Home Seller's Guide

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The Largest Independent Brokerage in the Desert

As the largest independent local real estate firm in the Hi-Desert, with five boutique offices, our goal is to help you get the most when you sell your home! By helping get your home ready to list, ordering professional photography packages and publishing on the Multiple Listing Service, we can help you sell your home quickly and at current market value.

Selling homes for five generations and counting, we also do social media advertising on platforms such as Facebook, Instagram, Twitter and many more!

In addition to online advertising and social media, we also publish listings in Welcome Home Magazine, Palm Springs LIFE HOMES, Desertmoon Pictorial Real Estate Magazine, Joshua Tree Gateway Community Homes, and we self publish a full color, high quality magazine every quarter! This huge amount of advertising guarantees print exposure, which is just as important to some consumers as online advertisement. In fact, our company does more print advertising than any other firm in the Morongo Basin! We're also the only local firm to self publish our listings in our own publication.

Our offices offer five convenient locations throughout the desert, for your convenience: Morongo Valley, Yucca Valley, Joshua Tree, Twentynine Palms, and Palm Springs. This allows us to give you a local presence with your listing that basic service real estate companies and large national chain companies cannot provide.

Each office features high quality displays, which scroll company listings, allowing our customers a view of your home while meeting one of our Realtors, as well.

Listing your home with a Cherie Miller and Associates agent not only provides an amazing amount of advertising, but we also have the experience to negotiate a sale with your best interst in mind, and can guide you through the difficult and stressful process.

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www. morongovalleyrealty.com / www.joshuatreerealty.info /
www.29palmsrealty.com

Tips for the Seller

**Let your home smile
a welcome to buyers**

1. First impressions are lasting. The front door greets the prospect. Make sure it is fresh, clean, and attractive. Keep lawns trimmed and edged and the yard free of refuse.
2. Decorate for a quick sale. Faded walls and worn woodwork reduce appeal. Why tell the prospect how your home <u>could</u> look, when you can show them by redecorating? A quicker sale at a higher price will result. An investment in new kitchen wallpaper will pay dividends.
3. Let the sun shine in. Open draperies and blinds and let the prospect see how cheerful your home can be. (Dark rooms do not appeal).
4. Fix that faucet! Dripping water discolors sinks and suggests faulty plumbing.
5. Repairs can make a difference. Loose knobs, sticking doors and windows, warped cabinet drawers, and other minor flaws detract from a home's value. Have them fixed.
6. From top to bottom: Display the full value of your attic and other utility space by removing all unnecessary articles.
7. Safety first. Keep stairways clear. Avoid cluttered appearances and possible injuries.
8. Make closets look bigger. Neat well-ordered closets show that space is ample.
9. Bathrooms help sell homes. Check and repair caulking in bathtubs and showers. Make these rooms sparkle.
10. Arrange bedrooms neatly. Remove excess furniture. Use attractive bedspreads and freshly laundered curtains.
11. Can you see the light? Illumination is like a welcome sign. The potential buyer will feel the glowing warmth when you turn on all your lights for an evening inspection.
12. Three's a crowd. Avoid having too many people present during inspections. The potential buyers will feel like an intruder and will hurry through the house.
13. Music is mellow. But not when showing a house. Turn off the radio or television. Let the salesperson and buyers talk, free of disturbances.
14. Pets underfoot? Keep them out of the way - preferably out of the house.
15. Silence is golden. Be courteous but don't force conversation with the potential buyers. They want to inspect your house, not pay a social call.
16. Be it ever so humble: Never apologize for the appearance of your home. After all, it has been lived in. Let the trained salesperson answer any objections. This is their job.
17. In the background: The salesperson knows the buyer's requirements and can better emphasize the features of your home when you don't tag along. You will be called if needed.
18. Why put the cart before the horse? Trying to dispose of furniture and furnishings to the potential buyers before they have purchased the house often loses a sale.
19. A word to the wise: Let the real estate agents discuss price, terms, possession, and other factors with the customer. They are eminently qualified to bring negotiations to a favorable conclusion.
20. Use your agent. Show your home to prospective buyers only by appointment through your agent. Your cooperation will be appreciated and will help close the sale more quickly.

Sure-Fire Selling Strategies

Every seller dreams of listing in a market thick with buyers, and getting a full-price offer immediately from a pre-approved buyer willing to waive a home inspection and close at the seller's convenience.
The reality is far from that, especially in a sluggish market where houses can languish for months. Market forces can't be controlled, but often the reason houses don't sell is because they're overpriced – and that's something you *can* control. After sprucing up your house, the best sales strategy involves being realistic about the value of your property and finding ways to entice buyers beyond curb appeal.

Pulling Out the Stops
Try these tactics to speed your sale:

STRATEGY	RATIONALE
Pre-Sale inspection and warranty	A comprehensive home inspection combined with a home warranty reassures buyers that the property is in good condition and that certain repairs will be covered by insurance. Make copies of these documents for buyers to take away.
Decorating allowance	Offer an appropriate allowance (for re-carpeting, wallpapering, or painting) to a buyer who likes everything but your taste in decor.
Lease option	This allows a buyer to rent the property for a period of time with an option to buy. A percentage of the rent is set aside as the buyer's down payment, while you use the remainder to cover your mortgage. To increase the likelihood of a sale, put at least 30 percent of the rent toward a down payment.
Seller Financing	Seller financing is most advantageous if you have substantial equity in the property. Options include buying down the mortgage rate, putting funds in escrow to cover several months of mortgage payments, and carrying back a second mortgage to help a buyer cover a down payment. Before you offer financial assistant to a buyer, consult your agent and real estate attorney, and make sure the buyer is creditworthy.
Closing Costs	You can offer to cover nonrecurring closing costs, such as prepaid interest charges or the first year of property taxes. Paying points is an attractive incentive that you an also use as a tax deduction. Most lenders limit the amount of closing costs you can pay, but this can make a difference for cash-short buyers.

Listen to Feedback
If your home has been on the market for several months with no offers, it's time to meet with your agent and discuss the situation. Before you meet, ask your agent to get feedback from other agents who have shown your home. Correct any recurring issues. If the consensus is that your home isn't selling because of price, reduce the price as soon as possible.

TIPS: Remember, the longer your home is on the market, the less likely you are to get a full-price offer. Don't hesitate to take steps quickly after the first month goes by. If you make major repairs or offer incentives, schedule another open house to renew enthusiasm for the property.
Good agents should keep you informed about what they are doing to market your home. If your agent has not been doing this, ask for a detailed report.

Synopsis

Selling your house in a slow market may be difficult, but knowing a few tricks of the trade and being realistic about pricing can help make the sale

A Sign of the Times

Signage may seem straightforward, but it's one of your most important sales tools. The sale sign should be two-sided, easy to read, and in excellent condition (a damaged sign can lower curb appeal). If your neighborhood is full of walkers, add a box of sales brochures. You may have to put up with everyone knowing your sales price, but word of mouth can be very effective advertising, especially if your area is desirable. If you add incentives such as a home warranty, post that on the sign as well.

Top 10 Seller's Questions

1. When do I get my sale proceeds?
On the date of recording, your escrow officer will have your proceeds available for your review. At the time of signing, you may request that your escrow officer either cut you a check for your proceeds or wire the funds directly into your bank account.

2. Why do I have to pay interest on my loan pay-off past the date of recording?
Your lender continues to accrue interest to the date that they post your loan as being paid in full. This could be one or two days from the date your escrow officer sends your pay-off check via overnight delivery or wire transfer.

A good book to invest in is House Selling for Dummies by Eric Tyson and Ray Brown

3. When do I get a refund from my impound account?
After your escrow officer sends your pay-off check to your existing lender, you can expect to get your impound account back directly from your lender within 30-60 days. If you have any questions after that time, we suggest calling your lender.

4. When do I cancel homeowner's/fire insurance?
Please do not cancel your insurance until you have received your sale proceeds.

5. Why does my escrow officer require that I complete a 1099 form?
A 1099 form is the reporting form adopted by the IRS for submitting the information required by law. Under guidelines established by the IRS, sellers of real property are required to have their sales price reported on the 1099 form.

6. What is a Statement of Information?
Statements of Information provide title companies with the information they need to distinguish the buyers and sellers of real property from others with similar names. After identifying the true buyers and sellers, title companies may disregard the judgments, liens, or other matters on the public records under similar names.

Real estate transactions are complicated and can be confusing. Cherie Miller & Associates, Joshua Tree Realty, and 29 Palms Realty will be happy to answer any questions that you may have.

7. I don't understand tax pro-rations. How do they work?
Taxes are based on a fiscal year from July 1 to June 30 from the time you execute all documents to sell your property. The escrow officer will explain this to you in greater detail at the time of signing.

8. What will I need to bring with me to the Title Company when I go to sign my papers?
If you need money to close your escrow, you will need to bring your cashier's check, payable to the Title Company (if the amount was given to you previously). Bring a valid driver's license, California ID card, valid passport, or military ID.

9. What do I do if I'm an out-of-state seller and selling property in California?
Immediately contact your real estate agent or your escrow officer – this can be a time-consuming process.

10. What is a Deed of Reconveyance?
A Deed of Reconveyance is a recordable document issued by your previous lender in conjunction with the pay-off of your loan. This document is recorded at the county recorder's office and shows that the mortgage in your name has been released from the property and paid in full.

What to do if Your Home Isn't Selling

Synopsis

Whether you're in a bone-dry market or a sizzling selling season, if you haven't received any offers on your home, you're probably facing the question of whether to take it off the market. A house that goes too long without selling begins to appear "stale" and can actually damage your future chances of a sale.

Choose your selling season.

If you can afford to do so, re-list during a more dependable selling season. After warming up in late winter, the market typically starts to peak from the ides of April (yep, tax season makes a difference) until June, when longer days and splashes of garden color make homes look their best. In summer, the market slows to a crawl, followed by a second peak from September to Thanksgiving. From then until January, the market tends to be as cold as a Midwestern winter, but it can also be advantageous to list while the competition is sleeping. Research the trends in your area: if you live near a winter resort, for example, winter may be the savviest time to sell.

How long is too long? It's not an exact science, but there are some helpful indicators. In a dry market, a sales period of six months to one year isn't unusual. Look at recent sales reports of similar homes nearby to determine a reasonable selling interval. In a hot seller's market, a house that hasn't sold within one month indicates a problem. In either case, there are several steps you can take before putting up the white flag.

Ten tips to improve your selling karma:

1. **Videotape your house, inside and out, and watch the tape as if you were a prospective buyer.** Is the lawn weedy or the garden bare? Is your home uncluttered and spotlessly scrubbed? Sparkling clean houses sell faster than those that look too lived-in or shown an abundance of the owner's personality.
2. **Take a second look at your listing price.** Visit open houses in your neighborhood. Are similar homes priced lower? Selling prices may have dropped since your first comparative market analysis. In a hot market, if you haven't sold your home within one month, chances are good that you've overpriced it. If you do lower your asking price consider a figure slightly below those of other comparable homes if you are interested in a speedy sale.
3. **Do whatever it takes to be away from your home during showings and open houses.** The presence of sellers makes it difficult for prospective buyers to take their time or talk openly with their partner and agent. Leave some treats out to make potential buyers more comfortable: beverages, nuts, cookies – anything that won't lose freshness or be too messy.
4. **Ask your listing agent to talk to buyer agents in his or her firm who have shown your home.** The feedback from their clients can guide you in making home repairs, toning down your decor, making landscaping improvements, and the like.
5. **Hold an open house on a weeknight.** Competition is lower, and you'll attract the interest of buyers who can't make weekend appointments because of other commitments.
6. **Take out some extra newspaper ads or print up flyers, even if your agent is doing a good job with promotions.** Look for out-of-the-ordinary places to advertise, such as trade magazines, company newsletters, and other alternative resources. You can even offer perks to buyers, such as a cash bonus or a season ski pass.
7. **Neutralize your color scheme.** Most buyers prefer pale, neutral colors that make it easier to imagine a new home as their own. Houses with white exteriors are the highest sellers; for interiors, try whites, off-whites, or pale grays.
8. **If you've had offers but you considered them too "lowball," try readjusting your sights.** Determine the lowest price you find acceptable and consider anything more as icing on the cake. In a long-standing dry market you may even have to sell at a loss, so it's important to take every offer seriously. You don't want to alienate a potential buyer who has solid financing because you've set your sights unrealistically high.
9. **Is your listing agent giving your house adequate attention?** If not, start by having a candid talk. If there's no change, discuss the problem with the firm's broker. As a last resort, wait until your listing agreement expires and find an agent with a proven track record in your area. On the other hand, if you have a fabulous agent but the market is underwater, consider offering an increased commission or a bonus for your listing agent as an extra incentive. If you do sweeten the pot for your agent, amend your listing contract to reflect the change and be sure it's added to the Multiple Listing Service (MLS) book – buyer agents will also be inspired to give your house extra attention.
10. **Re-list your house to give it a kick-start.** When it was listed on the MLS, it was assigned a number reflecting the date and year of the listing. By now it may appear outdated to buyer agents; re-listing will provide you with a new number. Check into the policies of your local MLS. You may need to make a change to qualify for re-listing, such as temporarily taking your home off the market, or adjusting its price.

HOW MUCH HOME IMPROVEMENTS ACTUALLY ADD TO A HOME'S RESALE VALUE

If you have ever done a home improvement or thought about doing a remodel, one question you should ask yourself is "How much of the cost will I get back when I sell?" The chart below is reprinted from Remodeling Contractor, a Chicago-based magazine which serves the remodeling industry. For purposes of the study, it was assumed that the 14 remodeling projects below were undertaken by someone who owns a 17-year-old, single-level ranch home, with 1600 square feet of living space. This average American home is supposed to be located in a mid-west suburban area and it is valued at $90,000 before improvements. Obviously, this average home is not typical of a Southern California average home. However, the percentages give some estimate of the relative importance each project has on resale.

The column headed *average* contains the average cost of each project as estimated by remodeling contractors. *Resale* is the value of the improvement by realtors. *Finance* is the amount a savings and loan company estimated the improvement would add to the value of the home. The *percentage values* are the increase or loss the homeowner would realize upon selling. *Average %* is simply the average of *Resale* and *Finance* percentages.

Notice that the majority of the cost of the improvements will not be recovered when the house is sold.

Remember though that resale is just one of the considerations you should take into account when you make decisions about remodeling. Insulation will pay for itself by reducing your heating/cooling costs. A deck or swimming pool project should be undertaken primarily for the pleasure you hope it will add to your life.

Project	Average	Resale $	%	Finance $	%	Average %
Add Fireplace	$3,250	$4,000	123%	$4,225	130%	126%
Add Full Bath	$7,300	$8,000	110%	$9,500	130%	120%
Add Greenhouse	$13,500	$12,000	89%	$14,850	110%	99%
Minor Kitchen Remodel	$6,700	$6,000	90%	$5,700	85%	87%
Siding/Insulation	$6,000	$6,000	100%	$4,200	70%	85%
Major Kitchen Remodel	$18,000	$16,000	89%	$12,600	70%	79%
Add Insulation	$1,200	$1,000	83%	$900	75%	79%
New Roofing	$3,400	$2,700	80%	$2,550	75%	77%
Add Skylight	$2,800	$2,100	75%	$2,250	80%	77%
Add Wood Deck	$4,800	$3,500	73%	$3,100	65%	69%
Windows/Doors	$9,750	$7,000	72%	$6,350	65%	68%
Add Room	$28,000	$20,000	71%	$18,200	65%	68%
Remodel Bath	$6,200	$4,650	75%	$3,700	60%	67%
Add Pool	$19,000	$6,100	32%	$5,700	30#	31%

Who Needs Escrow?

Title companies and Escrow companies serve as an impartial third party during your real estate transaction.

WHO NEEDS ESCROW?

You do ... if you are buying or selling a house, business, income property, mobile home, or if you are involved in any other transaction which may require the transfer of documents or funds.

WHAT IS ESCROW?

It is an agreement in which a buyer and seller appoint an impartial third party to hold funds and/or documents. For example, in a real estate transaction, an escrow officer would hold the seller's deed and the buyer's funds.

WHAT DOES AN ESCROW OFFICER DO?

The escrow officer acts for all parties to the escrow. They hold such documents as deeds, bills of sale, releases, and any special reports needed and have the necessary documents recorded. They act as the depository of money involved in the transactions. They can see that taxes, fees, interest, and commissions due are paid, and they disburse funds in the correct amounts at the proper times.

In an escrow transaction, an escrow officer makes sure your written instructions are carried out before exchanging the funds and/or documents.

WHAT TRANSACTION TYPES NECESSITATE ESCROW?

Residential Sale Transactions
Refinancing a Mortgage
Sale of Income and Commercial Property
Subdivisions
Mobile Home Sales
Construction Loans

WHO PAYS THE ESCROW COSTS?

The escrow cost is a matter of agreement between the parties, as is the choosing of the escrow company.

The Escrow

You may have already heard phrases such as 'the house fell out of escrow' or 'we're waiting for escrow to close'. So just what is escrow anyway? And what does it mean to the homebuyer or seller?

Simply stated, escrow is the involvement of an impartial third party in a real estate transaction. The basic concept of escrow is to ensure that both the buyer and seller are protected during any real estate transaction services.

This neutral third party acts as an intermediary between the buyer and the seller, and collects and remits funds as instructed. Buyer's funds are deposited with the escrow company, which then remits to the seller on the buyer's behalf. In order to facilitate the transfer of property from one owner to another, the best escrow companies will:

- Prepare, review and/or revise escrow instructions
- Determine the legal ownership and status of the property through a title search
- Request a beneficiary's statement if a debt is to be assumed by the buyer
- Confirm that the new lender's instructions are met
- Confirm that the property meets requirements imposed by the lender and/or buyer
- Ensure all legal documentation is complete, including the recording of the deed
- Comply with the time limits imposed in the instructions
- Close escrow when all instruction (buyer's, seller's, and lender's) have been fulfilled
- Disburse funds as instructed, including all related fees (title fees, commission, payoff, etc.)
- Prepare a final statement for all concerned parties

Banks, savings and loans, and title companies, as well as independent escrow firms that are licensed by the state to perform escrows in California. Their records are open to inspection by a Regulatory Agency. In addition, escrow companies furnish the state with annual audits of their books, and all escrow funds must be kept in a trust account. Thus, the state helps ensure that all escrow companies are properly managed and truly act as impartial third parties to any real-property transaction.

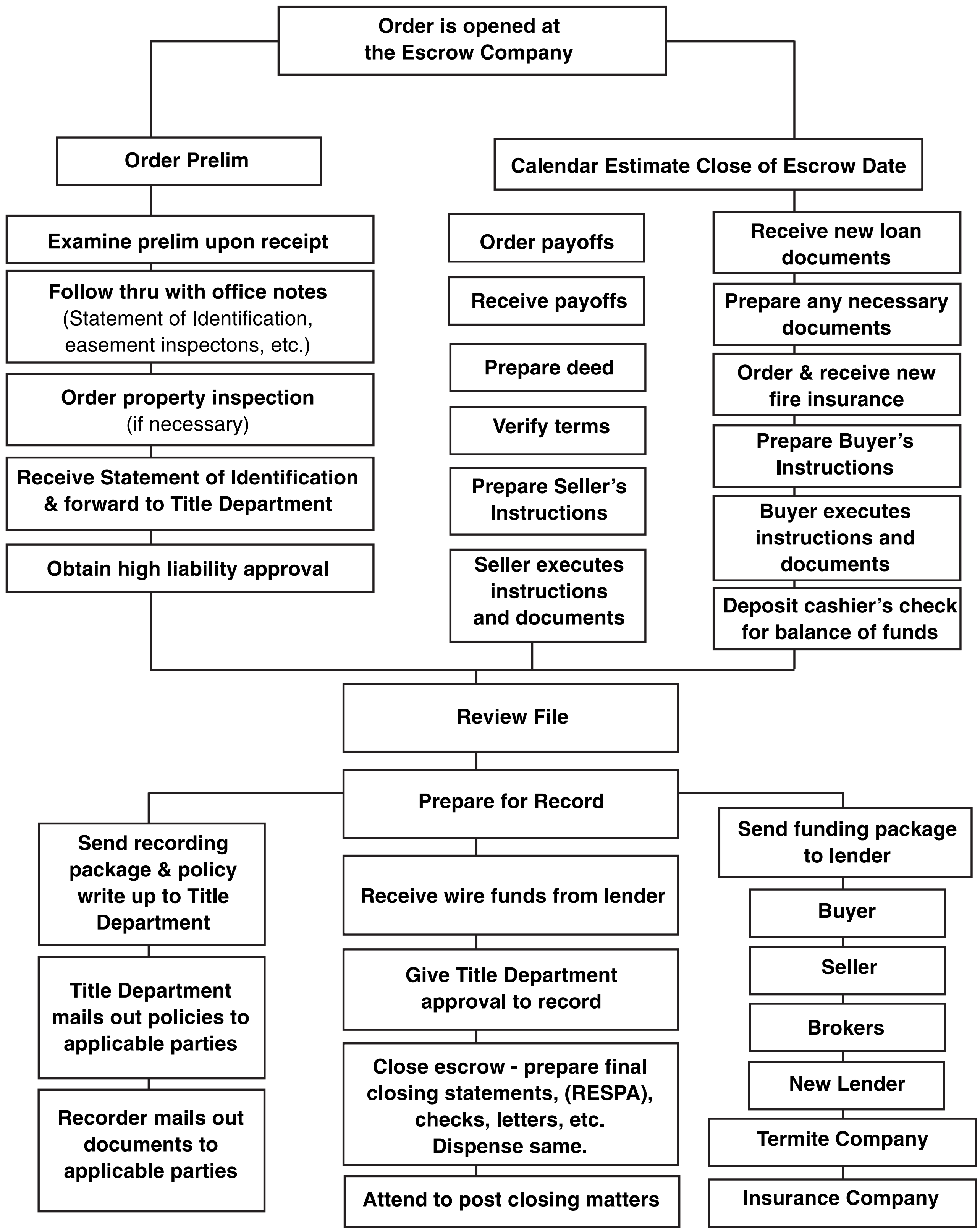
Escrow companies are generally held liable if any instructions are violated during the course of an escrow. No changes may be made to any escrow instructions if changing them would be detrimental to any party involved. It is possible to change instructions once an escrow has begun, but only by mutual agreement of the parties. Finally, all escrows have clearly defined time limits. If for some reason all instructions cannot be carried out by the end of the time limit, all parties involved are entitled to the return of documents, fees, funds, and other related materials. They also may mutually agree to extend the time period by changing the instructions.

The term 'escrow' has come to mean 'neutral protection' for the seller, buyer, and lender. All parties involved in the transfer of real property are impartially protected during the transaction and are serviced by professionals intent on ensuring a smooth, trouble-free sale. Look for an escrow company that clearly defines its services and lists all fees and charges up front.

Escrow is an indispensable necessity in today's marketplace. If you need further explanations during the process, always consult your escrow officer. The escrow company is, indeed, a neutral third party, and its job is to make sure all sale conditions are met quickly and efficiently.

Ideally, you would ask your real estate agent to recommend two or three different escrow companies and then go from there. In most cases, escrow companies work together with the title insurance companies, so you select both an escrow company and a title company at the same time.

Life of an Escrow



Title Insurance

Synopsis

Donald is buying a house directly from an honest, reputable friend. He orders the Preliminary Report, which gives no evidence of title problems, so Donald decides not to waste any money on title insurance.

Donald's friend may be honest and may have told Donald everyting he knows about the house, but what about the previous owners? Did they have a valid claim to the property?

Many kinds of title defects are so serious that they can render a title unmarketable. It is the title insurance you purchase when you acquire real property that protects you against most of these defects.

This is an information page from the buyer's packet:

Title insurance is a guarantee that you are getting something for your money when you buy real property. Title insurance guarantees that the ownership of the property you are buying is just as it's stated in recorded documents.

Whenever you buy any real property, you expect to acquire use of the property as well as its 'title' or legal ownership. You want to be absolutely certain that the owner had clear title to it in the first place and consequently was legally entitled to sell it to you. He might say that he owns the Brooklyn Bridge and you might want to buy it from him on his terms. Unless you determine that he has clear title to it by securing a title insurance policy to protect yourself, you will be giving him money for nothing, and he will have the last laugh.

The property you are buying may have a past fraught with shady dealings, forgeries, divorce claims, or other peculiarities. There is no way you can be absolutely certain that the sellers (or any previous sellers) ever held clear title to the property to transfer it over to you. Even though an owner has a deed and the right to possess the land, he might not have clear title because there may be a defect or a cloud on it that even he does not know about. To protect yourself from such claims out of the past, you should secure title insurance, something which is available in every state except Iowa for almost every conceivable kind of interest in real property, including leaseholds, rights under a contract of sale, airspace, rights and easements, and mineral rights.

In addition, you must have title insurance if you intend to borrow any money on your property. Your lender, wanting to protect the interest in the property that secures their loan to you, will require a policy for their own protection to insure themselves against any previous claims made on the property by legitimate claimants. You need a policy to protect yourself, too. You do not want to learn after the sale that you have no rights to the property at all, and neither does your lender. They know that you will not repay the money they have lent you to buy a property unless you are legally entitled to that property.

But even if your real estate transaction is an all-cash deal, you should obtain title insurance. A grant deed by itself does not necessarily give clear title to a property.

There may be outstanding claims and rights which cannot possibly be determined from the deed alone.

Title insurance protects the buyer and lender involved in a real property transaction against incompetent past actions, clerical errors, someone who was mentally incompetent having signed off an earlier deed, incorrect marital status, undisclosed heirs, improper interpretation of wills, signing by anyone without authority, a minor's signing, or a possible forgery in the entire past chain of title signatures.

Remember that although you are protected under your purchase agreement against certain damages, only the seller is liable to you for those damages. Under a title insurance policy, the title company assumes that liability. If you are not insured and you have to proceed with legal action against the seller for any defect in the title, you will have to pay the legal expenses prior to a judgment. Even if you do win a judgment, you might not be able to collect it, for you might not be able to locate the seller or the seller may not have the money to pay you. You could be left holding worthless paper. If, however, you have a title insurance policy, it could pay your legal costs and provide you with coverage for any losses covered under the policy.

In summary, title insurance is essential to you as a property buyer. Like other types of insurance policies, title insurance affords protection to the insured by guaranteeing that the insurer (the title insurance company) will reimburse the insured for actual loss or damage or damage under the conditions specified in the policy. Unlike other insurance policies, title insurance insures against conditions that already exist, rather that against those which may or may not occur in the future.

Purpose of Title Insurance

A Title Insurance Policy is a contract to indemnify the buyer against loss or damage occasioned by defects in the Title as insured under the policy.

CLTA HOMEOWNER'S POLICY

This policy insures the owner (Buyer) of the property against defects that are ascertained from the public records. It also provides protection against certain "off record" matters, such as Forgery, Capacity, and Competency. The CLTA Homeowner's Policy covers such items:

- Ownership of the property
- That there is access if the property abuts an open, public dedicated street
- Forgeries or failed conveyances in the chain of title
- That the insured has a marketable interest in the real property

ALTA LENDER'S POLICY

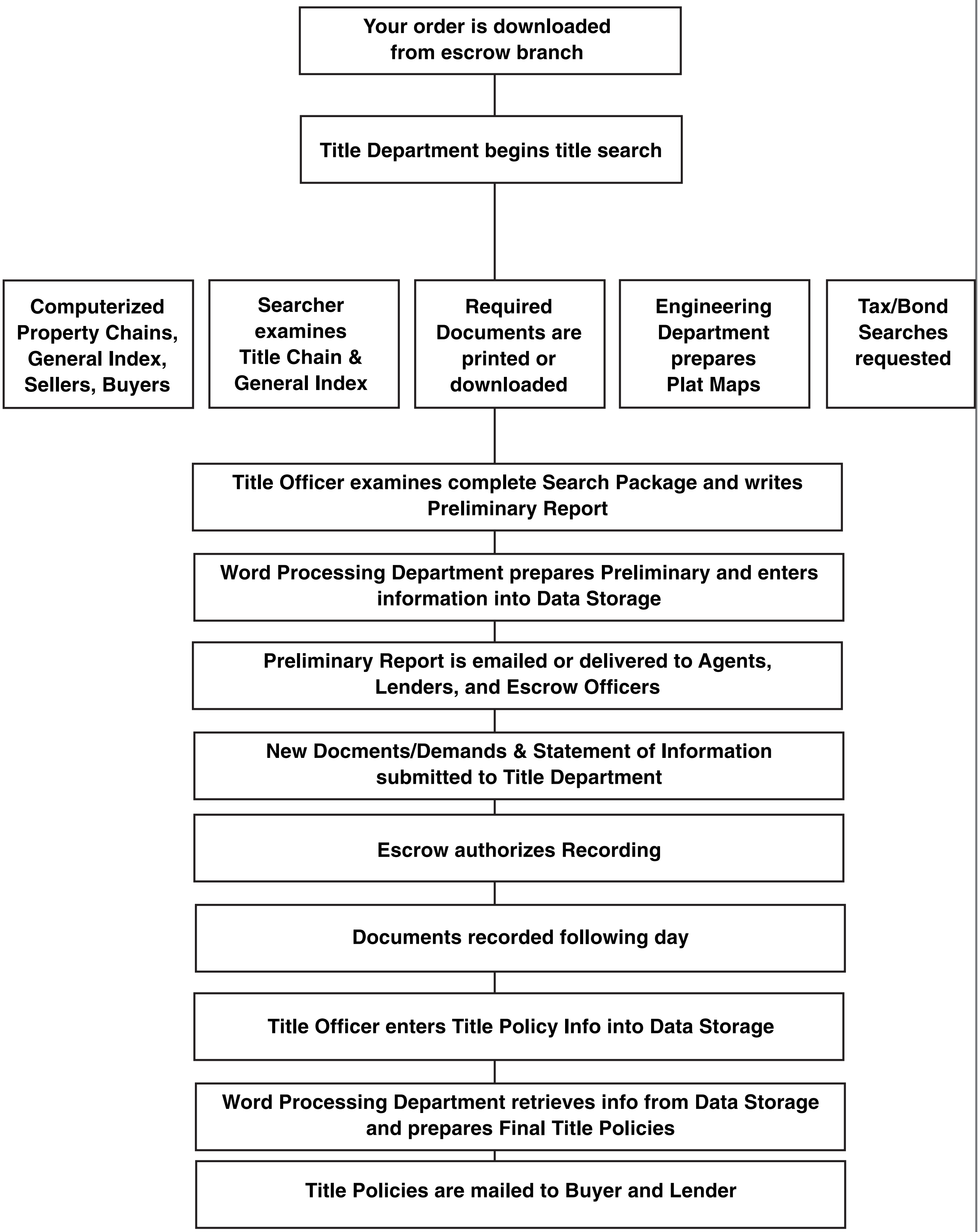
This is an extended coverage policy that is required by all lenders. It insures the lender against loss or damage up to the policy limit, plus costs and attorneys fees. The ALTA Lenders Policy protects the lender from such items:

- Title being vested in a person other than the one shown in the policy.
- Title defects
- Liens and encumbrances
- Lack of a right of access to the land
- Marketability of title
- Prior mechanics' liens
- Priority and validity of the lender's lien on the property

UNLIKE other types of insurance (Life, Fire, Auto) that insure against loss in the event of "FUTURE" happenings, Title Insurance protects the insured against the possibility of loss resulting from a defect in the title that may have occurred in the "past."

Title Insurance is written for a one-time premium. The protection continues until the interest of the insured is conveyed or is transferred. Even when an insured owner dies, his or her heirs remain protected under the terms of the Title Insurance Policy.

Life of a Title Search



Preliminary Title Report

What is a preliminary report?
A preliminary report is a report prepared prior to issuing a policy of title insurance that shows the ownership of a specific parcel of land, together with the liens and encumbrances thereon which will not be covered under a subsequent title insurance policy.

How do I go about clearing unwanted liens and encumbrances?
You should carefully review the preliminary report. Should the title to the property be clouded, you and your agents will work with the seller and the seller's agents to clear the unwanted liens and encumbrances prior to taking title.

(See note on cover).

Preliminary Reports
After months of searching, you've finally found it - your dream home. But is it perfect? Will you be purchasing more than just a beautiful home? Will you also be acquiring liens placed on the property by prior owners? Have documents been recorded that will restrict your use of the property?

The preliminary report will provide you with the opportunity, prior to purchase, to review matters affecting your property, which will be excluded from coverage under your title insurance policy unless removed or eliminated at the time of your purchase. To help you better understand this often bewildering subject, the California Land Title Association has answered some of the questions most commonly asked about preliminary reports.

What role does a preliminary report play in the real estate process?
A preliminary report contains the conditions under which the title company will issue a particular type of title insurance policy. The preliminary report lists (in advance of purchase) title defects, liens, and encumbrances which would be excluded from coverage if the requested title insurance policy were to be issued as of the date of the preliminary report. The report may then be reviewed and discussed by the parties to a real estate transaction and their agents. Thus, a preliminary report provides the opportunity to seek the removal of items referenced in the report which are objectionable to the buyer prior to the purchase.

When and how is the preliminary report produced?
Shortly after escrow is opened, an order will be placed, and the title company will begin the process involved in producing the report. This process calls for the assembly and review of certain recorded matters relative to both the property and the parties to the transaction. Examples of recorded matters include a deed of trust recorded against the property or a lien recorded against the buyer or seller for an unpaid court award or unpaid taxes. These recorded matters are listed numerically as 'exceptions' in the preliminary report. They will remain exceptions from title insurance coverage unless eliminated or released prior to the transfer of title.

What should I look for when reading my preliminary report?
You will be interested, primarily, in the extent of your ownership rights. This means you will want to review the ownership interest in the property you will be buying as well as any claims, restrictions, or interests of other people involving the property. The report will note in a statement of vesting the degree, quantity, nature, and extent of the owner's interest in the real property. The most common form of interest is 'fee simple' or 'fee' which is the highest type of interest an owner can have in land. Liens, restrictions, and interests of others that are being excluded from coverage will be listed numerically as 'exceptions' in the preliminary report. These may be claims by creditors who have liens or liens for payment of taxes or assessments. There may also be recorded restrictions, which have been placed in a prior deed or contained in what are termed CC&R's - covenants, conditions and restrictions. Finally, a prior owner may have given interests to someone which limit your use of the property. When you buy property you may not wish to have these claims or restrictions on your property. Instead, you may want to clear the unwanted items prior to purchase, In addition to the limitations noted above, a printed list of standard exceptions and exclusions listing items not covered by your title insurance policy may be attached as an exhibit item to your report. Unlike the numbered exclusions, which are specific to the property you are buying, these are standard exceptions and exclusions appearing in title insurance policies. The review of this section is important as it sets forth matters which will not be covered under your title insurance policy but which you may wish to investigate, such as governmental laws or regulations governing building and zoning.

Holding Title

Don't wait to decide how you want to take title to the home you buy (see note on cover), especially if you make the purchase with another person. Your attention may be focused on closing the deal and planning your move, but it's important to take some time to consider your new responsibilities as a homeowner. Start thinking about how you legally own your home. If you feel you need expert help to make this decision, consult a lawyer or financial advisor.

	TITLE OPTION	LEGAL ISSUES	CONSEQUENCES
Individual home buyer	Sole ownership	Also known as ownership in severalty; owner has sole right to use and disposition of property	Significantly reduces tax liability in most cases; property passes to heirs through probate
Two or more home buyers (married couples and unrelated co-owners often take title this way)	Joint tenancy	Co-owners hold title equally; both must agree on use and disposition of property	Upon death of co-owner, property passes to survivor(s) without going through probate
Married home buyers	Community property (available only to Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington and Wisconsin residents)	Owners hold title equally; both must agree on use and disposition of property	Tax liabilities and benefits shared by both; upon spouse's death, half of property goes to survivor and other half to designated heir(s) through probate; if no heirs designated, it passes to survivor
Married home buyers	Community property with right of survivorship (available in select states, effective in California July 1, 2001)	Owners hold title equally; both must agree on use and disposition of property	Tax liabilities and benefits shared by both; upon spouse's death, property automatically goes to survivor, who becomes sole owner
Unrelated home buyers who are considered co-owners (condominium owners, for example)	Tenancy in common	Co-owners hold title equally or unequally; individual co-owner doesn't need consent of others to use or dispose of individual interest	Tax liabilities and benefits apply to each individual; upon death of co-owner, property passes to designated heir(s) through probate
Unrelated home buyers	Partnership	Partnership holds title; partnership sets parameters for use and disposition of property; partnership not liable for individual circumstances that could affect title (such as bankruptcy)	Tax liabilities and benefits apply to partnership; upon death of one partner, partnership interest passes to designated heir(s), which could be partner(s)

Synopsis

There's more than one way to take possession of a piece of property, and each choice has legal, tax and estate-planning implications. Take time to think about how you should take title on your home, and get expert advice if you need it. Once you take possession, it pays to monitor your property taxes.

Plan your partnership

If you buy a house with partners, it's important to set up a partnership agreement that covers these points:

- **Who pays for maintenance and repairs**
- **Who handles payment of property taxes, maintenance, and repairs**
- **How much notice a partner must give in order to sell**
- **How other partners can buy out a partner who wants to sell**
- **How to make decisions and settle disputes**

Saving on Property Taxes

Property taxes are rising in many states and local jurisdictions, so make sure you understand your state's tax system and know how to monitor what you pay. Check with your local tax assessor for information. You can deduct property taxes from federal taxes and from many state taxes, which can add up to a significant tax advantage in some areas. Make sure that your property tax assessment is in line with comparable homes in your area. If property values are declining, you may be paying too much. Here are three ways to save:

Find out whether a portion of your home's value is exempt.
This varies by state. Florida, for example, exempts $25,000 per home from taxes.

If you are elderly, a veteran, or disabled, find out if you're entitled to a property tax break. This varies by state. Check with your local tax assessor or financial advisor.

Challenge your assessment if you think it's wrong.
To find out whether your assessment is too high, look at records of recent sales at the assessor's office or online. As many as 50 percent of taxpayers who appeal their assessments get them cut and save hundreds of dollars in property taxes. Check with your local tax assessor about the best procedure to follow.

Content provided by Inman DeciSion Support. The manner of holding title has significant legal, tax, or estate-planning consequences in addition to those summarized above. ALWAYS consult your attorney and/or accountant to ensure you have considered all ramifications of this important decision.

The Appraisal

Synopsis

An appraisal is a third-party estimate of the value of a piece of property at a particular point in time. It can affirm your offer price or block your transaction entirely. Understand how real estate appraisals and appraisers work so you can solve any problems that come up.

Find a Good Appraiser

Ask your lender. If you choose an approved appraiser, you may not have to pay for the required appraisal when you apply for a loan. Several national appraisal organizations can also give you names of local member in good standing.

American Society of Appraisers
(800) 272-8258

Appraisal Institute
(312) 335-4100

National Association of Real Estate Appraisers
(480) 948-8000

Having an idea of what is involved in appraising a piece of property can greatly help in maximizing the appraised value and avoiding costly details and re-inspections. The appraisal process consists of several steps. The following are the major steps in the sequence normally followed by appraisers:

1. Research the subject property as to size, bedrooms, year built, lot size and square footage.
2. Gather data on recent sales in the subject property's neighborhood. The appraiser needs to locate at least three (and preferably more) similar sized homes that have sold and closed escrow in the neighborhood. The homes need to be within close proximity of the subject property and sold within the past six months. The homes are considered the comparable properties or 'comps' for short.
3. Field inspection consists of two parts: first, the inspection of the subject property and second, the exterior inspection of the comparable properties which have been selected to estimate the value of the subject property.

The subject property inspection consists of taking photographs of the street scene, front of the home, and rear of the home which may include portions of the yard. The appraiser will make an estimated value of the home. He will also draw a floor plan of the home while doing the inspection.

The inspection of the comparable properties is limited to an exterior inspection. For features that cannot be seen from the street, the appraiser has reports from Multiple Listing Service (MLS), California Market Data Cooperative (CMDC), county public records and appraisal files along with other sources to help determine the condition and amenities of the comparables. After the field inspection has been completed, the appraiser must determine which comparable properties most resemble the subject property, making slight adjustments in value for any differences between them. After making required adjustments, the appraiser must go through the reconciliation process with the three comparable properties to determine a final estimated value. This method of estimating value is called the Direct Sales Comparison Approach to Value, and it accounts for nearly all of the considerations in determining value of single-family homes.

It is important to consider that the appraiser will be taking photographs of the street scene and of the front of the subject property. The street scene gives the lender an idea of the type of neighborhood in which the home is located. The photograph of the front of the home gives the lender an idea of its condition and curb appeal. Finally, a photograph of the back of the home and part of the rear yard is taken.

Many homeowners do not take care of the rear portion of their homes and back yards. For this reason, the rear photograph is required.

In most cases (over 90 percent of the time), what you see in the condition of the exterior of the home will be repeated almost exactly in the interior.

An appraiser will call in advance to set up the appointment to inspect the home. At that time, any information about the size of the home, number of bedrooms, number of bathrooms, pool, enclosed patio, etc., should be supplied. The more that is known about the property prior to the inspection, the better the appraiser can focus on researching the most similar comparables.

Boosting the Appraisal

To fight a lowball appraisal:

Get a copy of the report. You can successfully argue to raise the estimate if you show that the appraiser overlooked a valuable feature or failed to consider a recent comparable sale for a higher price.

Involve your loan representative. The lender can override the estimate or order a new report from another appraiser.

Renegotiate. A seller may accept less than you originally agreed to pay in order to avoid putting the house back on the market.

Increase your down payment. The lender may overlook a low appraisal if you put more money down.

Quick Take

If you have any questions about the value of the house you bid on, add an appraisal contingency to your purchase offer. This provision stipulates that the property must appraise for at least the purchase price you offer. If the appraisal comes in lower, you can back out of the deal or renegotiate the price.

WARNING: Why Appraisals go Awry

1. The appraiser has inadequate information about the property.

2. The appraiser is inexperienced or lacks adequate training.

The Inspection

What to Expect at the Inspection

The purchase contract will likely contain provisions allowing you various inspections of the property. The purpose of these inspections is to educate you as to the physical condition of the property you are purchasing.
While these inspections do not provide guarantees of the condition of the property, they do provide valuable information to you as a buyer. It is important to remember that your purchase contract may provide for withdrawal from the contract if these reports are unsatisfactory to you, but inspections should not be considered an open door to renegotiation of the purchase price.

Structural Pest Control Inspection

Often referred to as a 'Termite Report' the Structural Pest Control is conducted by a licensed inspector. In addition to actual termite damage, the report will indicate any type of wood destroying organisms that may be present, including fungi (sometimes called 'dry rot'), which generally results from excessive moisture.

Section I - Conditions

Most pest reports classify conditions as Section I or Section II items. Section I conditions are those which are 'active' or currently causing damage to the property. Generally, Section I items need to be corrected before a conventional lender will make a loan on a home.

Section II - Conditions

Those items, which are not currently causing damage, but are likely to if left unattended are Section II Conditions. A possible Section II item is a plumbing leak where the moisture has not yet caused fungus decay.

Who Pays?

Your purchase contract will specify who is responsible for the cost of the inspection and making these corrections. This is a negotiable item and should be considered carefully.

Physical Inspection

The Physical Inspection Clause in your purchase contract, when initialed by both parties, allows you the right to have the property thoroughly inspected. This is usually done through a general home inspection. While home inspectors are not currently required to have a license, most are, or have been, general contractors. The inspection and the resulting report provide an overall assessment of the present condition of the property.

What is inspected?

The home inspection covers items such as exterior siding, paint, flooring, appliances, water heater, furnace, electrical service, plumbing, and other visible features of the property. This is a general inspection and will often call for additional inspections by specific trades, such as roof and furnace inspections.

Further Inspections

If conditions warrant, the home inspector may recommend a Structural Engineer Report. Such a report would identify structural failures and detail recommended corrections.

Geological Inspection

You may also elect to have a Geological Inspection to educate yourself as to the soil conditions at the home you are purchasing. This inspection is performed by a geological engineer and involves not only physically inspecting the property but also researching past geological activity in the area. The primary purpose of a geological inspection is to determine the stability of the ground under and around the home.

Home Warranty

Home protection plans are available for purchase by the seller or buyer. Such plans may provide additional protection of certain systems and appliances in your new home.

Full Disclosure

Full Disclosure - It's the law

Recent legal decisions and new legislation provide that the seller has a responsibility for revealing to you the true condition of the property. The concept of selling a property 'as is' (with the buyer assuming all responsibility for determining the condition of the property) is not popular in the present marketplace. This information should be made available to the buyer as called for in the purchase contract.

Synopsis

The sellers must disclose the known condition of the property to the buyer.

Charm or Irritant?

Having lived in this property, the seller has become accustomed to the peculiar conditions that may have developed. But for the buyer, that peculiarity may be more than a mere inconvenience. It may be an irritant that the buyer cannot tolerate. It is important for the seller to review the condition of the property with the real estate agent and take special note of any problems on the Disclosure Statement. Civil Code Section 1102 requires that the seller provide the buyer with a completed 'Real Estate Transfer Disclosure Statement.'

All Systems Go

A basic assumption in every sale is that the house and systems in the house are functional. For example, the roof will hold out the rain and sun, the hot water heater will provide hot water, and the heater will provide heat. If it is known that any of the systems do not function properly, such facts should be included in the purchase agreement and acknowledged by the buyer.

Full Disclosure

Carefully read the Real Estate Transfer Disclosure statement with your real estate agent.

As Is

An 'as is' purchase is perfectly acceptable as long as the buyer understands exactly what the 'as is' condition entails. Thus, it can be said in the purchase agreement that the buyer accepts the roof and the plumbing and the electrical system in their present condition and acknowledges that they may have defects. This acknowledgement provides a defense for the seller if it is later claimed he did not disclose the problems.

Environmental Hazards

It is required that the seller disclose any knowledge of environmental hazards in the home or area, such as asbestos or pollutants. The buyer will be provided with a Real Estate Transfer Disclosure Statement filled out by the seller as to his awareness or knowledge on this subject.

Just a Tip

Environmental Hazards: *A Guide for Homeowners and Buyers* is a handbook prepared by the California Department of Real Estate to inform you of various toxins and hazardous wastes and how to deal with them.

Proposition 90

Currently allows a homebuyer age 55 years or older to transfer their property tax base from one county to another in the following counties:

Alameda
Kern
Los Angeles
Modoc
Orange
San Diego
Santa Clara
San Mateo
Ventura

Proposition 60

Allows a homebuyer age 55 years or older to transfer their property from one property to another within the same participating county.

Tax Calendar

January 1 - Assessment Date
Taxes become a lien at 12:01 a.m. but are not yet due and payable for the Fiscal Tax Year which starts July 1. Thereafter, title evidence must show taxes as a lien for the coming Fiscal Tax Year.

February 1 - First Installment delinquent at 5:00 p.m.

March 1 - Taxes on Unsecured Roll Due

April 10 - Second Installment/ delinquent at 5:00 p.m.
10 percent penalty plus $10 administrative charge attaches. If April 10 falls on a weekend or holiday, taxes are not delinquent until 5:00 p.m. the next business day.

April 15 - **Last day to file for Veterans, Senior Citizens, or Homeowner's Exemptions**. To be eligible for applicable exemptions, you must own and occupy the property on March 1.

June 30 - Property tax may become defaulted
If you fail to pay either or both installments by 5:00 p.m., property tax becomes defaulted and additional costs and penalties accrue. If June 30 falls on a weekend or holiday, taxes must be paid by 5:00 p.m. of the preceding business day.

July 1 - Beginning of Fiscal Year (July 1 to June 30 of the following year)

July 1 - Properties with delinquent taxes sold to State

July 1 - Owners to be informed of new values

July - First Monday - Assessment Appeals Board

July 30 - Last day to advise owners of new values

August - Sale numbers assigned for delinquent taxes

September - Tax rates set

October - End of month tax bills mailed

November 1 - First Installment Due (First installment - July 1 to December 31)

December 10 - First Installment becomes delinquent at 5 p.m.
10 percent penalty added to taxes due. If December 1 falls on a weekend or holiday, taxes are not delinquent until 5 p.m. the next business day.

Supplemental Taxes

The County Auditor finds that the supplemental property taxes on your new home would be $1,000 for a full year. The change of ownership took place on September 15th with the effective date being October 1st, the supplemental property taxes would, therefore, be subject to a pro-ration factor of .75 and your supplemental tax would be $750.

Supplemental taxes began in July 1983, but you and your neighbors still may not know what they are, what they do, or how they affect your property. To help you better understand this confusing subject, the California Land Title Association has answered some of the questions most commonly asked about supplemental real property taxes.

When did this tax come into effect?
The Supplemental Real Property Tax law was signed by the governor in July, 1983 and is part of an ambitious drive to aid California's schools. This property tax revision is expected to produce over $300 million per year in revenue for schools.

How will supplemental property taxes affect me?
If you don't plan to buy new property or undertake new construction, this new tax will not affect you. But, if you do wish to do either of the two, you will be required to pay a supplemental property tax which will become a lien against your property as of the date of ownership change or the date of completion of new construction.

Can I pay my supplemental tax bill in installments?
All supplemental taxes on the secured roll are payable in two equal installments. The taxes are due on the date the bill is mailed and are delinquent on specified dates depending on the month the bill is mailed as follows:

1. If the bill is mailed within the months of July through October, the first installment shall become delinquent on December 10 of the same year. The second installment shall become delinquent on April10 of the next year.
2. If the bill is mailed within the months of November through June, the first installment shall become delinquent on the last day of the following month in which the bill is mailed. The second installment shall become delinquent on the last day of the fourth calendar month following the date the first installment is delinquent.

When and how will I be billed?
'When' is not easy to predict. You could be billed in as few as three weeks, or it could take over six months. 'When' will depend on the individual county and the workload of the County Assessor, the County Controller/Auditor, and the County Tax Collector. The Assessor will appraise your property and advise you of the new supplemental assessment amount. At that time you will have the opportunity to discuss your valuation, apply for a Homeowner's Exemption, and learn about your right to file an Assessment appeal. The County will then calculate the amount of the supplemental tax, and the Tax Collector will mail you your supplemental tax bill. The supplemental tax bill will identify (among other things) the following information: the amount of the supplemental tax and the date on which the taxes will be delinquent.

How will the amount of my bill be determined?
A formula is used to determine your tax bill. The total supplement will be prorated based on the number of months remaining until the end of the tax year, June 30.

Can you give me an idea of how the probation factor works?
The supplemental tax becomes effective on the first day of the month following the month in which the change of ownership or completion of the construction occurred. If the effective date is July 1, then the following table of factors is used to compute the supplemental assessment on the current tax roll:

Date	Amount
August 1	.92
September 1	.83
October 1	.75
November 1	.67
December 1	.58
January 1	.50
February 1	.42
March 1	.33
April 1	.25
May 1	.17
June 1	.08

Speed up the Closing

How to Speed up the Closing of Your Next Escrow

To help speed up the closing of an escrow, the following things are necessary to the escrow should be furnished at the outset:

1. **Correct legal description of the property.** (Call your Escrow Company for a legal description before you go into escrow.)
2. **Correct street address -** re: number, avenue, drive, street, etc.
3. **Full names of parties involved in the escrow.** (Initials are not enough. Also, if a married couple is involved, the first name of the wife, as well as the husband, is essential.)
4. **Complete Social Security Number(s)**
5. **Information as to how the buyer(s) want to take title.**
6. **Names of all lien holders, both mortgage companies and private parties.**
7. **Terms of new encumbrances or terms of existing encumbrances.**
8. **Fire insurance information - new policy or assuming existing policy.**
9. **Current tax bill for pro-ration purposes.**
10. **Rental statement -** list of tenants, their rental amounts, and any security deposits.

Real estate transactions are complicated and can be confusing. Cherie Miller & Associates will be happy to answer any questions that you may have.

AFTER YOUR ESCROW IS OPEN

1. When calling your escrow office, have your escrow number and buyer and/or seller's names.
2. Keep your escrow officer informed on any matters that may affect your closing.
3. The listing salesperson will take care of the termite report.
4. The selling salesperson will take care of the insurance policy with the buyers.

The more information you make available to your escrow officer, the smoother your escrow will go and the sooner it will close.

Know before you close.

It's Official.

The CFPB's TILA-RESPA Integrated Disclosure rule implementation is official!
Use this checklist to prepare for your transactions written on or after October 3, 2015.

When opening escrow, be sure to provide your escrow officer with the following:

- ❑ Fully executed copy of the Purchase Contract with complete property address including zip code, include property profile if available.
- ❑ All amendments, counter offers, addendums.
- ❑ Completed TERM SHEET.
- ❑ Earnest money.
- ❑ Statement of Information for buyer(s).
- ❑ Statement of Information for sellers(s).
- ❑ Existing loan information.
- ❑ Direct who is to receive electronic copies of all documents such as preliminary report, CC&R's etc.
- ❑ Let your escrow officer know immediately if the seller is a non-resident as additional disclosures may be required.
- ❑ If seller or buyer is a corporation, submit the Articles of Incorporation, bylaws, and a corporate resolution authorizing the sale or purchase of the subject property.
- ❑ If the seller or buyer is a partnership, submit a copy of the partnership agreement and a copy of the recorded statement/certificate of partnership.
- ❑ If the seller or buyer is a trust entity, submit a copy of the trust agreement and a signed verification of trustee.
- ❑ If you plan to go out of the country and in need of a Power of Attorney, please notify your escrow officer immediately.

Within first 10 days of escrow:

- ❑ Order all inspections.
- ❑ If corrective work is required, provide information to your escrow officer as to who is paying the fee.
- ❑ Follow-up with the buyer(s) to make sure that they have submitted all documents that their lender requires.
- ❑ Review the Preliminary Title Report carefully.
- ❑ Educate the buyer(s) on the importance of "Homeowner's Title Policy."
- ❑ Inform your escrow officer of any changes in contract.
- ❑ Let your escrow officer know how your buyer(s) are taking title on the property.
- ❑ Constant Communicate between all parties is KEY TO A SMOOTH CLOSING!

3 days prior to loan documents:

According to the consumer Financial Protection Bureau's final rule, the creditor must deliver the Closing Disclosure to the consumer at least **three** business **days** prior to the date of consummation of the transaction of Nov. 24, 2015.

10 days before Closing:

- ❑ Ensure all amendments and exhibits are provided to lender.
- ❑ Provide any additional amendments to contract.
- ❑ Ensure all seller-paid closing costs are in place and have NO changes.
- ❑ Ensure Home Warranty is in place.
- ❑ Verify with escrow officer on all funds needed for closing.
- ❑ Carefully review pre-audit settlement statement.
- ❑ Conduct client walk-through.

What to expect at Signing Appointment (Consummation Date)?

- ❑ Expect to sign loan documents at the escrow company one or two business days before closing date.
- ❑ If funds are required to close, be prepared to bring a cashier's check 24 hours before recording. or wire transfer the same day as closing.
- ❑ Have a valid photo ID available at signing, acceptable ID includes: Driver's License, State ID, Passport, or Green Card.

Moving Checklist

Before you Move

Address Change
- ❑ Post Office - Give forwarding address
- ❑ Charge Accounts - Credit Cards
- ❑ Subscriptions - Notice requires several weeks
- ❑ Friends and Relatives

Bank
- ❑ Transfer funds - arrange check cashing in new city
- ❑ Arrange credit references

Insurance
- ❑ Notify company of new location for coverages
- ❑ Life
- ❑ Health
- ❑ Fire
- ❑ Auto

Utility Companies
- ❑ Gas, light, water, telephone, fuel, garbage
- ❑ Get refunds on any deposits made

Delivery Service
- ❑ Laundry
- ❑ Newspaper

Medical, Dental, Prescriptions
- ❑ Ask doctor and dentist for referrals
- ❑ Transfer needed prescriptions
- ❑ Eyeglasses ❑ X-rays
- ❑ Obtain birth records
- ❑ Obtain medical records

Pets
- ❑ Ask about regulations for licenses
- ❑ Tags
- ❑ Vaccinations

And don't forget to:
- ❑ Empty freezer; plan use of foods
- ❑ Defrost freezer and clean refrigerator. Place charcoal inside to dispel odors.
- ❑ Have appliances serviced for moving
- ❑ Make arrangements for TV and Antenna
- ❑ Clean rugs or clothing before moving; have them moving-wrapped
- ❑ Check with your moving counselor; insurance coverage, packing and unpacking labor, arrival day, various shipping papers, method and time of expected payment.
- ❑ Plan for special care needs of infants or pets

Moving Day
- ❑ Carry enough cash or traveler's checks to cover cost of moving services and expenses until you make banking connections in your new city
- ❑ Carry jewelry and documents yourself
- ❑ Plan for transporting pets; they are poor traveling companions if unhappy
- ❑ Carry traveler's checks for quick, available funds
- ❑ Let a close friend or relative know the route and schedule you will travel including overnight stops; use him or her as message headquarters
- ❑ Double check closets, drawers, and shelves to be sure they are empty
- ❑ Leave all old keys needed by new tenant or owner with your real estate agent or neighbor

And at your New Address
- ❑ Obtain certified check or cashiers check necessary for closing real estate transaction
- ❑ Check on service of telephone, gas, electricity, water, and garbage
- ❑ Check pilot light on stove, hot water heater, and furnace
- ❑ Have appliances checked
- ❑ Ask mail carrier for mail he or she may be holding for your arrival
- ❑ Have new address recorded on driver's license
- ❑ Visit city offices and register for voting
- ❑ Register car within five days after arrival in state, or a penalty may have to be paid when getting new license plates
- ❑ Obtain inspection's sticker and transfer motor club membership
- ❑ Apply for state driver's license
- ❑ Register family in new place of worship
- ❑ Register children in school
- ❑ Arrange for medical services
- ❑ Doctor
- ❑ Dentist
- ❑ Veterinarian

Important Numbers

So Cal Edison	800-655-4555
Verizon	800-Verizon
United States Postal Service	800-275-8777
DMV	800-777-0133
Voter Registration	800-345-8683

A

Adjustable Rate Mortgage (ARM) - A mortgage with an interest rate that changes over time in line with movements in the index. ARMs are also referred to as adjustable mortgage loans (AMLs) or variable rate mortgages (VRMs).

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.

Affidavit - A sworn statement in writing.

Amortization - Repayment of a loan in equal installments of principal and interest, rather than interest only payments.

Annual Percentage Rate (APR) - The total finance charge (interest, loan fees, points) expressed as a percentage of the loan amount.

Assessment - The imposition of a tax, charge or levy, usually according to established rates.

Assessor - A public official who evaluates property for the purpose of taxation.

Assumption of Mortgage - A buyer's agreement to assume the liability under an existing note that is secured by a mortgage or deed of trust. The lender must approve the buyer in order to release the original borrower (usually the seller) from liability.

B

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

Binder - Sometimes known as an offer to purchase or an earnest money deposit 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.

C

Cap - The limit on how much an interest rate or monthly payment can change, either at each adjustment or over the life of the mortgage.

CC&R's (Covenants, Conditions and Restrictions) - A document that controls the use, requirements and restrictions of a property.

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

Chain of Title - A term applied to the past series of transactions and documents affecting the title to a particular parcel of land.

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

Condominium - A form of real estate ownership in which 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, ceilings) serve as boundaries.

Contingency - A condition that must be satisfied before a contract is binding. For instance, a sales contract may be contingent upon the buyer obtaining financing.

Conversion Clause - A provision in some ARMs that enables the buyer to change an ARM to a fixed-rate 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.

Conveyance - An instrument by which title is transferred; a deed. Also, the act of transferring title.

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

C

CRB (Certified Residential Broker) - To be certified, a broker must be a member of the National Association of Realtors®, have five years experience as a licensed broker, and have completed five required Residential Division courses.

D

Deed - A written document by which the ownership of land is transferred from one person to another.

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

E

Earnest Money - The portion of the down payment delivered to the seller or escrow officer by the buyer with a written offer as evidence of good faith.

Easement - An interest in land owned by another that entitles its holder to a specific limited use, such as laying a sewer, putting up electric power lines, or crossing the property.

Encumbrance - A lien, liability or charge upon a parcel of land.

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.

F

Fee Simple - An estate in which the owner has unrestricted power to dispose of the property as he wishes, including leaving by will or inheritance. It is the greatest interest a person can have in real estate.

Federal National Mortgage Association (FNMA) - Popularly known as Fannie Mae, a privately owned corporation created by Congress to support the secondary mortgage market. It purchases and sells residential mortgages insured by FHA or guaranteed by the VA, as well as conventional home mortgages.

FHA loan - A loan insured by the Insuring Office of the Department of Housing and Urban Development; the Federal Housing Administration.

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

G

Graduated payment mortgage - A residential mortgage with monthly payments that start at a low level and increase at a predetermined time.

Grantee - A person who acquires an interest in land by deed, grant, or other written instrument.

Grantor - A person, who, by a written instrument, transfers to another an interest in land.

GRI (Graduate Realtors Institute) - A professional designation granted to a member by the National Association of Realtors® who has successfully completed three courses covering law, finance and principles of real estate.

H

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.

Home warranty plan - Protection against failure of mechanical systems within the property.

HUD 1 - A form settlement (closing) statement required by the U.S. Department of Housing and Urban Development (HUD) in which federally related mortgages are being made on residential properties. It is a balance sheet showing the source of funds and the distribution of funds in connection with the purchase and/or mortgaging of residential property.

I

Improvements - Those additions to raw lands tending to increase value, such as buildings, streets, sewer, etc.

Indemnify - To make payment for a loss.

I

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

Ingress - The right to enter a tract of land. Often used interchangeably with 'access.'

J

Joint Tenancy - An equal undivided ownership of property by two or more persons. Upon death of any owner, the survivors take the decedent's interest in the property.

Judgment - A decree of a court. In practice this is the lien or charge upon the lands of a debtor resulting from the Court's award of money to a creditor.

L

Lender's Policy - A form of title insurance policy which insures the validity, enforceability, and priority of a lender's lien. This form does not provide protection for the owner.

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

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

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

Lot - A part of a subdivision or block having fixed boundaries ascertainable by reference to a plat or survey.

M

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

Mechanic's Lien - A lien allowed by statute to contractors, laborers, and material suppliers on buildings or other structures upon which work has been performed or materials supplied.

Metes and Bounds - A description of land by courses and distances.

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.

N

Negative Amortization - Negative amortization occurs when monthly payments fail to cover the interest cost. The interest that is not covered is added to the unpaid balance, which means that even after several payments, one could owe more than one did at the beginning of the loan. Negative amortizations can occur when an ARM has a payment cap that results in monthly payments that are not high enough to cover the interest.

Note - The instrument evidencing the indebtedness secured by a security instrument such as a mortgage or deed of trust.

O

Origination Fee - A fee or charge for work involved in evaluating, preparing and submitting a proposed mortgage loan. The fee is limited to 1 percent for FHA and VA loans.

Ownership - The right to possess and use property to the exclusion of others.

P

PITI - Principal, interest, taxes, and insurance

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. Uses may be residential, commercial or industrial.

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

P

Policy - A written contract of title insurance.

Power of Attorney - An instrument authorizing another to act on one's behalf as his or her agent or attorney.

Power of Sale - A clause in a will, mortgage, deed of trust, or trust agreement authorizing the sale or transfer of land in accordance with the term of the clause.

Prepayment Penalty - A fee charged to a mortgagor who pays a loan before it is due. This is not allowed for FHA or VA loans.

Private Mortgage Insurance (PMI) - Insurance written by a private company protecting the lender against loss if the borrower defaults on the mortgage.

Purchase Contract - A written document in which the purchaser agrees to buy certain real estate and the seller agrees to sell under stated terms and conditions. Also called a sales contract or sales agreement, earnest / nest money contract, or agreement for sale.

R

Real Property - Land, together with fixtures, improvements and appurtenances.

Realtor® - A real estate broker or associate active in a local real estate board affiliated with the National Association of Realtors®.

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

Right-of-Way - The right which one has to pass across the lands of another. An easement.

S

Set Back Lines - Those lines which delineate the required distances for the location of structures in relation to the perimeter of the property.

Survey - The process of measuring land to determine its size, location, and physical description and the resulting drawing or map.

T

Tenancy in Common - A type of joint ownership of property by two or more persons with no right of survivorship.

Title - The evidence of right which a person has to the ownership and possession of land. Commonly considered as a history of rights.

Title Insurance Policy - A policy that protects the buyer, mortgagee, or other party against losses.

Tract - A particular parcel of land.

Trust - A property right held by one as a fiduciary for the benefit of another.

Trustee - A person holding property in trust as a fiduciary for the benefit of another.

V

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

Variable Rate Mortgage - A loan in which the interest rate fluctuates with the cost of funds or some other index.

Vendor - A seller of real property under land contract.

Vest - To pass to a person an immediate right or interest.

Vestee - A non-legal term used by title insurers to indicate the owner of real property in a policy or report.

W

Warranty - A promise by the grantor of real property that he or she is the owner and will be responsible to the buyer if title is other than represented.

Will - A written document providing for the distribution of property owned by a person after his or her death.

Contact List

Company	Name	Phone

Notes

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Notes




Cherie Miller & Associates
Pioneertown Realty - www.PioneertownRealty.com
55857 Twentynine Palms Hwy., Yucca Valley, Ca 92284
Phone: (760) 369-1800 | www.CherieMiller.com

Cherie Miller & Associates
1555 S. Palm Canyon, D104 Palm Springs Ca 92264
Phone: (760) 558-8800 | www.CherieMiller.com

Joshua Tree Realty
61325 Twentynine Palms Hwy, Suite C, Joshua Tree, Ca 92252 •
Phone: (760) 366-7600 | www.JoshuaTreeRealty.info

29 Palms Realty
74017 Twentynine Palms Hwy, Suite C, 29 Palms, Ca 92277 •
(760) 361-2900 | www.29PalmsRealty.com

Morongo Valley Realty
49730 Twentynine Palms Hwy., Morongo Valley, Ca 92256 •
(760) 363-6800 | www.MorongoValleyRealty.com

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