



CALIFORNIA HOME BUYERS HANDBOOK



- Common Ways of Holding Title
- Understanding Title & Escrow
- Closing Costs
- Includes Consumer Information on Closing Practices (TRID)

oldrepublictitle.com

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01

Old Republic Title Company Information

Success on Your Terms

Old Republic Title** and its underwriter Old Republic National Title Insurance Company, herein "Old Republic" provides title and escrow products and services for individuals, businesses and governments. Our services are highly comprehensive and flexible to respond to changing market environments and to ensure your transaction is settled according to the most current industry standards. We're committed to expediting the timely close of your real estate transaction by underwriting and managing each transaction with the highest levels of technical skill, client services and professional integrity.

Certainty Matters

When real estate ownership is transferred, the stakes are high and reputations are on the line. Our products and services protect our customers from financial loss and hardship related to unknown judgments and liens, forged transfers, inconsistencies within a property's title or misapplication of fiduciary funds. This is what makes title examination and insurance policies – like those provided by Old Republic – invaluable. Old Republic minimizes the risks of real estate transactions by providing an insured statement about the ownership.

Reputation at Work

Old Republic is a subsidiary of Old Republic International Corporation, a multi-lined insurance corporation, which is one of America's 50 largest shareholder-owned insurance businesses. The Old Republic Title Insurance Group* of companies have been issuing title insurance and providing peace of mind to its customers for over a century. We offer residential and commercial title insurance products as well as a variety of other title insurance related services through a national network of branch offices, subsidiaries and over 2,000 independent policy-issuing agents.

(*) ORTIG underwriters are: Old Republic National Title Insurance Company and American Guaranty Title Insurance Company.

(**) Old Republic Title Company, Old Republic Title Insurance Agency, Inc., Old Republic Title of Nevada, Old Republic Title, Ltd., Old Republic Title & Escrow of Hawaii, Ltd., Old Republic Title of Oregon.

Services We Provide

Our products and services have been developed to address four important aspects of the real estate transfer process: information, ownership, asset management and commitment. In each area, we have created the tools and resources needed to ensure the most risk-free and expedient closing possible.

1. Information Services

The best real estate closings begin with good information.

We own and subscribe to leading industry information services for the most current market information, including property profiles, farm reports and mortgage records. We have access to secure Internet-based databases with millions of public real estate records and documents. We can prepare and deliver preliminary reports and commitments electronically to multiple locations.

We provide real estate professionals with the most current ownership information available through a variety of sources to assist them in selling property and locating the next opportunity. In addition, we provide a variety of real estate insurance products to national lenders ranging from full ALTA policies to limited coverage policies.

2. Title Services

Insured ownership is at the heart of every transaction.

We work to remove any recorded encumbrances which are inconsistent with the terms of the transaction. We offer traditional, fully-insured products like ALTA policies, as well as innovative products and insurance policies in the refinance, second mortgage and equity markets. We respond quickly to unique circumstances with flexible and creative approaches to title insurance.

3. Escrow Services

The careful management of assets ensures a smooth transaction.

We coordinate and process the entire real estate and mortgage closing procedure. Our services include: document gathering, preparation and delivery of the Closing Disclosure when required, loan funds disbursement, escrow withholding and document recording with the appropriate government authority; all done in accordance with our clients' instructions. We serve as a neutral third party working to benefit the entire transaction and the parties involved. Our escrow personnel are proficient at complying with complicated escrow instructions.

4. Customer Service

At Old Republic Title we focus on providing optimum customer service and deploying technologies that meet the needs of real estate professionals, consumers and our clients. Our network of Property Information Departments provides a variety of products, including property profiles and FARMS. In addition, we subscribe to industry-leading information systems for the most current market data, information and public records and documents.

To further support the needs of all who we serve, we also provide several convenient digital tools. Many of these tools allow clients to directly open title and/or escrow orders, update property information, calculate closing costs or search property details via their ortc.com account, or through one of our applications.

02

Getting Started

Buyers

Home ownership is the American Dream and you are about to embark on an exciting process. Your home will be one of your largest assets and most likely will appreciate in value over the life of your ownership.

There are a lot of decisions ahead of you. Please use this handbook as a guide to help you throughout this process.



Be prepared to tell your Escrow Officer how you would like to hold title to your property.

Common Ways of Holding Title

Title to real property may be held by a single individual or entity, known as Sole and/or Separate Ownership, or by two or more individuals and/or entities known as Co-Ownership. Following is a brief list of common ways to hold title. Ownership and tenure of title varies by state. Remember, it is important to distinguish the proper way to hold title to you property. You may want to consult with your Attorney or Tax Advisor for what form suits your particular circumstance and needs.

	Community Property	Joint Tenancy	Tenancy In Common	Community Property Right of Survivorship	Partnerships	Trusts
Parties	Only married couple	Two or more persons	Two or more persons or entities	Only married couple	Subject to the terms of the partnership agreement	Subject to the terms of the trust
Division	Ownership interests are equal	Undivided equal shares in the entire property	Equal or unequal shares in the entire property	Ownership interests are equal		
Title	Title is in the "community"-each interest is equal	Title is to the entire property	Each co-owner has title to his or her undivided interest	Title is in the "community" -each interest is equal		
Possession	Equal right of possession	Equal right of possession	Equal right of possession unless there is an agreement to the contrary	Equal right of possession		
Conveyance	Consent of the other spouse required except for the co-owner interest transferred upon death	Co-owner's interest may be conveyed without consent but conveyance by one co-owner without the others terminates the joint tenancy	Each co-owner's interest may be conveyed separately without consent	Consent of other spouse required		
Purchaser's Status	Purchaser acquires title of community	Purchaser acquires grantor(s) interest; if less than all, joint tenancy is terminated	Purchaser acquires grantor(s) interest	Purchaser acquires title of community		
Transfer upon Death	On co-owner's death, 1/2 belongs to survivor and 1/2 transferred by will or intestate succession	On co-owner's death the entire tenancy belongs to the survivor	On co-owner's death his or her interest passes by will or intestate succession	On co-owner's death the entire tenancy belongs to the survivor		
Successor's Status	Heirs or devisees are tenants in common with surviving spouse	Last survivor owns property	Heirs or devisees are tenants in common with other co-owners	Surviving spouse owns property		
Creditor's Rights	Co-owner's interest may be sold at execution sale to satisfy creditor. Purchaser becomes tenant in common.	Co-owner's interest may be sold at execution sale to satisfy creditor. Joint tenancy is broken. Purchaser becomes tenant in common.	Co-owner's interest may be sold at execution sale to satisfy creditor. Purchaser becomes tenant in common.	Co-owner's interest may be sold at execution sale to satisfy creditor. Purchaser becomes tenant in common.		

03

Escrow & Closing

Opening The Escrow

After the buyer and seller agree to terms of a sale, the transaction goes into escrow, which can take several weeks (30-45 days or more) to reach closing. Escrow can be opened by the buyer or the seller's real estate agent. The escrow agent and their company act as a neutral third party for serving as custodian for funds and documents, providing a clearing house for payment of demands and performing clerical details for the closing.

What the Escrow Company Does

When the escrow is opened, an order for a preliminary report/commitment is placed with the title company, which shows ownership of a parcel of land and recorded matters that are relative to the property. Then a plan is set for the necessary action and documents required, such as demands for satisfaction of liens, instructions for recording documents and other requirements of the new lender. In most areas, buyers and sellers instructions are prepared for signature from the information gathered.

Escrow Instructions and Your Closing

Your escrow officer or real estate agent will contact both the buyer and seller for an appointment to sign escrow instructions and supporting documents.

Bring a legal form of identification with you, such as a current driver's license, passport or ID card (military or state). At this time you will normally be advised of the amount of money you will need to deposit and/or receive depending on if you are the buyer or seller.

When the instructions from all parties have been executed, escrow is ready to close. At that time all required funds have been receipted into escrow, the documents are recorded, funds disbursed and the policy of the title insurance is issued.

If you are the buyer, you will be informed about the disbursement of keys by the real estate agent or seller.

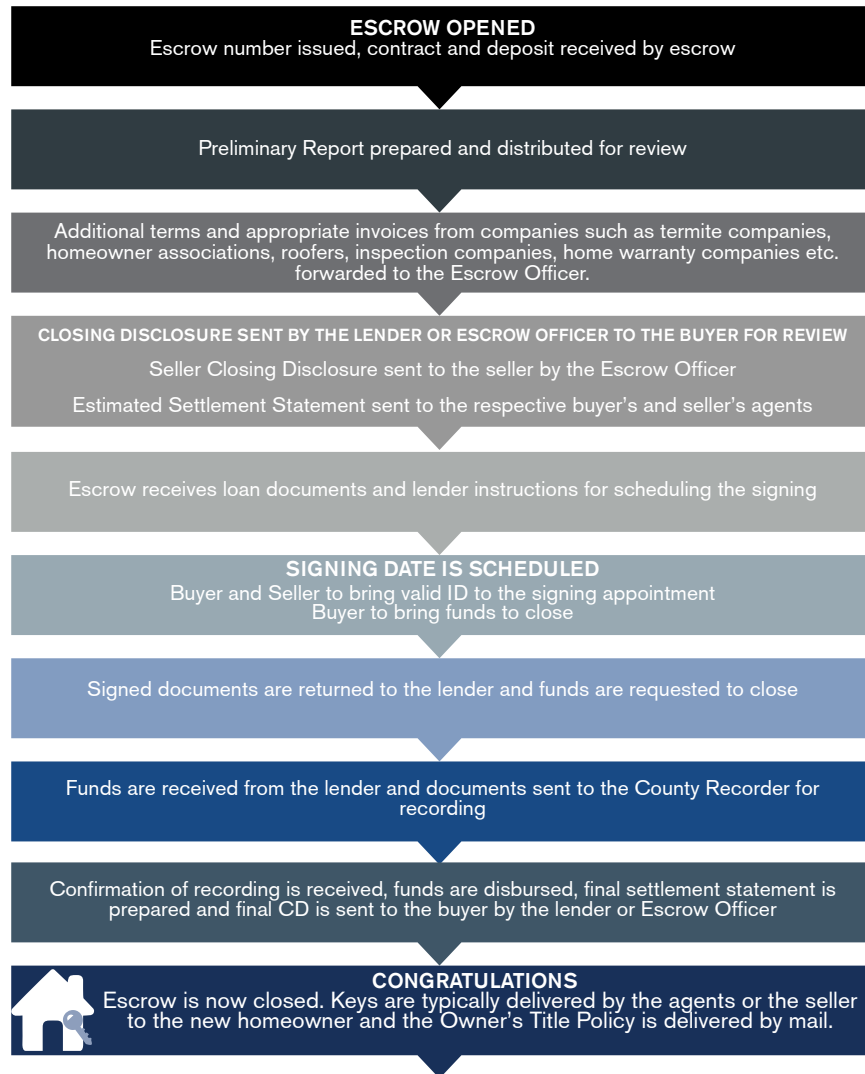
If you are the seller, upon receipt of the proper documentation and releases, the escrow officer will disburse the reserved funds, including the seller's payment.

As of October 3, 2015 the closing process has changed.

The Consumer Financial Protection Bureau (CFPB) created the TILA-RESPA Integrated Disclosure (TRID) Rule to improve mortgage disclosure forms to make it easier for consumers to understand the terms of their loans and closing costs. In order to ensure a timely closing, it is more important than ever that you communicate with your lender, real estate agent and escrow officer.

ESCROW PROCESS

For loan applications taken after October 3, 2015 the buyer/consumer must receive the new Closing Disclosure (CD) at least three business days prior to the date the buyer/consumer is scheduled to sign the loan documents.



TRID TERMS

Closing Disclosure – The five-page Closing Disclosure, also referred to as CD, must be provided to the consumer three business days before they close on the loan. The Closing Disclosure details all of the costs associated with their mortgage transaction.

Consummation – Consummation is not the same thing as closing or settlement. Consummation occurs when the consumer becomes legally obligated to the creditor on the loan, not, for example, when the consumer becomes contractually obligated to a seller on a real estate transaction.

Loan Estimate – A three-page Loan Estimate (also called LE) must be provided to the consumer no later than three business days after they submit a loan application for most mortgages. The Loan Estimate provides information about key features, costs and risks of the mortgage loan for which the consumer is applying.

Redisclosure – For covered transactions under the TILA-RESPA Integrated Disclosure (TRID) Rule and under very specific circumstances, the Loan Estimate and/or the Closing Disclosure may be revised and delivered to the consumer.

Three Day Review Period – For covered transactions under the TRID Rule the creditor is generally required to ensure that the consumer (borrower) receives the Closing Disclosure no later than three business days prior to the consummation of the loan.

Top 10 Things Consumers Should Know About the Closing Process

1) Time is of the Essence

- To avoid delays or a postponement of your closing, be sure to respond to lender and escrow officer requests immediately.
- Work closely with your lender, real estate agent and escrow officer to avoid delays.

2) You Have a Choice

- When it comes to service providers associated with your closing, you have a choice. This includes the company that will close your transaction and most inspectors, just to name a few. In certain areas, the seller will pay for some closing costs and thus will be entitled to select the vendor(s).
- Talk to your lender, real estate agent and escrow officer to obtain additional information about the various service providers and fees.

3) Protecting your Information – Secured Emails

- As an additional security measure to protect your non-public personal information, you may receive secured emails from your lender and escrow officer.
- You will need to follow the instructions for retrieving that information (which will likely require you to create an account) and make sure that you return any information through the secured email system.

4) Loan Estimate (LE)

- The Loan Estimate (LE) will be sent to you within three days of your loan application. You may receive multiple copies of the LE if there are any changes in circumstance(s).
- The terms provided on the LE will also appear on the Closing Disclosure (CD). Lenders are required to explain any changes in fees on the CD.

5) Preparing for Closing

- Approximately 10 – 14 days before you are scheduled to sign your documents you should be prepared to communicate with your lender, real estate agent and escrow officer. It will be important for you to provide your hazard insurance information.
- NOTE: Wiring instructions will be subject to strict verifications to prevent fraud. Discuss this with your closing professionals well in advance.

6) Closing Disclosure (CD)

- A closing statement called the Closing Disclosure (CD) will be used for most loan applications taken on and after October 3, 2015. The CD will be sent directly to you (buyer/consumer) and not your real estate agent.
- The CD is designed to make it easy for you to understand the terms of your loan.

7) Three-Day Review Period

- The Closing Disclosure (CD) must be delivered to you (buyer/consumer) at least three business days prior to signing the documents.
- If the CD is delivered via email it is important to acknowledge receipt to avoid additional delays.
- The CD may also be mailed seven days in advance and does not require proof of receipt.
- This time allows you to share it with your agent, attorney and/or financial advisor and ask questions or get clarification from your lender about the terms and conditions of your loan.

8) Lenders Title Insurance Policy

- Lenders typically require their borrowers to purchase a Lender's Policy of Title Insurance for the purchase loan(s).
- The fees are usually based on the amount of the loan(s).
- A lender's policy protects only the lender's interests should a problem with the title arise.

9) Owner's Title Insurance Policy

- Research the value and importance of an Owner's Title Insurance Policy early on in the process of obtaining a loan and closing on the purchase of your home.
- Homebuyers often assume that the Lender's Title Insurance Policy protects them from challenges to their ownership rights in the property being acquired. This is not the case. Instead, the homebuyer's interests are protected by an Owner's Title Insurance Policy. This insurance coverage typically protects against adverse matters such as ownership challenges, errors and omissions in deeds, forgery, and undisclosed heirs, among other things. It also provides coverage for the attorney's fees that arise where legal challenges to your property's ownership occur. Its cost is typically based on the home's total purchase price, and is a one-time fee paid at closing.

10) Ask Questions

- This is one of the most important purchases of your life. Do not be afraid to ask questions of your lender, real estate agent and escrow officer.

Consumers are given **more time** to consider their options because the **closing disclosure form is now provided three days before the closing**



04

Title Insurance

What Is Title Insurance?

Title insurance is an agreement to indemnify against damage or loss from a defect in title as evidenced by a policy of title insurance to a specific parcel or real property. Following a search and examination of public records and in exchange for a premium paid, title insurance companies will assume the risk that title to a parcel of real property is as stated to be in the policy of title insurance.

Types of Title Insurance (Policies)

Owner's Policy:

Insures an owner of any type of real property against loss by reason of those matters covered under the policy of insurance for as long as they own the property. There are several versions of each policy. Consult with your Real Estate Professional to determine which policy is best for you.

Lender's Policy:

Insures the priority of the lender's security interest over claims that others may have in the property.

Title Companies – What they handle

Title companies provide services to buyers, sellers, real estate developers, builders, mortgage lenders and others who have an interest in the real estate transaction. Title companies provide assurances that the transfer of title takes place efficiently and that your interests as an insured are protected under the terms and conditions of the policy.

Title insurance is different from many other types of insurances (casualty, auto, etc.). These other types of insurances assume risks by providing financial protection for losses arising from an unforeseen future event such as a fire, theft or accident. With title insurance, risks are examined and mitigated before the property changes hands.

Refinancing: Why Lenders Require Title Insurance

Your lender will want to insure that your new loan is protected by title insurance, just as the original lender required. Even if you already purchased a lender's policy, the policy remains in force only during the life of the loan that was insured. So, if you refinance, the old loan is paid off and a new loan is issued with a new title insurance policy. You will not need to purchase a new owner's policy of title insurance.

Is an Owner's Policy Worth the Investment?

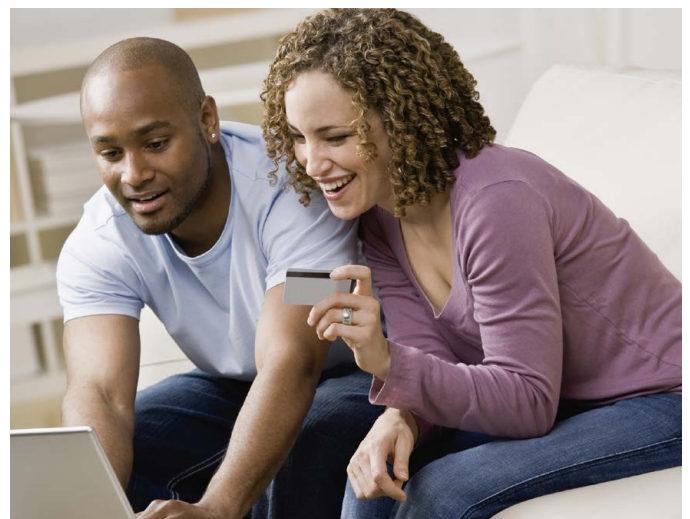
Title Insurance is based on loss prevention. A typical title search involves searching public records as well as our own Title Plant. No other insurance does this level of due diligence before issuing a policy.

When there is a claim against the title policy it is often due to a title defect that was undetected during the title search. The most common problems are FRAUD and FORGERY. When there is a loss it is usually significant and oftentimes in the hundreds of thousands of dollars.

Some of the Risks Covered By Title Insurance Policy

The following are risks covered by a Homeowner's form of title insurance policy (subject to insuring provisions, exclusions, exceptions and the conditions and stipulations):

- Someone else claims to have rights affecting your title arising out of forgery, fraud or impersonation.
- Someone else owns an interest in your title or has a recorded lien or encumbrance on your title.
- Someone else has rights affecting your title arising out of leases, contracts or options.
- Someone else has an easement on the land or recorded right to limit your use of the land.
- You are forced to correct or remove an existing violation of any covenant, condition or restriction affecting the land.
- Because of an existing violation of a subdivision law or regulation affecting the land:
 - You are unable to obtain a building permit.
 - You are forced to correct or remove the violation.
 - Someone else has a legal right to, and does, refuse to perform a contract to purchase the land, lease it or make a mortgage loan on it.
- You are forced to remove or remedy your existing structures, or any part of them, because any portion was built without obtaining a building permit or because they violate existing zoning law or zoning regulation.
- Your existing improvements made after the policy date, including lawns, shrubbery or trees, are damaged because of the future exercise of a right to use the surface of the land for the extraction development of minerals, water or any other substance.
- Someone else tried to enforce a discriminatory covenant, condition or restriction which is based upon race, color, religion, gender, handicap, familial status or national origin.
- A document upon which your title is based is invalid because it was not properly signed, sealed, acknowledged, delivered or recorded.
- The residence with the address shown is not located on the land.



Frequently Asked Questions About Title Insurance

Q. WHAT DOES TITLE INSURANCE INSURE?

A. Title Insurance offers protection against claims resulting from various defects (as set out in the policy) which may exist in the title to a specific parcel of real property effective on the issue date of the policy. For example, a person might claim to have a deed or lease giving them ownership or the right to possess your property. Another person could claim to hold an easement giving them a right of access across your land. Yet another person may claim that they have a lien on your property securing the repayment of a debt. That property may be an empty lot or it may hold a 50-story office tower. Title companies work with all types of real property.

Q. HOW MUCH CAN I EXPECT TO PAY FOR TITLE INSURANCE?

A. This point is often misunderstood. Although the title company or escrow office usually serves as a meeting ground for closing the sale, only a small percentage of total closing fees are actually for title insurance protection. Your title insurance premium may actually amount to less than one percent of the purchase price of your home and less than ten percent of your total closing costs. The title policy is good for as long as you and your heirs own the property with the payment of only one premium.

Q. WHO WILL PAY FOR TITLE INSURANCE CHARGES, THE BUYER OR THE SELLER?

A. Surprisingly, "who pays" is not uniform. In some areas the buyer will pay while in others the seller will pay. In some places, the seller will pay for the owner's title policy and the buyer will pay for the lender's policy. But in every case, the question of who pays closing costs is a matter of agreement between the buyer and seller. Usually this agreement is based on the customary practice in your area.

Q. WHY ARE SEPARATE OWNER'S AND LENDER'S TITLE INSURANCE POLICIES ISSUED?

A. Both you and your lender will want the security offered by title insurance. As the owner, you will want assurances that the home is yours and that you are protected against certain title defects. Your lender will likely want title insurance in order to protect its loan security interest, and may even be required to have a lender's policy in place in order to sell the loan to secondary market investors.

Q. WHAT ARE MY CHANCES OF EVER USING MY TITLE POLICY?

A. In essence, by acquiring your policy, you derive the important knowledge that recorded matters have been searched and examined so that title insurance covering your property can be issued. Because title insurance companies are risk eliminators, the probability of exercising your right to make a claim is very low. However, claims against your property may not be valid, making the continuous protection of the policy all the more important.

When a title company provides a legal defense against claims covered by your title insurance policy the savings to you for that legal defense alone will greatly exceed the one-time premium.

Q. WHAT IF I AM BUYING PROPERTY FROM SOMEONE I KNOW?

A. You may not know the owner as well as you think you do. People undergo changes in their personal lives that may affect title to their property. People get divorced, change their wills and engage in transactions that limit the use of the property and have liens and judgments placed against them personally for various reasons.

There may also be matters affecting the property that are not obvious or known, even by the existing owner, which a title search and examination seeks to uncover as part of the process leading up to the issuance of the title policy.

Just as you wouldn't make an investment based on a phone call, you shouldn't buy real property without assurances as to your title. Title insurance provides these assurances.

The process of risk identification and elimination performed by the title companies, prior to the issuance of a title policy, benefits all parties in the property transaction.

Title Insurance minimizes the chances that adverse claims might be raised, and by doing so reduces the number of claims that need to be defended or satisfied. This process keeps costs and expenses down for the title company and maintains the traditional low cost of title insurance.

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05

Preliminary Report

Preliminary Reports- Some Basics

After months of searching, you've finally found it, your perfect 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 before 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 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.

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 purchase.

When and how is the Preliminary Report produced?

Shortly after escrow is opened, an order will be placed with the title company which will then 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?

A. 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 and the description of the property, 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 which 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&Rs--covenants, conditions and restrictions. Finally, interests of third parties are not uncommon and may include easements given by a prior owner 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.

Will the Preliminary Report disclose the complete condition of the title to a property?

No. It is important to note that the preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land, but merely report the current ownership and matters that the title company will exclude from coverage if a title insurance policy should later be issued.

Is a Preliminary Report the same thing as title insurance?

Definitely not. A preliminary report is an offer to insure, it is not a report of a complete history of recorded documents relating to the property. A preliminary report is a statement of terms and conditions of the offer to issue a title insurance policy, not a representation as to the condition of title.

These distinctions are important for the following reasons: first, no contract or liability exists until the title insurance policy is issued; second, the title insurance policy is issued to a particular insured person and others cannot claim the benefit of the policy.

Can I be protected against title risks prior to the close of the real estate transaction?

Yes, you can. Title companies can protect your interest through the issuance of "binders" and "commitments."

A binder is an agreement to issue insurance giving temporary coverage until such time as a formal policy is issued. A commitment is a title insurer's contractual obligation to insure title to real property once its stated requirements have been met.

Discuss with your title insurer the best means to protect your interests.

How do I go about clearing unwanted liens and encumbrances?

You will wish to 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.

06

Closing Costs

The buyer and seller will pay “closing” or settlement costs, an accumulation of separate charges paid to different entities for the professional services associated with the buying and selling of property.

Some closing costs might include real estate commissions, appraisal fees, loan fees, escrow charges, advance payments like property taxes (city and county), hazard insurance, title insurance, pest inspections, etc.

Keep in mind that your closing funds should be in the form of a cashier’s check made payable to the title company or escrow office in the amount requested, or by wired funds.

Examples of Additional Closing Costs:

Title insurance premiums	Real estate commission
Escrow and notary fees	Documentation preparation fee for transferred deed
Documentation preparation fee	Fire insurance premium for first year impounds, if applicable
Recording charges for all documents in buyer’s name	Payoff all loans in seller’s name (or existing loan balance if being assumed by buyer)
Interest on new loan from date of funding to 30 days prior to first payment	Interest accrued to lender being paid off, statement fees, reconveyance fees and any prepayment penalties
Inspection fees (property, roof, geological)	Termite work (according to contract)
All new loan charges (except those required by lender for seller to pay)	Natural hazard disclosure report
Tax proration from date of acquisition	Any judgments, delinquent taxes, tax liens, etc. against seller
Assumption/change of record fees for take over of existing loan	Tax proration (for any unpaid taxes)
Beneficiary statement fee for assumption of existing loan	Recording charges to clear all documents of record against seller
Homeowners association transfer fee	Any bonds or assessments
Home warranty (according to contract)	Any unpaid homeowners dues, homeowners document and demand fees
Any city transfer tax/conveyance tax (per custom)*	Documentary transfer tax

(*Based on City/County of where property is located. Check with your Real Estate Professional.)

Common Property Taxes

City Transfer Tax:

Tax paid to the local government as a percentage of the property’s value. The amount of the tax is usually based on a percentage of the property’s selling price, but the exact amount is determined by the city where the property is located.

County Transfer Tax:

Tax paid to the county or local government as a percentage of the property’s value. The amount of the tax is usually based on a percentage of the property’s selling price, but the exact amount is determined by the county where the property is located.

Mello-Roos (California Only)

It is possible that the property you are buying is in a "Mello-Roos District" and that a special tax will apply. Mello-Roos is the common name for the 1982 Community Facilities District Act. This Act authorizes local governments and developers to create Community Facilities Districts ("CFDs") for the purpose of selling tax exempt bonds to fund public improvements (such as streets, water, sewage and drainage, electricity, infrastructure, schools, parks and police protection). Property owners that participate in a CFD pay a special tax to repay the bonds.

The Mello-Roos tax stays in effect until the bonds are paid off. Sometimes after the bonds are paid off, a CFD will continue to charge a reduced fee to maintain the improvements. This tax is typically included in the annual county property tax bill, and is subject to the same penalties that apply to regular property taxes. If the Mello-Roos tax is not paid, the District may exercise its legal right to foreclose and sell the property.

Under Proposition 13, Mello-Roos taxes are not based on the value of the property. Instead, they are apportioned by taking into account property characteristics (e.g., the use of the property, square footage of the structure, and lot size). The District submits the tax charges to the County, who adds them to your annual Property Tax Bill. Charges for this tax vary, but they do not exceed the maximum amount specified when the CFD was created. When there is a new purchase of a house in a subdivision, the maximum of the tax will be specified in the public report.

Supplemental Tax (applicable in select States)

In California, when there is a change in ownership of real property or when new construction is completed, the County Assessor will appraise the property changing ownership, or the new construction at its full cash value as of the date the change in ownership occurs or the new construction is completed.* The appraised value then becomes the new base year value for the property.

There may be one or two supplemental assessments made depending on the date when the change in ownership takes place or when the new construction is completed.

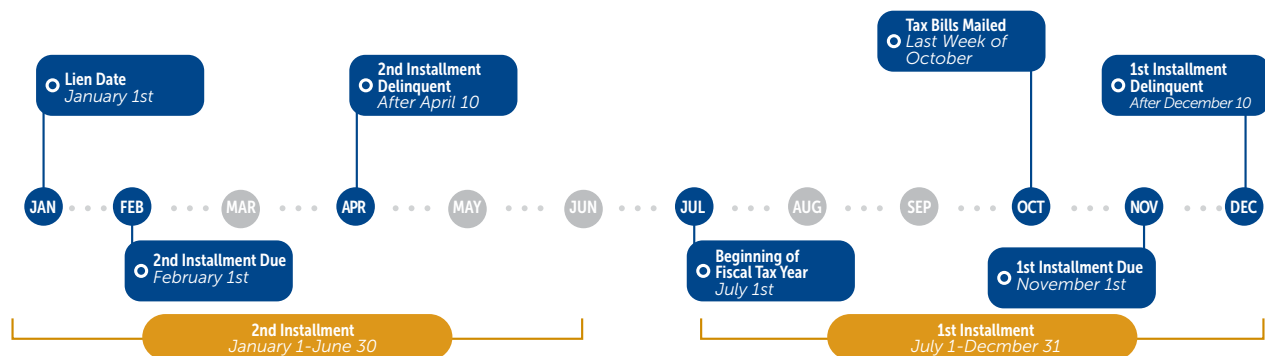
If the change in ownership occurs, or the new construction is completed after January 1, but before May 31, there will be two supplemental assessments. The first assessment is the difference between the new base year value and the taxable value on the current roll. The second assessment will vary depending on the triggering event.

For new construction, the second assessment is the value change due to the new construction. For a change in ownership of a full ownership interest, the second assessment is the difference between the new base year value and the taxable value to be enrolled on the roll being prepared. For a change of a partial ownership interest, the second assessment is the difference between the total of the new base year value for the interest conveyed, plus the taxable value of the rest of the property on the roll being prepared, and the taxable value of the entire property on the roll being prepared.

If the change in ownership occurs, or the new construction is completed on or after June 1, but before the following January 1, there will be one supplemental assessment made for the difference between the new base year value and the taxable value on the current roll.

*Certain property and transfers may be exempt from reappraisal for supplemental taxes.

TAX CALENDAR



A Guide to CA Closing Costs

County	Escrow Charges	Title Fees Owner's Policy	Documentary Transfer Tax \$1.10 per \$1,000 or \$0.55 per \$500	City Transfer Tax Amount per \$1,000
Alameda	Buyer Pays	Buyer Pays	Seller Pays	Buyer-Seller 50% Albany = \$11.50 *\$15.00 Alameda = \$12.00 Emeryville = \$12.00 Hayward = \$8.50 Piedmont = \$13.00 San Leandro = \$6.00 **\$11.00 NEW RATES Berkeley up to \$1,500,000 = \$15.00 \$1,500,001 or more = \$25.00 Oakland up to \$300,000 = \$10.00 \$300,001 to \$ 2,000,000 = \$15.00 \$2,000,001 to \$ 5,000,000 = \$17.50 \$5,000,001 or more = \$25.00
Colusa	Buyer - Seller 50%	Buyer - Seller 50%	Seller Pays	None
Contra Costa	Buyer Pays	Buyer Pays	Seller Pays	Buyer-Seller 50% El Cerrito = \$12.00 Richmond up to \$999,999.99 = \$7.00 \$1,000,000 to \$ 3,000,000 = \$12.50 \$3,000,001 to \$ 10,000,000 = \$25.00 \$10,000,001 or more = \$30.00
El Dorado	Buyer - Seller 50%	Buyer - Seller 50%	Seller Pays	None
Fresno	Buyer - Seller 50%	Seller Pays	Seller Pays	None
Glenn	Buyer - Seller 50%	Buyer - Seller 50%	Seller Pays	None
Kern	Buyer - Seller 50%	Seller Pays	Seller Pays	None
Los Angeles	Buyer - Seller 50%	Seller Pays	Seller Pays	Transfer Tax varies by city. Please access the LA County Recorders site at www.lavote.net/home/records/property-document-recording/documentary-transfer-taxes/general-info or contact your Old Republic Escrow Officer for more details.
Marin	Buyer Pays	Buyer Pays	Seller Pays	Seller Pays \$2.00 in city of San Rafael
Merced	Buyer - Seller 50%	Buyer - Seller 50%	Seller Pays	None
Monterey	Buyer - Seller 50%	Seller Pays	Seller Pays	None
Napa	Buyer Pays	Buyer Pays	Seller Pays	None
Orange	Buyer - Seller 50%	Seller Pays	Seller Pays	None
Placer	Buyer - Seller 50%	Seller Pays	Seller Pays	None
Riverside	Buyer - Seller 50%	Seller Pays	Seller Pays	Seller Pays \$1.10 in city of Riverside
Sacramento	Buyer - Seller 50%	Seller Pays	Seller Pays	Buyer-Seller Pays \$2.75 in city of Sacramento
San Benito	Seller Pays	Seller Pays	Seller Pays	None
San Bernardino	Buyer - Seller 50%	Seller Pays	Seller Pays	None
San Diego	Buyer - Seller 50%	Seller Pays	Seller Pays	None
San Francisco	Buyer Pays	Buyer Pays	Included in the City Transfer Tax	Seller Pays Through \$250,000 = \$5.00 \$250,001 to \$999,999 = \$6.80 \$1,000,000 to \$4,999,999 = \$7.50 \$5,000,000 to \$9,999,999 = \$22.50 \$10,000,000 to \$24,999,999 = \$27.50 \$25,000,000 or more = \$30.00 ***\$55.00 ***\$60.00 NEW RATES
San Joaquin	Buyer - Seller 50%	Buyer - Seller 50%	Seller Pays	None
San Mateo	Buyer Pays	Buyer Pays	Seller Pays	Buyer-Seller 50% \$0.30 in Hillsborough Buyer-Seller 50% \$5.00 in San Mateo
Santa Clara	Seller Pays	Seller Pays	Seller Pays	San Jose - new rates effective July 1, 2020 due to the passage of Measure E Less than \$2,000,000 = Exempt from the new tax \$2,000,000 to \$5,000,000 = 0.75% \$5,000,001 to \$10,000,000 = 1.00% \$10,000,001 and above = 1.50% Please keep in mind this tax is in addition to the current City transfer tax of \$3.30/\$1,000 for San Jose Buyer-Seller 50% Palo Alto = \$3.30 Mountain View = \$3.30
Santa Cruz	Buyer - Seller 50%	Buyer - Seller 50%	Seller Pays	None
Solano	Buyer Pays	Buyer Pays	Seller Pays	Seller Pays \$3.30 in city of Vallejo
Sonoma	Buyer Pays	Buyer Pays	Seller Pays	Seller Pays Santa Rosa \$2.00 Petaluma \$2.00
Stanislaus	Buyer - Seller 50%	Seller Pays except Turlock (50/50)	Seller Pays	None
Sutter	Seller Pays	Seller Pays	Seller Pays	None
Ventura	Buyer - Seller 50%	Seller Pays	Seller Pays	None
Yolo	Buyer - Seller 50%	Buyer - Seller 50%	Seller Pays	None
Yuba	Seller Pays	Seller Pays	Seller Pays	None

Contact your local ORT Escrow Officer for the most up-to-date information regarding closing costs in your county.

NEW RATES APPROVED

* Albany - new rates effective Jan. 1, 2021 due to the passage of Measure CC. (from \$11.50 to \$15.00)

** San Leandro - new rates currently effective due to the passage of Measure W. (from \$6.00 to \$11.00)

*** San Francisco - new rates effective Jan. 1, 2021 due to the passage of Proposition I.
\$10,000,000 to \$24,999,999 - (from \$27.50 to \$55.00)
\$25,000,000 or more - (from \$30.00 to \$60.00)

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Old Republic Title strongly recommends that consumers confer with their title insurer as underwriting requirements vary among companies and further, obtain guidance and advice from qualified professionals, including attorneys specializing in Real Property, Trusts and/or Title Insurance to get more detailed, and current, information as to any particular situation affecting them.

All of the closing costs above are allocated between the Buyer and Seller based on custom only and may be subject to negotiation in the sale of Real Property. These closing cost are deemed reliable, but are subject to change without notice.



07

Supplemental Taxes

Guide to Supplemental Property Taxes—Some Basics

They have been with us since July of 1983, but you and your neighbors still may not know what they are, what they do, and how they affect you and 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 of 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 on buying new property or undertaking new construction, this new tax will not affect you at all. 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.

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 be informed of 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 a 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 become delinquent.

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 April 10 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 month following the 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.

How will the amount of my bill be determined?

There is a formula used to determine your tax bill. The total supplemental assessment 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 proration 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 new construction actually occurred. If the effective date is July 1, then there will be no supplemental assessment on the current tax roll and the entire supplemental assessment will be made to the tax roll being prepared which will then reflect the full cash value. In the event the effective date is not on July 1, then the table of factors represented on the following panel is used to compute the supplemental assessment on the current tax roll.

If the effective date is:	The Proration Factor is:
August 1	.92
September 1	.83
October 1	.75
November 1	.67
December 1	.58
January 1	.50

If the effective date is:	The Proration Factor is:
February 1	.42
March 1	.33
April 1	.25
May 1	.17
June 1	.08

EXAMPLE: 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 15 with the effective date being October 1: the supplemental property taxes would, therefore, be subject to a proration factor of .75 and your supplemental tax would be \$750.

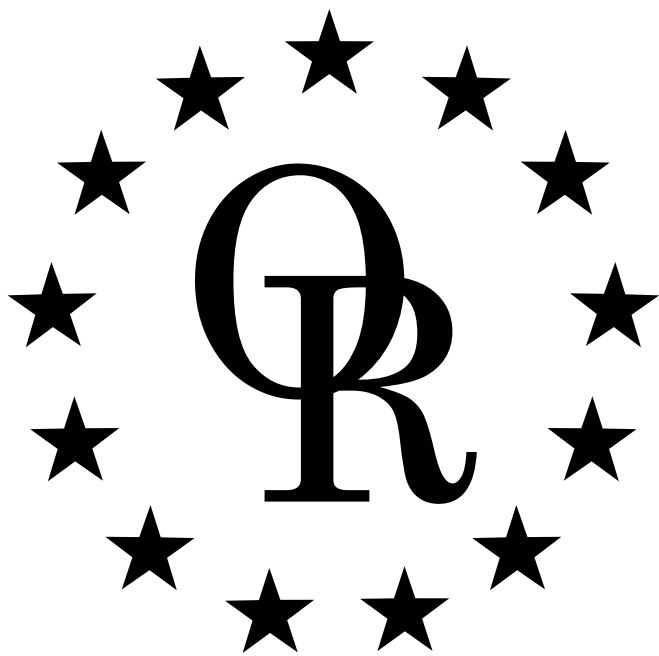
Will my taxes be prorated in escrow?

No, unlike your ordinary annual taxes, the supplemental tax is a one time tax which dates from the date you take ownership of your property or complete the construction until the end of the tax year on June 30. The obligation for this tax is entirely that of the property owner.

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Old republic strongly recommends that consumers obtain guidance and advice from attorneys specializing in Real Property Tax and/or qualified Real Property Tax professionals to get more detailed, and current, on real property taxation as to any matters directly affecting them.



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