans.

VA Loan: A loan that is partially guaranteed by the Veterans Administration and made by a private lender. VA Mortgage Funding Fee: A premium of up to 1-7/8 percent (depending on the size of the down payment) paid on a VA backed loan. On a $75,000 fixed-rate mortgage with no down payment, this would amount to $1,406 either paid at closing or added to the amount financed.

Variable Rate Mortgage (VRM): See adjustable rate mortgage

Verification of Deposit (VOD): A document signed by the borrower's financial institution verifying the status and balance of his/her financial accounts.

Verification of Employment (VOE): Document signed by the borrower's employer verifying position and salary.

Warrant: To legally assure that title conveyed is good and possession will be undisturbed.

Warehouse Fee: Many mortgage firms must borrow funds on a short term basis in order to originate loans which are to be sold later in the secondary mortgage market (or to investors). When the prime rate of interest is higher on short term loans than on mortgage loans, the mortgage firm has an economic loss which is offset by charging a warehouse fee.

Wrap-Around Mortgage: A second or junior mortgage with a face value of both the amount it secures and the balance due under the first mortgage. The mortgage under the wrap-around collects a payment based on its face value then pays the first mortgagee. It is most effective when the first has a lower interest rate than the second, since the mortgagee under the wraparound contains the difference between the interest rates, or the mortgagor under the wrap-around may obtain a lower rate than if refinancing.

TESTIMONIALS

"Working with dpaul's team was a dream! We were lucky enough to work with them twice. First when buying our home, and then again when we had to unexpectedly sell a few years later. We were first-time buyers, and they provided so much insight into the process, especially helping us navigate a purchase in an unincorporated community, so that we knew exactly what we were getting into. When it was time to sell, they helped us navigate the process from 2,000 miles away, and the entire time we knew we were in great hands. They have such a strong network — from stagers, to painters, to mortgage brokers, I can't stress enough how important it is to work with a great team when buying or selling. They even went the extra mile, helping us find a Realtor® referral in the new state we moved to, and she was fabulous, too! They helped turn an unexpected moment in our lives into a process that was manageable."

— TIM & ERIN

"dpaul and Trudi are a fantastic, experienced team. They know the market, the city, and took the time to get to know us, too. When things were tense, they were responsive but calm — exactly what we needed. When touring houses they spotted both opportunities, and things to be wary of. They made sure we knew what we were looking at, and never played salesperson or tried to urge us towards hasty decisions. I would definitely recommend them to anybody. In this fast-paced market, having experts on your side is essential."

— GEOFF & PITA

"We would highly recommend them! As first time buyers, we needed considerable help and support making our first big purchase. dpaul was great in answering all of our beginner questions and had some expert insights about neighborhoods and prices we would never have had on our own. In particular, he stayed flexible and patient as we went on a long search with changing priorities as we got to know more about the market and our own preferences. The result was a great family home in a neighborhood we love that we will get pleasure from for years to come. We would highly recommend them to others taking the plunge in the Bay Area!"

— AL & MORGAN

ABOUT PRISM GROUP

No matter where you're looking in the 7x7 and beyond, you'll find our understanding of the city's many nuances simply priceless. With our executive backgrounds in o range of environments, we ore skilled in managing multiple parties, developing creative solutions, and handling negotiations. Whether you're a first-time buyer, expanding your real estate portfolio, upsizing or downsizing, we approach every transaction with attention to detail, and always hove your best interests top of mind.

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