



CALIFORNIA HOME SELLERS HANDBOOK



- The Escrow Process
- Statement of Information
- Property Tax Calendar
- Closing Cost
- Seller's Checklist

oldrepublictitle.com

00

Table of Contents

01	Old Republic Title Company Information		05	Closing Costs	
	Success on Your Terms	01		Examples of Closing Costs	09
	Services We Provide	02		Mello-Roos (CA)	10
02	Escrow & Closing			Supplemental Tax	20
	Opening The Escrow	03		Tax Calendar	10
	What The Escrow Company Does	03		A Guide to CA Closing Costs	11
	Escrow Instructions & Your Closing	03		Property Tax Relief on Dwellings for Seniors	12
	The Escrow Process Chart	04	06	Living Trusts - Some Basics	13
	TRID Terms	04	07	Probate- Some Basics	14
03	Statement of Information		08	FIRPTA	
	A Guide to: Statement of Information	05		What is FIRPTA	17
04	Preliminary Report		09	Seller's Checklist	18
	Preliminary Report - Some Basics	07			
	Tips on Reading the Report	08			

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

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.

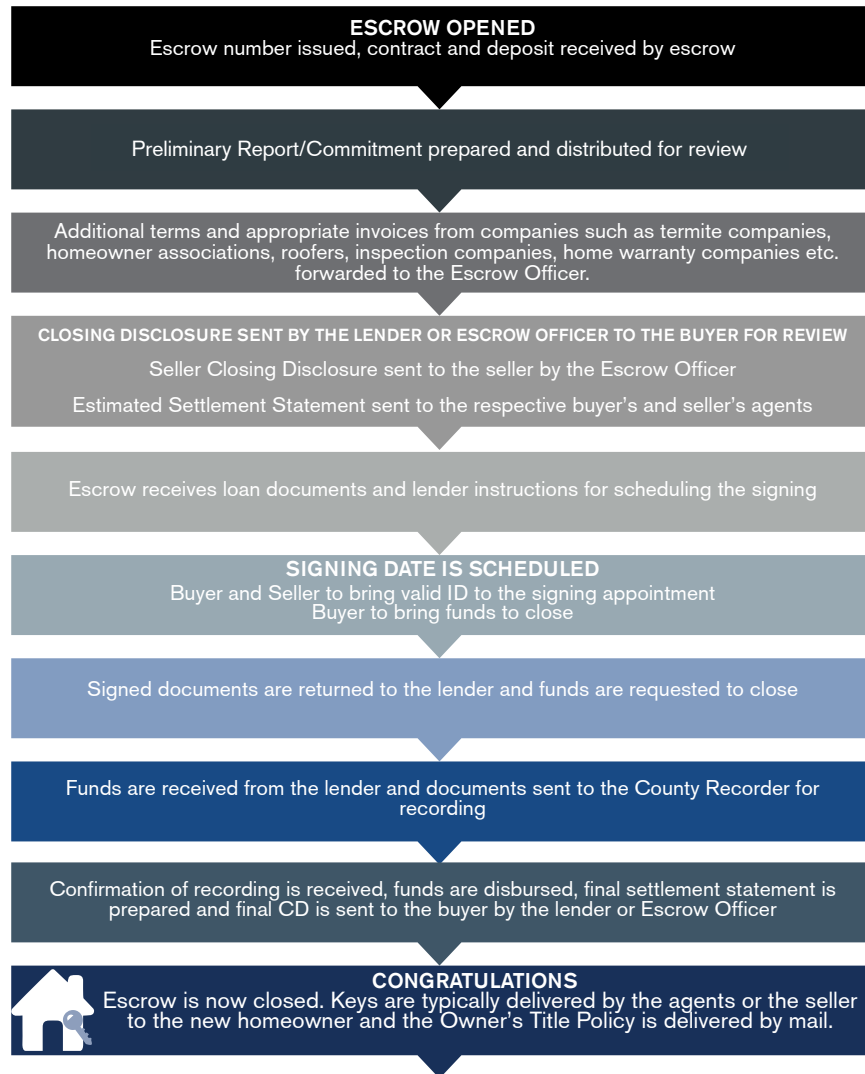
If you are the seller, upon receipt of the proper documentation and releases, the escrow officer will disburse the reserved funds, including the seller's payment.

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.

03

Statement of Information

A Guide to: Statement of Information

What's in a name? When a title company seeks to uncover matters affecting title to real property, the answer is, "Quite a bit."

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.

To help you better understand this sensitive subject, the California Land Title Association has answered some of the questions most commonly asked about Statements of Information.

What is a Statement of Information?

A Statement of Information is a form routinely requested from the buyer, seller and borrower in a transaction where title insurance is sought. The completed form provides the title company with information needed to adequately examine documents so as to disregard matters which do not affect the property to be insured, matters which actually apply to some other person.

What does a Statement of Information do?

Every day documents affecting real property--liens, court decrees, bankruptcies-- are recorded. Whenever a title company uncovers a recorded document in which the name is the same or similar to that of the buyer, seller or borrower in a title transaction, the title company must ask, "Does this document affect the parties we are insuring?" Because, if it does, it affects title to the property and would, therefore, be listed as an exception from coverage under the title policy. A properly completed Statement of Information will allow the title company to differentiate between parties with the same or similar names when searching documents recorded by name. This protects all parties involved and allows the title company to competently carry out its duties without unnecessary delay.

What types of information are requested in a Statement of Information?

The information requested is personal in nature, but not unnecessarily so. The information requested is essential to avoid delays in closing the transaction.

You, and if applicable, your spouse or registered domestic partner, will be asked to provide full name, social security number, year of birth, birthplace, and information or citizenship. If applicable, you will be asked the date and place of your marriage or registered domestic partnership.

Residence and employment information will be requested, as will information regarding previous marriages or registered domestic partnerships.

Will the information I supply be kept confidential?

The information you supply is completely confidential and only for title company use in completing the search of records necessary before a policy of title insurance can be issued.

What happens if a buyer, seller or borrower fails to provide the requested Statement of Information?

At best, failure to provide the requested Statement of Information will hinder the search and examination capabilities of the title company, causing delay in the production of your title policy.

At worst, failure to provide the information requested could prohibit the close of your escrow. Without a Statement of Information, it would be necessary for the title company to list as exceptions from coverage judgments, liens or other matters which may affect the property to be insured. Such exceptions would be unacceptable to most lenders, whose interest must also be insured.

CONCLUSION: Title companies make every attempt in issuing a policy of title insurance to identify known risks affecting your property and to efficiently and correctly transfer title so as to protect your interests as a homebuyer. By properly completing a Statement of Information, you allow the title company to provide the service you need with the assurance of confidentiality.

04

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.

05

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.

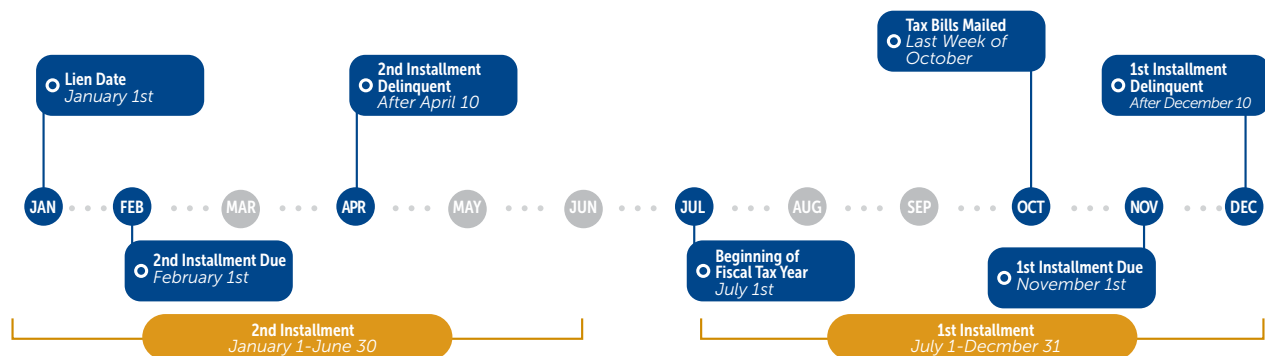
If the change in ownership occurs, or the new construction is completed after January 1, but before May 31, there will be two supplemental assessments. The first assessment is the difference between the new base year value and the taxable value on the current roll. The second assessment will vary depending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

3/2021 | © 2021 Old Republic Title | ORF-1002 | Old Republic Title is providing this information as a free customer service and makes no warranties or representations as to its accuracy.

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.



Property Tax Relief on Replacement Dwellings for Seniors

When a sale or transfer of a property is recorded with the county recorder it is the responsibility of the new owner to complete the Preliminary Change of Ownership (PCOR). Buyers customarily complete this form in escrow. The PCOR is a two page questionnaire requesting information on the property, principals involved in the transfer, type of transfer, purchase price and terms of sale, if applicable, and other such pertinent data. One of the many reasons the county assessor needs this information is to verify the eligibility for tax relief under Revenue and Taxation Code Section 69.5.

Originally passed as Proposition 60 and 90 these constitutional tax initiatives provide tax relief by preventing property reassessment when a person, age 55 or older, sells his/her existing residence and purchases or constructs a replacement residence of equal or lesser value than the original property.



How Do These Tax Initiatives Work?

When a person, age 55 or older, purchases or constructs a new residence, it is not reassessed if he/she qualifies. The Assessor transfers the factored base value of the original property located in the same County.

Later, Proposition 90 enabled this to be modified by local ordinance. The homeowner is still eligible if moving to a County that has adopted a Proposition 90 ordinance.

The meaning of equal or lesser value depends on when you purchase the replacement property. In general, equal or lesser value means:

Effective 12.6.18 LE

Old Republic Title is providing this information as a free customer service and makes no warranties or representations as to its accuracy.

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.

Source: <http://www.boe.ca.gov/>

*https://www.edc.gov.us/Government/Assessor/Documents/PROP90_Expiration.pdf

100 % or less of the market value of the original property if a replacement property were purchased or newly constructed before the sale of the original property, or

105% or less of the market value of the original property if a replacement property were purchased or newly constructed within the first year after the sale of the original property, or

110% or less of the market value of the original property if a replacement property were purchased or newly constructed within the second year after the sale of the original property

Counties which have adopted a Proposition 90 Ordinance	
Alameda	Orange
Santa Clara	San Mateo
San Diego	Ventura
Los Angeles	Tuolumne
Riverside	San Bernardino



06

Living Trusts-Some Basics

Estate planners often recommend “Living Trusts” as a viable option when contemplating the manner in which to hold title to real property. When a property is held in a Living Trust, title companies have particular requirements to facilitate the transaction. While not comprehensive, following are answers to many commonly asked questions. If you have questions that are not answered below, your title company representative may be able to assist you, however, one may wish to seek legal counsel.

Who are the parties to a Trust?

A typical trust is the Family Trust in which the Husband and Wife are the Trustees and, with their children, the Beneficiaries. Those who establish the trust and transfer their property into it are known as Trustors or Settlers. The settlor's usually appoint themselves as Trustees and they are the primary beneficiaries during their lifetime. After their passing, their children and grandchildren usually become the primary beneficiaries if the trust is to survive, or the beneficiaries receive distributions directly from the trust if it is to close out.

What is a Living Trust?

Sometimes called an Inter-vivos Trust, the Living Trust is created during the lifetime of the Settlers (as opposed to being created by their Wills after death) and usually terminates after they die and the body of the Trust is distributed to their beneficiaries.

Can a Trust hold title to Real Property?

No. The Trustee holds the property on behalf of the Trust.



Estate planners often recommend “Living Trusts” as a viable option when contemplating the manner in which to hold title to real property. When a property is held in a Living Trust, title companies have particular requirements to facilitate the transaction. While not comprehensive, following are answers to many commonly asked questions. If you have questions that are not answered below, your title company representative may be able to assist you, however, one may wish to seek legal counsel.

Who are the parties to a Trust?

A typical trust is the Family Trust in which the Husband and Wife are the Trustees and, with their children, the Beneficiaries. Those who establish the trust and transfer their property into it are known as Trustors or Settlers. The settlor’s usually appoint themselves as Trustees and they are the primary beneficiaries during their lifetime. After their passing, their children and grandchildren usually become the primary beneficiaries if the trust is to survive, or the beneficiaries receive distributions directly from the trust if it is to close out.

What is a Living Trust?

Sometimes called an Inter-vivos Trust, the Living Trust is created during the lifetime of the Settlers (as opposed to being created by their Wills after death) and usually terminates after they die and the body of the Trust is distributed to their beneficiaries.

Can a Trust hold title to Real Property?

No. The Trustee holds the property on behalf of the Trust.

Is a Trust the best way to hold my property?

Only your attorney or accountant can answer the question; some common reasons for holding property in a Trust are to minimize or postpone death taxes, to avoid a time consuming probate, and to shield property from attack by certain unsecured creditors.

What taxes can I avoid by putting my property in trust?

Married persons can usually exempt a significant part of their assets from taxation and may postpone taxes after the first of them to die passes. You should check with your attorney or accountant before taking any action.

Can I homestead property which is held in a Trust?

Yes, if the property otherwise qualifies.

Can a Trustee borrow money against the property?

A Trustee can take any action permitted by the terms of the Trust, and the typical Trust Agreement does give the Trustee the authority to borrow and encumber real property. However, not all lenders will lend on a property held in trust, so check with your lender first.

Can Someone else hold title for me “in trust?”

Some people who do not wish their names to show as titleholders make private arrangements with a third party Trustee; however, such an arrangement may be illegal, and is always inadvisable because the Trustee of record is the only one who is empowered to convey, or borrow against, the property, and a Title Insurer cannot protect you from a Trustee who is not acting in accordance with your wishes despite the existence of a private agreement you have with the Trustee.

Reprinted with the permission from the California Land Title Association.

07

Probate—Some Basics

Everyone has a will or plan, whether created or by default. Even if you have not made out a will or a trust, you still have a plan – a plan dictated by the laws of the state where you reside upon your death. Making a will is not a way to avoid “probate”, the court procedure that changes the legal ownership of your property after your death. Probate makes sure it is your last valid will, appoints the executor named in your will and supervises the executor’s work. You can do several things now that can help your executor and family later, hopefully much later on.

I am in possession of a will that distributes the decedent’s estate to me, isn’t this all I need?

No. The will must be admitted to probate and the estate of the decedent must be “probated.”

What does “probate” actually mean?

Generally, probate is a court proceeding that administers the estate of an individual.

What is the purpose of “estate administration”?

Generally, there are five purposes, many of which have subsets to them:

1. To determine that the decedent is in fact dead,
2. To establish the validity of the will,
3. To identify the heirs and devisees of the decedent,
4. To settle any claims that creditors may have against the estate of the decedent, and
5. To distribute the property.

Who is the Public Administrator?

Generally speaking, a public administrator is a person or entity appointed by the State to act when there is no will or relatives.

What is the difference between “Testate” and “Intestate”?

When one is said to have died “Testate,” it means he or she died leaving a will. If one is said to have died “Intestate,” it means he or she died without leaving a will.

What is the difference between an executor and an administrator?

An “executor” carries out the directions and requests set forth in the decedent’s will. An “administrator” is appointed by the court to manage the estate of a decedent who dies intestate.

What are the steps to a normal uncontested probate?

Very generally speaking they are as follows:

1. Death of the decedent.
2. The will is delivered to the executor or Court Clerk.
3. A petition is filed for the Probate of Will or Letters of Administration.
4. A hearing is held on the petition.
5. Letters of Administration are issued by the Court.
6. Notice to creditors is given.
7. Inventory and appraisal of the estate is made by an independent probate appraiser.
8. File Federal estate tax return. Return states “No Tax Due” or specifies an amount due.
9. Final accounting and petition for distribution.
10. Final decree of distribution.
11. Discharge of personal representative

While real property is “inprobate” can it be sold?

Yes. Without getting into too much detail it can be sold either at private sale in which the executor of the estate negotiates a transaction with a buyer or at public sale in which the property is sold at public auction.

If there is no will, how is the property of the estate distributed?

Sections 6400 through 6414 of the California Probate Code addresses intestate succession and the distributions. The method and manner of intestate distributions is quite complex and therefore one should specifically discuss intestate distributions with his or her legal advisor.

It is always advisable to consult a knowledgeable Probate attorney.

Reprinted with the permission from the California Land Title Association.

08 FIRPTA

What is FIRPTA?

Under current federal law, if a foreign person sells US real property, the buyer is obligated to withhold 10% of the gross sales price and remit this to the IRS.

However, pursuant to the Protecting Americans from Tax Hikes Act of 2015, which became law on December 18, 2015 (the "PATH Act") the required 10% withholding will increase to 15% for all closings occurring on or after February 17, 2016, except those wherein the sales price is greater than \$300,000 and does not exceed \$1,000,000 and the buyer acquires the property for use as a personal residence. Under the circumstance, a reduced withholding of 10% will apply.

In short, if a foreign person is selling a US real property interest, the following parameters apply **UNLESS THERE IS AN EXCEPTION FROM WITHHOLDING:**

No withholding is required under the following circumstances:

- Buyer acquires for use as a personal residence and sales price not more than \$300,000.
- Seller provides Non-Foreign Affidavit
- Seller provides a Withholding Certificate from the IRS which excuses the withholding
- The amount realized by the seller is zero
- The property is acquired by the United States or a political subdivision thereof

Sales Price \$300,000 or less and the buyer acquires as personal residence	No Withholding
Sales Price more than \$300,000 but not more than \$1,000,000 and the buyer acquires as personal residence	10% Withholding
All transactions - Any Sales Price and the buyer NOT acquiring as personal residence	15% Withholding

09

Seller's Checklist

Prior to Escrow Signing

- Let your Escrow Officer know the best way to contact you (telephone numbers including home, cell or work and email)
- Fill out Statement of Information form, if required (provided by Escrow officer).
- Fill out Information Request form (provided by Escrow Officer). Be sure to provide complete and accurate account numbers, social security numbers and Homeowners Association (HOA) information, if any. This information is needed to help avoid delays in obtaining payoff demands.
- Let your Escrow Officer know if the property being sold is NOT your primary residence.
- Advise your Escrow Officer if someone on title is deceased.

Note: With the receipt of the buyers' loan documents your Escrow Officer will contact you to set up the signing appointment.

At Escrow Signing

- All individuals vested in title must be present at the signing. If this causes a conflict please let your Escrow Officer know as soon as possible.
- All must present valid identification in the form of a **CURRENT** Driver's License, Passport, Department of Motor Vehicles Identification Card, or other approved identification card provided it has a photograph, description of the person, signature and an identifying number.
- If your sales proceeds will be wired into an account, you will need to provide the name of the institution, routing number, and account number.



SELLER'S CHECKLIST

A start to finish checklist on what you'll need to provide and what to expect throughout your Escrow transaction.

After the Close of Escrow

- Cancel your fire insurance (you may need to show a copy of your Settlement Statement which will be provide to you in your closing papers)
- Notify utility companies
- Submit change of address to DMV and Registrar of Voters

Side Note

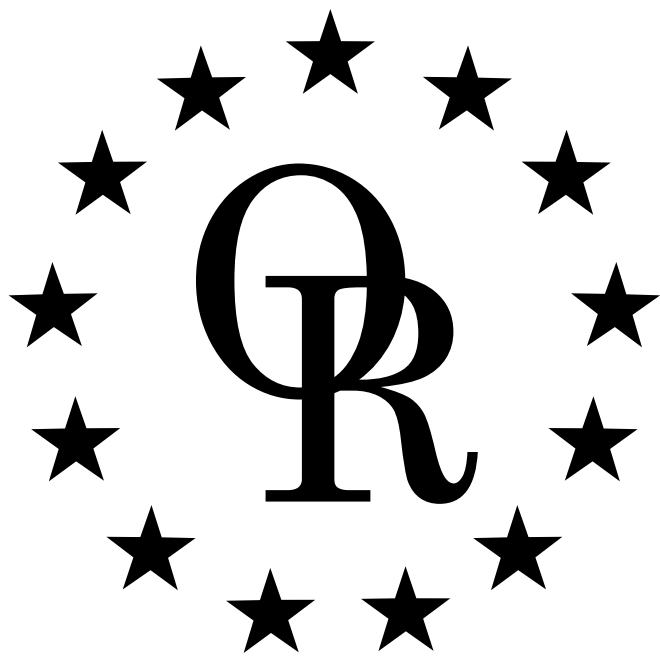
If uncertain who to turn to for answers below are the best sources for most common questions:

Details of your purchase agreement
Your Real Estate Agent

Final amount you will net at closing
Your ORTC Escrow Officer

Property Taxes
Your Lender or Mortgage Company

Income (personal taxes)
Certified Public Accountant (CPA)



visit us online
oldrepublictitle.com

