

The background of the entire page is a black and white topographic map. It features a complex pattern of wavy, concentric lines that represent contour lines on a map, creating a sense of depth and terrain. The lines are more densely packed in some areas and more spread out in others, typical of a topographic representation.

COMPASS

San Francisco

Buyer's Guide

GETTING STARTED

Purchasing a home is typically one of the largest, most complicated and most emotional financial transactions of one's life. Not only will you be finding a new home, but also making an important investment and creating a significant asset. There is a lot at stake and at Compass we are committed to guiding you expertly through the process and representing your best interests at every step. That is the fiduciary duty we owe to all our clients and we take it very seriously.

Before even starting the search, we suggest you make a list of your 10 or 12 most important criteria for a new home. Then we will meet to discuss your timeline, price range, needs, preferences, special circumstances, and other purchase parameters for the property that will best suit you, your lifestyle and goals. We'll review options in property type, architectural style, neighborhood, amenities, and financing – all of which will typically get further refined once the search process begins. We'll review current market conditions and trends, and how they will affect your search. We'll go over how we can help you best, how we can work together most effectively, and the things that you'll need to do to make the process successful. And then plot a course forward.

You can rest assured that you will receive the utmost care, attention, hard work, and professionalism. We love what we do and our success is entirely dependent upon your satisfaction. We promise unparalleled service and the highest ethical standards.

We hope that your home purchase will be the start of a long-term relationship between us. Thank you for allowing us the opportunity to work as your Realtor.

INTERVIEWING A BUYER'S AGENT

WHAT ARE THE MOST IMPORTANT SKILLS AND RESOURCES YOU OFFER YOUR CLIENTS?

Real estate is an incredibly complicated business involving large sums of money. Your agent should be able to clearly explain what it is they bring to the table on your behalf. First and foremost, should be the commitment and ability to protect and represent your interests above all others – to find you a great home at the best possible price and terms. Are their other qualifications focused on helping you? Do you get the sense they are consummate professionals in the business? Do they listen carefully to your wants, needs and circumstances? Do they love what they do?

WHAT IS YOUR AREA OF EXPERTISE?

When buying in San Francisco, you want a Realtor® who works San Francisco. Out-of-town agents are bad representatives. No exceptions. Everything about real estate is specific to location: values, community, legal issues, the different options in property type and neighborhood within a given county. One can't be an expert everywhere. You deserve an expert to represent you: Compass agents are San Francisco experts.

TELL ME ABOUT THE LAST DEAL OR TWO YOU CLOSED?

This is an excellent open-ended question to help you determine how the agent works, their enthusiasm for the business, what they focus on as important, the skills they bring to bear for their clients, and how they interact with clients and other parties during the transaction. Do they completely and calmly own and manage the process? Do they negotiate effectively? Work hard and make special efforts? Good at explaining options and strategies? Motivated by doing a great job for their clients?

WHY ARE YOU WITH THE BROKERAGE YOU'RE WITH?

Brokerage firms come in many qualities and it can be insightful to know why your agent chose theirs. Did they pick it because it allows them to provide a higher level of service and resources to you? Are they focused on reputation, expertise, ongoing training and skill improvement, liability management and integrity?

IS THIS YOUR ONLY CAREER?

Many real estate agents are also mortgage brokers or have other second careers. This is a bad sign. Real estate is a business which takes all of a good agent's professional time, energy and resources to do the job right. You don't want, and don't deserve, a part-timer. Pick your real estate agent like you would your financial manager or attorney – hold them to that standard. What would you think if your attorney also sold cars?

REFERENCES, REFERENCES, REFERENCES!

The best indication of the job an agent will do for you is the job they did for past clients.

According to the bestselling book, “Home Buying for Dummies”, good agents educate you; don't make decisions for you; tell you when you need to consult other experts; restrict themselves geographically; are full-time professionals; have contacts for skilled, high integrity resources; and have the time to serve you properly.

Remember: Buying a home is typically one of the largest, most complicated – and often, most emotional – financial transactions of one's life. You deserve a qualified agent.

BENEFITS OF CHOOSING A COMPASS REALTOR

With the right Realtor in your corner, home buying can be a smooth and understandable process. Honest, straightforward counsel; professional expertise; in-depth market knowledge and an uncompromising commitment to our customers constitute the foundation of our service.

COMPASS REALTORS...

- > Work on your timeline. We will not rush or push you. Our only interest is to find you the home you will love and enjoy for many years to come at the best possible price and terms.
- > Know about all available listings through the Multiple Listing Service (MLS), and keep our eyes open for upcoming listings not yet on the market.
- > Help assess your personal and financial goals to define the property parameters that meet your goals and your budget. We believe the home you buy should meet your housing needs at an affordable cost. We can recommend trustworthy loan agents who can review your different financing options and help you obtain loan pre-approval.
- > Review the purchase contract so you fully understand its specifications, contingencies and timelines, as well as customary practices, local laws and agency relationships.
- > Will, at your direction, prepare, present and aggressively negotiate the purchase offer on your behalf. We will provide the information, counsel, options and strategies pertaining to the offer process so that you can make informed decisions.
- > Manage every aspect of the escrow, disclosure and due diligence processes.
- > Have the expertise and knowledge to advise you on market values, conditions and trends.
- > Help coordinate the physical inspections of the property by qualified professionals and then review the inspection reports with you in detail.
- > Review the Seller's Transfer Disclosure Statement, title report and all other documents and disclosures with you to ensure a clear understanding of their data and implications.
- > Coordinate the third-party professional resources necessary to bring the transaction to a successful close: lender, appraiser, inspectors, contractors, insurance agent, escrow and title company, and so forth and so on.
- > Help you review the final closing documents and accompany you for their signing.
- > Follow-up after close of escrow to make sure you are settled comfortably into your new home and that there are no outstanding issues that need to be addressed.

THE HOME BUYING PROCESS



SEARCHING FOR YOUR NEW HOME

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

- > **Properties on the market.** It starts with the current inventory. This will help you better define your needs, wants and options and to understand market values. When possible, we will preview properties that meet your parameters before showing them to you. Being available to view newly listed homes can be important – since the most appealing and best priced may sell quickly.
- > **Sunday open homes.** Most new homes are shown during weekend open houses. When it is not possible for us to do this together, we can compare notes soon thereafter. Tell agents at the open homes you visit that you are working with a Compass agent; ideally give them your agent's business card.
- > **Brokers' tours.** Each Tuesday and Wednesday in San Francisco, new home listings are open to agents and their clients. This is often the first showing of a new listing.
- > **How to look at a house.** Each time you view a property, evaluate it against your list of needs and wants, and then rate it from 1 to 10 (10 being the perfect home). If you're willing to do work, consider whether the home can be improved to achieve what you want – by painting, new flooring, remodeling or minor structural alterations.

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

- > **Assess locations in greater detail.** Measure the commute time – consider driving or using public transport to get a real sense of how long it takes to get to work. Evaluate local schools and the proximity to shopping, dining and other activities that are important to you. Perhaps investigate the Megan's Law Database and local crime statistics.
- > **Visit the home during both day and night times** to get a better sense of noise levels and light at different times of the day, traffic and parking conditions in the neighborhood, and your comfort level with how safe it feels.
- > When determining the size requirements, **keep in mind how your need for space may change in the future.**
- > **Evaluate the floor plan against your style of living** and how you plan to use the rooms. Consider what you want for entertaining and privacy. How do the outside spaces complement the inside? Think about utility as well as curb appeal and graciousness.

ONCE YOU FIND A PROPERTY YOU WISH TO CONSIDER BUYING:

- > **Are there recent inspection reports and a disclosure package available for review?**
- > **What is the condition of the plumbing, electrical system and the roof?** If these systems are dated, the cost for repair or replacement should be taken into consideration before making an offer.
- > **Are there any signs of dampness or poor drainage?** These conditions are often difficult and expensive to correct.
- > **If improvements or additions were made, were they done with permit?** If not, a home inspector can help you quantify the risks or the costs of remediation.
- > **For condominiums and TICs, what are the monthly homeowner fees, upcoming assessments, and restrictions regarding pets, working at home and future rental?**

FINANCING YOUR PURCHASE

OBTAINING A LOAN

STEP 1: REVIEW FINANCING OPTIONS

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

STEP 2: LOAN PRE-APPROVAL

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

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

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

STEP 4: LOAN APPROVAL

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

STEP 5: LOAN DOCUMENTS

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

STEP 6: FUNDING

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

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

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

THE ESCROW PROCESS

WHAT IS ESCROW?

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

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

ESCROW CHECKLIST

- > **Property Inspections.** Professional inspections probably constitute the most important part of your due diligence on the property, and are typically conducted within 15 days of offer acceptance. Please review the “Buyer’s Inspection Advisory” carefully. Inspection fees are usually paid by you, but the costs of issues that surface in the course of inspections are normally negotiable between you and the Seller (as specified in the purchase contract). It is vital you attend all inspections so you can see for yourself any problems that surface, ask pertinent questions of the inspector, and gain first-hand knowledge about property conditions and maintenance.
 - > **Structural Pest Control Inspection.** A licensed structural pest inspector will examine the home for evidence of termites, dry rot, earth to wood contact, water intrusion and beetle infestation, and then provide a written report and bid for corrective work.
 - > **Contractor Inspection.** This inspection covers major systems such as plumbing, heating and electrical; structural elements; roof; safety features and building code compliance.
 - > **Other Inspections.** Inspections by other professionals may be warranted based upon the specific property and disclosures provided by the Seller. These include inspections by structural engineers, surveyors, and experts in soils, roofs, fireplaces, underground storage tanks and environmental hazards.
- > **Review Disclosures.** Sellers of residential properties and the real estate agents involved are required by law to disclose any material information known regarding the condition and circumstances of the property, and a number of statutorily required reports and disclosures will be supplied for your careful review. Sellers of probates and foreclosures are exempted from a number of these requirements.
- > **Finalize Financing.** Ideally, you’ve already been pre-approved by the lender of your choice prior to making your offer to buy. During the escrow process, the lender will have the property appraised, and review the purchase contract, title report and other documents it deems necessary prior to giving final loan commitment. This process usually takes two to four weeks. Before funding, it will typically confirm that your financial situation has not changed.

- > **Home Warranty.** Home warranties are designed to protect you against unknown defects and failures in certain systems and appliances in your new home. We will provide information and referrals, outlining procedures, costs and coverage. Either Buyer or Seller may purchase a home warranty.
- > **Remove Contingencies.** Once you have completed your inspections and reviewed the reports and disclosures to your satisfaction, and received final loan approval, you will remove your contingencies of sale as specified in the purchase contract. Depending on how the contract was written, you may be increasing your deposit in escrow at this time.
- > **Begin Moving Arrangements.**
- > **Review and Sign Loan & Closing Documents.** We will accompany you to the title company to sign documents. Before going to the title company to sign escrow papers, make sure to do the following:
 - > Confirm you have satisfied all your lender's requirements. Review the loan documents carefully.
 - > Obtain hazard/fire insurance and provide your escrow officer with the insurance agent's name and telephone number. You must have the policy in place before the lender will fund your loan.
 - > Decide how you will hold title to your new home. It is recommended that you consult a lawyer, tax consultant or other qualified professional in making this decision.
 - > Review the estimated closing statement of costs and disbursements prepared by the escrow agent.
 - > Bring your valid driver's license or passport to the signing appointment.
- > **Deliver the Balance of Funds** (down payment and closing costs) needed to close escrow to your title company at least two business days prior to closing in the form of a cashier's check or wire transfer.
- > **Receive Your Closing Documents From Compass** and the title company.

CLOSING ESCROW

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

WHAT TO KEEP FROM YOUR CLOSING

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

TITLE INSURANCE

WHAT IS TITLE INSURANCE?

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

TITLE SEARCH

Title companies work to eliminate risks by performing a search of the public records. The search consists of public records, laws and court decisions pertaining to the property to determine the current recorded ownership, and any recorded liens or encumbrances or any other matters of record which could affect the title to the property. When a title search is complete, the title company issues a Preliminary Title Report.

The Preliminary Title Report contains vital information which can affect the close of escrow: ownership of the subject property, how the current owners hold title, matters of record that specifically affect the subject property, a legal description of the property and an informational plat map.

WHAT DOES A TITLE POLICY COVER?

Not all risks can be determined by a title search, since certain things such as forgeries, identity of persons, incompetency, failure to comply with the law, or incapacity cannot be uncovered by an examination of the public records.

The Preliminary Title Report is an offer to insure under certain situations; the title policy is a contract that gives coverage against such problems.

The California Land Title Association (CLTA) is the standard policy of title insurance in California.

WHAT DOES CLTA COVER?

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

THE LENDER'S POLICY COVERS:

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

INSPECTIONS AND HOME WARRANTY

BUYERS ARE RESPONSIBLE FOR INSPECTING THE PROPERTY

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

STRUCTURAL PEST CONTROL INSPECTION

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

CONTRACTOR INSPECTIONS

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

WHO PAYS FOR INSPECTIONS?

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

ON YOUR FINAL WALK-THROUGH, BE SURE THAT:

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

HOME WARRANTY PLANS

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

GUIDANCE DURING ESCROW

THERE ARE MANY REPORTS, INSPECTIONS, DOCUMENTS, DISCLOSURES, CONTRACTUAL OBLIGATIONS AND IMPORTANT DATES DURING THE ESCROW PERIOD. WHEN WORKING WITH A COMPASS AGENT, WE ARE COMMITTED TO PROVIDING GUIDANCE AND REPRESENTING YOUR BEST INTERESTS THROUGH EVERY STEP OF THE PROCESS. AS A PART OF THE SERVICE WE PROVIDE, WE:

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

COMMON WAYS TO HOLD TITLE IN CO-OWNERSHIP

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

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

GUIDE TO CLOSING COSTS

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

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

MOVING CHECKLIST

BEFORE YOU MOVE

Address Change Notification

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

Insurance

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

Transfer Services

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

Gather Records (if moving to a new city)

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

Movers

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

ON MOVING DAY

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

AT YOUR NEW ADDRESS

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

HELPFUL PHONE NUMBERS

Animal Care

Animal Control	415-554-6364
SPCA	415-554-3000
Board of Education	415-241-6493

Cable & Telephone

AT&T Broadband	888-753-0378
Comcast	415-863-8500
Comcast Internet	800-934-6489
AT&T	800-777-0133

Department of Motor Vehicles 415-701-4500

Department of Parking & Traffic

DPT	Checkers
Complaints	Curb Painting
Graffiti Hotline	Illegal Parking
Meters (out of order)	Parking Lots/Garages
Police Tow Desk	SFMTA Parking &
Sign Shop	Enforcement
Towed Cars	Traffic Engineering
Traffic Signals	

Department of Public Health

Poison Control	800-876-4766
Rodent Control	415-252-3800
Unsanitary Conditions.....	415-252-3800

Department of Public Works

24-hour Emergency	415-695-2020
Disability Access	415-557-4685
Tree Planting	415-554-6700
Trees (city owned)	415-554-5349

Garbage

City Dump (500 Tunnel Rd.)	415-330-1400
Golden Gate (main)	415-626-4000
Golden Gate Debris Box	415-621-3841
Service Complaints	415-252-3800
Sunset Scavenger	415-330-1300
Sunset Debris Box	415-330-1315

Gas and Electricity

PG&E (24-hour)	800-743-5000
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Hospital (Emergency)

California Pacific Medical Center	415-600-6000
Chinese Hospital	415-982-2400
Kaiser Medical Center	415-833-2000
Seton Medical Center	415-992-4000
St. Francis Memorial	415-353-6000

St. Luke's Hospital	415-641-6519
St. Mary's Medical Center	415-668-1000
SF General Hospital	415-206-8000
UCSF	415-476-1000

Housing Information

Building Inspection	415-558-6088
Condo Conversion	415-554-5827
Building Inspection (Electrical) ..	415-558-6030
Building Inspection (Plumbing) ..	415-558-6054
Energy Conservation/Housing ..	415-558-6220

Police Department

Abandoned Cars	311
Noise Nuisance	311
Building Construction	415-558-6096
SFPD & FD (Emergency)	911
SFPD & FD (Non-emergency)	415-553-0123

Post Office

General	800-275-8777
SF Main	415-550-5426
Collection	415-550-5249

Recreation and Park 415-831-2700

Street and Water Service

Sewer Service Charge	415-695-2096
Street and Sewer Repair	415-923-2420
Street and Sidewalk Inspection ..	415-554-5810
Street Cleaning	311
Street Lighting	311
Street Repair	311
Street Signs	311
Street Spill (Hazardous)	415-252-3800
Water Department	311
Water Dept. Services (M-F 8-5)	415-551-3099
Water Dept. (Emergency street) ..	415-550-4911
Traffic Signals (out of order)	415-550-2736

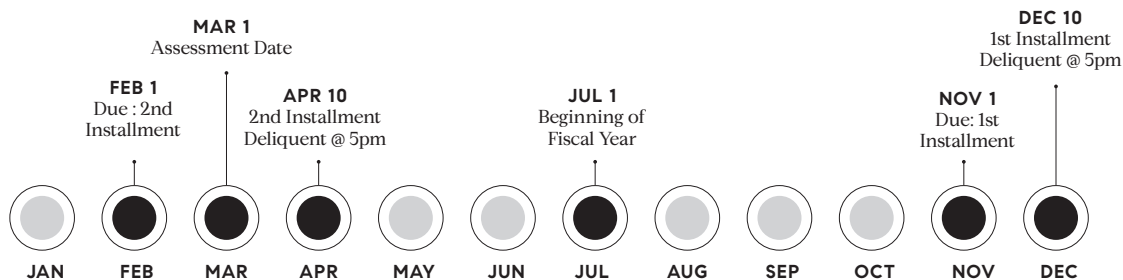
Transportation

Bay Area Rapid Transit (BART) ..	415-989-2278
Cal Train	800-660-4287
MUNI Central Control	415-759-4321
MUNI Complaint Center	311
MUNI Schedules	415-673-6864

Voter Registration 800-345-8683

For additional useful information and phone numbers about living in San Francisco
CALL 311 OR 415-701-2311 OR VISIT WWW.SFGOV.ORG OR WWW.SFGOV.ORG/311

PROPERTY TAXES



THE TAX YEAR

Property taxes are charged on a fiscal year beginning July 1st and ending June 30th; hence tax years are referred to as 2018/2019, 2019/2020. Taxes are billed in two equal installments: first installment covers July 1st through December 31st, second installment covers January 1st through June 30th. Tax bills are sent to homeowners in the last week of October. Tax payments are due November 1st and February 1st; tax payments are delinquent on December 10th and April 10th.

HOW TO CALCULATE PROPERTY TAXES

In most cases, the assessed valuation in your first year of ownership will be the same as the purchase price. It may be increased by up to 2% per year for each year you own the property. If you own and occupy a dwelling on March 1st as your principal place of residence, you are eligible to receive a reduction of up to \$7,000 of the dwelling's taxable value. To receive this exemption, you must file a claim with the Assessor. Once you receive the exemption, it is not necessary to file each year as long as you own and occupy the residence.

MELLO-ROOS COMMUNITY FACILITY DISTRICTS

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

SUPPLEMENTAL TAXES

Upon change of ownership, the Assessor's Office will reappraise the property and will bill the new owners for any difference in taxes resulting from a higher assessed value. The Assessor will issue you a supplemental assessment bill which is prorated based on the number of months remaining in the fiscal year ending June 30th.

CAN YOU DISAGREE WITH THE AMOUNT?

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

DID YOU RECENTLY PURCHASE A PROPERTY?

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

GLOSSARY

ABS – CAP

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

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

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

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

Agency: Any relationship in which one party (agent) acts for or represents another (principal) under the authority of the principal. Agency involving real property should be in writing, such as listing, trust, and powers of attorney.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Consideration: Anything which is, legally, of value and induces one to enter into a contract.

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

Conventional Mortgage: A mortgage or deed of trust not obtained under a government insured program such as FHA or VA.

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

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

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

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

Covenants, Conditions and Restrictions

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

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

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

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

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

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

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

Discount Points: A negotiable fee paid to the lender to secure financing for the Buyer. Discount points are up front interest charges to reduce the interest rate on the loan over the life, or a portion, of the loan's term. One discount point equals one percent of the loan amount.

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

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

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

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

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

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

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

Escrow: A procedure in which a third party acts as a stakeholder for both the Buyer and the Seller, carrying out both parties' instructions and assuming responsibility for handling all of the paperwork and distribution of funds.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Homeowner's Association: (1) An association of people who own homes in a given area, formed for the purpose of improving or maintaining the quality of the area. (2) An association formed by the builder of condominiums or planned developments, and required by statute in some states. The builder's participation as well as the

duties of the association are controlled by statute.

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

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

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

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

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

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

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

Interest: A charge paid for the use of money.

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

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

Interim Financing: See Bridge Loan

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

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

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

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

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

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

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

Loan Commitment: A written promise to make a loan for a specified amount on specified terms. **Loan Origination Fee:** One time setup fee charged by lender.

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

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

Maintenance Reserve: Money reserved to cover anticipated maintenance costs.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Negative Amortization: Negative amortization occurs when monthly payments fail to cover the interest cost. The interest that isn't covered is added to the unpaid principal balance, which means that even after several payments you could owe more than you did at the beginning of the loan. Negative amortization can occur when as ARM has a payment cap that results in monthly payments that aren't high enough to cover the interest.

Note: A unilateral agreement containing an express and absolute promise of the signer to pay to a named person, or order, or bearer, a definite sum of money at a specified date or on demand. Usually provides for interest and, concerning real property, is secured by a mortgage or trust deed.

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

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

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

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

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

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

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

Origination Fee: A fee made by a lender for making a real estate loan. Usually a percentage of the amount loaned, such as one percent.

Owner Occupied: Property physically occupied by the owner.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Private Mortgage Insurance: Insurance against a loss by a lender in the event of default by a borrower (mortgagor). The insurance is similar

to insurance by a government agency such as FHA, except that it is issued by a private insurance company. The premium is paid by the borrower and is included in the mortgage payment.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Right of Survivorship: The right of a survivor of a deceased person to the property of said deceased. A distinguishing characteristic of a joint tenancy relationship.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Topography: The contour of land surface, such as flat, rolling, and mountainous.

Transfer: The act by which the title to property is conveyed from one person to another.

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

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

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

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

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

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

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

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

Variable Rate Mortgage (VRM): See adjustable rate mortgage

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

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

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

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

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



**SAN FRANCISCO
ASSOCIATION of REALTORS®**

SAN FRANCISCO PURCHASE AGREEMENT

SAN FRANCISCO ASSOCIATION OF REALTORS® STANDARD FORM
This is intended to be a legally binding contract for the purchase of real property in San Francisco

August 15, 2018 (Date Prepared)

John Buyer, Michelle Buyer ("Buyer")

offers to purchase the real property known as 123 New Home Street, San Francisco, CA 94115
or ☐ (if checked) this is a purchase of a _____ % undivided interest in the entire Tenants-in-Common (TIC) property above pursuant to the attached TIC Purchase Addendum (the "Property") for the Purchase Price of One Million, Five Hundred Thousand Dollars (\$1,500,000.00) and upon the following TERMS and CONDITIONS.

1. FINANCIAL TERMS:

- A. \$ 30,000.00 **INITIAL DEPOSIT** by electronic funds transfer or ☐ **check** payable to **Escrow Holder** or to ☐ _____ ("Payee"), which **Buyer** or ☐ **Buyer's Broker/Agent** shall deposit with Payee within **2 or** _____ **business days** of Acceptance of this Contract.
- B. \$ _____ **ADDITIONAL DEPOSIT** to be deposited with Escrow Holder ☐ within _____ **days** after Acceptance or ☐ **on or before** _____.
- C. \$ 1,200,000.00 **NEW FIRST LOAN:** This Contract is **contingent** upon Buyer obtaining a new **conventional** or ☐ **FHA** ☐ **VA** ☐ **other** _____ first loan for a term of 30 or _____ years at an initial annual rate of interest not to exceed _____ % for a loan which is fixed for the entire term or ☐ **fixed for an initial period of** ☐ _____ **year(s)** or ☐ _____ **month(s)** and thereafter adjustable according to the lender's predetermined schedule, secured by a first deed of trust on the Property, with a loan fee of zero or not more than _____ points and on other terms and conditions satisfactory to Buyer. For an FHA/VA loan, an Addendum Clause Addendum is attached.
- D. \$ _____ **OTHER FINANCING:** This Contract is **contingent** upon Buyer obtaining a new second loan or other additional financing on the following terms:
☐ Assumed Financing Addendum and/or ☐ Seller Financing Addendum are attached if checked.
- E. \$ _____ **NON-CONTINGENT FINANCING:** Buyer intends to obtain new financing in the amount specified. Buyer acknowledges that the full amount may not be obtainable and that the terms and availability of loans are subject to change. **Buyer acknowledges that obtaining financing is not a contingency of this Contract.**
- F. \$ 270,000.00 **CASH BALANCE** which shall be deposited by Buyer with Escrow Holder prior to Close of Escrow ("COE").
- G. \$ 1,500,000.00 **PURCHASE PRICE, EXCLUDING CLOSING COSTS** (Total of A through F).

2. **ESCROW:** Escrow shall close on ☐ _____ (date) or ☐ (if checked) _____ **days** after Acceptance. If COE falls on a weekend or legal holiday, it shall be extended to the next business day. This Contract, including any addenda and counter offers, shall constitute escrow instructions of Buyer and Seller (the "Parties"). The Parties shall execute additional instructions consistent with this Contract and deliver them to ABC Title Company ("Escrow Holder").
3. **FINANCING PROVISIONS:** Buyer affirms that only the loan(s) specified in Paragraph 1 are needed to complete this purchase and shall act diligently and in good faith to obtain them. If Buyer does not remove this financing contingency within **21 or 15 days** after Acceptance, either Party may terminate this Contract. Brokers/Agents urge Buyer to personally confirm loan(s) will fund before removing the financing contingency. Buyer further represents that the funds required for the Deposits, Cash Balance and Closing Costs are available at Buyer's disposal, and that obtaining these funds is **not** a contingency of this Contract. Any credits to Buyer from any source shall be disclosed to Buyer's lenders. If the total credits exceed the lenders' limits then they shall be reduced accordingly with no adjustment in Purchase Price to make up the difference. Seller agrees to provide prompt access to the Property for appraisal purposes, but has no obligation to cooperate with Buyer's efforts to obtain any financing other than as specified herein.
4. **APPRAISAL:** This Contract is ☒ (if checked) subject to written appraisal at no less than the Purchase Price or \$ _____. If Buyer does not remove this contingency within **15 or** _____ **days** after Acceptance, either Party may terminate this Contract.
5. **AGENCY RELATIONSHIPS CONFIRMATION:** The following agency relationships are hereby confirmed for this transaction:
Listing Agent (123 Brokerage Co.) Selling Agent (Compass)
is the agent of (check one) (if not the same as Listing Agent) is the agent of (check one)
☒ the Seller exclusively; or ☒ the Buyer exclusively; or
☐ both the Buyer and Seller. ☐ the Seller exclusively; or
☐ both the Buyer and Seller.

DUAL AGENCY: The Parties understand that if the same Brokerage company is designated as the Listing Agent and the Selling Agent, then that Brokerage is representing both Parties as a Dual Agent, to which the Parties consent.

6. **PHYSICAL POSSESSION:** Physical possession of the Property shall be delivered to Buyer **upon recordation of the deed** or ☐ (if checked) by 10 a.m. or _____ (time) on _____ (date). ☐ (If checked) An Addendum setting forth terms upon which Seller may continue to use the Property after COE is attached to and made a part of this Contract.
7. **OCCUPANCY:** Buyer intends (or ☐ **does not intend**) to occupy the Property as Buyer's residence.

Buyer's Initials

Seller's Initials

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Property:

123 New Home Street, San Francisco

Date: August 15, 2018

8. **TITLE REVIEW:** Within **3 days** after Acceptance, Buyer, at Buyer's expense, shall order a Preliminary Report ("Prelim") from Escrow Holder. A Prelim is only an offer to issue a policy of title insurance and may not contain every item affecting title. Buyer shall take title to the Property subject to all encumbrances, easements, rights, covenants, conditions, restrictions and other matters, whether of record or not, as of the day of Acceptance except: (1) monetary liens which, unless otherwise agreed in writing, Seller will pay off from Seller's proceeds at COE; and (2) any matters which Seller has agreed in writing to remove prior to COE. Within **3 days** after Acceptance, Seller shall disclose to Buyer all matters known to Seller affecting title, whether those matters are of record or not. Buyer's review and approval of the Prelim, and of all matters affecting title, is a contingency of this Contract. If Buyer does not remove this contingency within **5 or _____ days** after receipt of the Prelim, either Party may terminate this Contract. At COE Buyer shall receive a grant deed conveying title including any associated rights owned by Seller. (If the Property is a cooperative apartment Buyer shall receive a pledge or assignment of the stock and an assignment of the leasehold interest.) Title shall vest as specified by Buyer. **The manner of taking title may have significant legal and tax consequences. Buyer should consult with their legal and tax advisors.** Buyer should direct all questions regarding title insurance coverage, its cost, and the availability of enhanced coverages, such as those offered by an ALTA policy, to the Escrow Holder or Title Company.
9. **ITEMS INCLUDED IN THE SALE:** To the extent owned by Seller, unless excluded in Paragraph 10 below, all existing fixtures and fittings attached to the Property and major appliances for which custom openings or encasements have been made are included, free of liens, in the Purchase Price, **including** electrical, lighting, plumbing and heating fixtures, hardware, solar systems, screens, awnings, shutters, window coverings, attached floor coverings, television antennas/satellite dishes and related equipment, water softening systems, air coolers or conditioners, pool and spa equipment, mailbox, garage door openers and transmitters, trees, shrubs and outdoor plants planted in the ground, private telephone systems, security systems and home automation systems, together with any dedicated hardware and/or applicable software and passwords needed to operate them.
- A. PERSONAL PROPERTY ITEMS INCLUDED:** Items listed in the MLS, disclosures or marketing materials, are not included in the sale unless specified in this Contract. The personal property checked below, on the Property at Acceptance, is included in the sale, free of liens, but with no warranty of condition:
- | | | | | |
|---|--|------------------------------------|--|---|
| <input checked="" type="checkbox"/> All refrigerators | <input checked="" type="checkbox"/> Washers and dryers | <input type="checkbox"/> Microwave | | |
| <input checked="" type="checkbox"/> All ranges/stoves | <input type="checkbox"/> Wine cooler | <input type="checkbox"/> Freezer | | <input type="checkbox"/> See Additional Terms |
- B. LEASED OR LIENED ITEMS:** If any included items are leased or liened, Seller shall identify them within **3 days** of Acceptance and deliver to Buyer all leases, contracts, terms of use, and warranties, which shall be subject to Buyer's reasonable approval. If Buyer does not remove this contingency within **12 or _____ days** after receipt of documents, either Party may terminate this Contract.
10. **ITEMS EXCLUDED FROM THE SALE:** All items owned by the staging company, which may include window coverings and mirrors; furniture attached only for earthquake safety; externally mounted audio-visual equipment (e.g. flat panel screens) and brackets (when removed, holes shall be repaired but not painted); **and these additional exclusions: formal dining room chandelier**
11. **PRORATIONS AND EXPENSES:** The following shall be paid current and then prorated between Buyer and Seller as of COE: real property taxes (based upon the latest information available regarding the assessed value of the Property and the applicable tax rate); bonds and assessments; Homeowners' Association ("HOA") dues and assessments; interest on any loan(s) secured by the Property assumed by Buyer; premiums for any insurance on the Property assumed by Buyer; rents; and operating expenses. Buyer shall pay the escrow fee, title insurance premiums, any community enhancement fee, and any HOA transfer, certification and move-in fees. Seller shall pay the City and County transfer tax, any HOA move-out fee, and any prepayment penalty or other fees or charges imposed by lenders for loans being paid off through escrow. Unless specified in this Contract, all other prorations and expenses shall be paid by either Buyer or Seller in accordance with local custom. Buyer and Seller understand that the Property will be reassessed upon change of ownership. Supplemental tax bills will be sent to Buyer which will reflect a change in property taxes based on the Purchase Price becoming the new assessed value. Any tax bills issued after COE, for periods of time before COE, shall be paid by Seller.
12. **BUYER'S DUE DILIGENCE: Brokers/Agents strongly recommend that Buyer obtain the inspection reports provided by Paragraph A and any further inspections recommended in those reports.**
- A. PROPERTY INSPECTIONS:** Buyer's obligations under this Contract are contingent upon Buyer's written approval, at Buyer's sole discretion, of the physical condition of the Property, including parking and storage availability, neighborhood issues, and any other matter reasonably affecting the Property. Within the time specified below, Buyer shall have the right to conduct inspections of the Property by contractors, engineers, architects, and/or other experts retained by Buyer, which inspections may include, but are not limited to, a general property inspection, a structural pest control inspection, the foundation, framing, roof, plumbing, sewer lines, heating, air conditioning, electrical and mechanical systems, built-in appliances, retaining walls, geologic conditions, pool/spa and related equipment, environmental hazards (such as asbestos, mold, electromagnetic fields, radon gas, lead-based paint or lead hazards, fuel or chemical storage tanks, and other materials or products), noise transmission, water/utility use restrictions, and location of property lines. **Brokers/Agents do not certify or verify lot size, boundary lines or interior square footage, information contained in inspection reports, advertising, or representations of others.** Seller shall permit the inspections upon receiving reasonable advance notice from Buyer. Buyer shall provide Seller with copies of all written reports received. During the due diligence period, Buyer may request that Seller make repairs or credit Buyer for the estimated costs of identified repair work, but Seller shall not be obligated to agree to any such request. **If Buyer does not remove this contingency within 15 or 10 days after Acceptance, either Party may terminate this Contract.**

Buyer's Initials

Seller's Initials

Property:

123 New Home Street, San Francisco

Date: August 15, 2018

B. WAIVER OF PROPERTY INSPECTIONS: If initialed below, Buyer waives the contingency established in Paragraph 12A above and the right to perform inspections. Buyer is aware that all real property and improvements contain defects and conditions which are not readily apparent and which may affect the value and/or desirability of the Property. Buyer and Seller acknowledge that Broker/Agents do not guarantee and in no way assume responsibility for the condition of the Property. Buyer also is aware of Buyer's own affirmative duty to exercise due diligence in observing the condition of and inspecting the Property to protect Buyer's interests. **Buyer understands, acknowledges and agrees that any reports Buyer may have received from any source do not constitute representations or warranties by either Seller or Brokers/Agents as to the past, present or future condition, use or development potential of the Property. Brokers/Agents strongly recommend that Buyer retain Buyer's own contractors and other appropriate experts to investigate the condition and suitability of all aspects of the Property including, but not limited to, all matters affecting its use, value and desirability for the purposes intended by Buyer. If Buyer waives any or all rights to perform the inspections as specified in Paragraph 12A above, then Buyer is proceeding against the advice of Brokers/Agents, and Buyer agrees to release Seller and Brokers/Agents from all claims, demands, and liabilities which in any way relate to or arise from any issue which might have been disclosed, detected and/or evaluated by such inspections.**

Buyer's Initials _____ / _____ Buyer hereby waives the inspection contingency established by Paragraph 12A above.

13. **CONDOMINIUM / COOPERATIVE APARTMENT DISCLOSURE:** If the Property is a condominium or cooperative apartment, this Contract is contingent upon Buyer's review of the documents described below. Within **10 or _____ days** after Acceptance, Seller, at Seller's expense, shall furnish Buyer with copies of the Property's legal description (including parking and storage spaces, if any), covenants, conditions and restrictions, articles of incorporation, bylaws, rules and regulations currently in force, the most recent financial statements of the HOA, a current operating budget, 1 year's minutes of HOA meetings, a Condominium Financial Disclosure Statement prepared by the HOA or its management company, and any other documents required by law. Seller shall also advise Buyer within this time of any delinquent or special but uncollected assessments, any anticipated extraordinary maintenance or repair expenses and any pending or anticipated litigation affecting the Property. **Seller shall promptly notify Buyer of any new or revised HOA documents received by Seller prior to COE.** If Buyer does not remove this contingency within **5 or _____ days** after receipt of the documents, either Party may terminate this Contract. Buyer is hereby advised that any structural pest control or other inspections of common areas maybe subject to the approval of, and limited in scope by, the HOA. If the Property is new construction or newly converted to condominiums, and this is the first sale of this unit, Buyer shall pay a pro-rata share of any new insurance policy placed on the entire building; otherwise Seller will not receive any credit for insurance, other than through a proration of the established periodic HOA fee for this unit as of COE.
- ☐ **(If checked)** The attached Cooperative Apartment Purchase Addendum is made a part of this Contract and the time frames specified in this Paragraph shall apply to that Addendum.
14. **RENTAL PROPERTY: Buyer purchases the Property subject to existing leases and the rights of parties in possession.** If it is intended that one or more tenant-occupied units be delivered vacant, the Parties should consult with a qualified San Francisco landlord-tenant attorney. Prior to COE, Seller agrees that no new (or changes to those existing) leases or rental agreements shall be entered into without Buyer's prior written consent, which consent shall not be unreasonably withheld. Within **3 days** after Acceptance, Seller shall deliver all tenants written Rental Information Questionnaires, requesting from each tenant acknowledgment of the terms and conditions of the tenant's rental. Protected Tenant Status Information forms shall also be delivered by Seller to all eligible tenants. Within **7 or _____ days** after Acceptance, Seller shall deliver to Buyer copies of all leases, rental agreements, applications and \$6.14 notices as well as copies of all outstanding notices sent to tenants and Seller shall complete a Rental Property Statement which shall include: (1) any and all oral agreements with tenants; (2) uncured defaults by Seller or tenants; (3) claims made by Seller against tenants or by tenants against Seller in any court of law or to the San Francisco Rent Board or other government agencies, whether pending, threatened or resolved; (4) all tenants' deposits held by Seller, including any claimed offsets against those deposits; (5) any pass-throughs which constitute part of the existing rent, including the nature of the pass-through, the amount, and the period of time for which it is in effect; (6) which units include parking or storage spaces as part of the rent, whether any parking or storage spaces are rented to non-tenants, the amount received for each space, and the terms of any rental agreement or lease for the space; (7) each unit's rental status, with a disclosure and information on any buyouts if vacant or, from the start of the current tenant's occupancy, notices of rent increases, reductions, and/or changes to the terms of the tenancy; (8) any Default or Termination Notices served on tenants and, if the notices have been filed with the San Francisco Rent Board, proof of such filing; and (9) any requests from tenants for repairs, defective conditions, concessions or rent reductions, new services, or substitution of roommates. No later than **10 or _____ days** after Acceptance, Seller shall deliver to Buyer all completed Rental Information Questionnaires and Protected Tenant Status Information forms returned by tenants to Seller. If any forms are returned after that day, Seller agrees to provide them to Buyer within **2 days** of Seller's receipt. This contract is contingent upon Buyer's approval of the above documents, at Buyer's sole discretion. If Buyer does not remove this contingency within **7 or _____ days** after receipt of the documents, either Party may terminate this Contract. Seller shall deliver to Escrow Holder prior to COE: (1) all tenant deposits, including security deposits, last month's rents, cleaning, key or other deposits, and any required interest accrued thereon through COE, which deposits and interest shall be disbursed to Buyer at COE; and (2) copies of any notice(s) of the transfer of deposits given by Seller to tenants.

Buyer's Initials

Seller's Initials

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_____/_____
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_____/_____
(Contract)

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9-17 SFAR

Date: August 15, 2018

- Seller's Initials**

Property:

123 New Home Street, San Francisco

Date: August 15, 2018

21. **ILLEGAL UNITS OR ROOMS:** Buyer understands that units, rooms, or additions to the Property may not have been legally permitted. They may violate zoning ordinances, may have been built without building permits, and a certificate of final completion and occupancy may not have been issued. Buyer may be required to bring them into compliance or to remove kitchens or other facilities at Buyer's expense. A substantial fine may be imposed and Buyer may be prevented from renting any illegal units. **Buyer is advised to obtain legal advice from a qualified San Francisco real estate attorney with respect to potential claims tenants renting illegal units may have.**
22. **RESIDENTIAL RENT CONTROL ORDINANCE:** If the Property is located in San Francisco, Buyer is advised that there is in effect a Residential Rent Stabilization and Arbitration Ordinance, amended from time to time, which may severely affect Buyer's rights of ownership and right to move into the Property. **Buyer is advised to research documents filed with the San Francisco Rent Board pertaining to the Property and to obtain legal advice from a qualified San Francisco landlord-tenant attorney.**
23. **MEGAN'S LAW:** Notice: Pursuant to Section 290.46 of the Penal Code, information about specified registered sex offenders is made available to the public via an Internet website maintained by the Department of Justice at <http://www.meganslaw.ca.gov>. Depending on an offender's criminal history, this information will include either the address at which the offender resides or the community of residence and ZIP Code in which he or she resides.
24. **NOTICE REGARDING GAS AND HAZARDOUS LIQUID TRANSMISSION PIPELINES:** This notice is being provided simply to inform you that information about the general location of gas and hazardous liquid transmission pipelines is available to the public via the National Pipeline Mapping System (NPMS) Internet website maintained by the United States Department of Transportation at <http://www.npms.phmsa.dot.gov>. To seek further information about possible transmission pipelines near the Property, you may contact your local gas utility or other pipeline operators in the area. Contact information for pipeline operators is searchable by ZIP Code and county on the NPMS Internet website.
25. **RISK OF LOSS:** (Civil Code §1662) If the Property is materially destroyed prior to the transfer of title or delivery of possession to Buyer, Seller cannot enforce this Contract and Buyer is entitled to recover deposits already made.
26. **CONDITION OF PROPERTY:** Seller shall maintain this Property in the same general condition as when this Contract was signed by both Parties until possession is delivered to Buyer. Seller shall deliver the Property free of debris and in broom-clean condition and provide Buyer, at possession, with keys to all locks, mail boxes, alarms and garage doors; garage door remote controls and any codes or passwords. Buyer and Seller agree that Broker/Agents shall not be responsible for Seller's performance under this Paragraph.
27. **WALK-THROUGH:** Buyer shall have the right to make a final inspection of the Property within **5 or** ___ days prior to COE, not as a condition of the sale but solely to confirm that: (a) the Property is in substantially the same condition as on the Date of Acceptance, unless otherwise agreed to in writing; and (b) Seller has complied with all additional written obligations regarding the condition of the Property.
28. **HOME WARRANTY PLANS:** Buyer and Seller acknowledge they are aware of the availability of home warranty plans which provide limited coverage against system and appliance failures, but have not relied upon any representation by Brokers/Agents regarding the extent of coverage of any such plan. ☐ (If checked) A 1-year home warranty plan shall be purchased at a cost not to exceed \$ _____, to be paid by _____, with the cost of any additional coverage borne by Buyer. Or ☐ A home warranty plan is declined by Buyer.
29. **BROKERS/AGENTS:** No Brokers or Agents are parties to this Contract between Buyer and Seller. The term "Brokers/Agents" as used in this Contract shall mean the licensees who have served as real estate brokers or agents for either the Buyer or the Seller in the preparation, negotiation and review of this Contract.
30. **TAX WITHHOLDING:** The California Revenue and Taxation Code §18662 requires Buyer to withhold from Seller's proceeds 3 1/3% of the gross sale price, unless Seller signs an affidavit stating that the Property has been Seller's principal residence as defined in IRC §121, or another exemption applies. Further, if Seller is a foreign person or corporation, as defined in the Foreign Investment in Real Property Tax Act (FIRPTA), Buyer must, unless an exemption applies, withhold from Seller's proceeds up to 10% of the gross sale price of the Property. At least **7 or** ___ days prior to COE, the Parties shall deliver to Escrow Holder, acting as a Qualified Substitute under IRC §1445 and a State REEP, all documentation necessary to carry out the provisions of these laws. The Parties instruct Escrow Holder to deduct from Seller's proceeds any amounts required. If Escrow Holder receives a Non-Foreign affidavit from Seller, they shall give Buyer a Qualified Substitute Statement attesting to that, under penalty of perjury, prior to COE.
31. **NON-CONFIDENTIALITY OF OFFERS:** Buyer is advised that Seller or Seller's representatives may not treat the existence, terms or conditions of offers as confidential unless such is required by law, regulation or a pre-existing agreement between the Parties.
32. **TIME:** Time is of the essence. All references to "days" shall mean calendar days, expiring at 11:59 p.m., unless otherwise specified.
33. **DELIVERY OF DOCUMENTS:** All documents to be delivered by a Party under this Contract, including but not limited to the Acceptance, contingency removals, and/or any termination notice issued by Buyer or Seller, shall be in writing and effective only upon personal receipt by the other Party or that Party's Broker/Agent. Delivery by any method (e.g. personal, mail, fax, e-mail, etc.) is effective.
34. **MULTIPLE LISTING SERVICE:** The Parties hereby grant to the San Francisco Association of REALTORS® Multiple Listing Service ("MLS") the right to publish and disseminate the sales price, terms of this Contract and other information about the Property and authorize their respective Brokers/Agents to submit such information under the applicable MLS rules.

Buyer's Initials

Seller's Initials

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_____/_____

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_____/_____

(Contract)

9-17 SFAR

Property:

123 New Home Street, San Francisco

Date: August 15, 2018

35. **MEDIATION OF DISPUTES:** If a dispute arises regarding this Contract, Buyer and Seller agree to first attempt in good faith to settle the dispute by non-binding mediation before resorting to court action or binding arbitration. In mediation, a mutually acceptable resolution is sought rather than a settlement being imposed on the Parties. Mediation fees shall be paid equally by Buyer and Seller. The C.A.R. Real Estate Mediation Center for Consumers (www.consumermediation.org) shall be used, unless another mediation provider is mutually agreed to by the Parties. This Paragraph shall not apply to any disputes within the jurisdictional limits of Small Claims Court. Any Party who fails or refuses to mediate as required by this Paragraph, shall not be entitled to any attorney's fees award under this Contract. A court action filed to obtain a provisional remedy, including a notice of pending action or to stop the expiration of a statute of limitations, shall not be a violation of this Paragraph provided the Party commencing the action agrees, pending mediation, to a stay of the court action. This Paragraph shall apply regardless of whether the Parties also agree to arbitration.

36. **ARBITRATION OF DISPUTES:** Any dispute or claim in law or equity arising out of this Contract or any resulting transaction shall be decided by neutral binding arbitration in accordance with the rules of JAMS and not by court action, except as provided by California law for judicial review of arbitration proceedings. The Parties shall have the right to discovery in accordance with Code of Civil Procedure §1283.05. Arbitrators can award compensatory damages, punitive damages, and/or order specific performance, injunctive relief and declaratory relief. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The following matters are excluded from arbitration hereunder: (a) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage, or real property sales contract as defined in Civil Code §2985; (b) an unlawful detainer action; (c) the filing or enforcement of a mechanic's lien; (d) any matter which is within the jurisdiction of a probate court or a Small Claims Court; or (e) an action for bodily injury or wrongful death. The filing of a judicial action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies, shall not constitute a waiver of the right to arbitrate under this provision.

"NOTICE: BY INITIALLING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALLING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY."

"WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION TO NEUTRAL ARBITRATION."

Buyer's Initials

Seller's Initials

37. **LIQUIDATED DAMAGES:** If Buyer fails to complete this purchase because of Buyer's default, Seller shall retain, as liquidated damages, the deposit actually paid. If the Property is a dwelling with no more than four units, one of which Buyer intends to occupy, then the amount retained shall be no more than 3% of the Purchase Price. Any excess shall be returned to Buyer. Release of funds will require mutual, signed release instructions from both Buyer and Seller, judicial decision or arbitration award. BUYER AND SELLER SHALL SIGN A SEPARATE LIQUIDATED DAMAGES AGREEMENT FOR ANY INCREASED DEPOSIT.

Buyer's Initials

Seller's Initials

38. **LEGAL ADVICE ON ARBITRATION AND LIQUIDATED DAMAGES:** Buyer and Seller acknowledge that they have not received or relied upon any representation by Brokers/Agents regarding Arbitration and Liquidated Damages and that they have been advised by Brokers/Agents to seek legal advice from a qualified real estate attorney. In the event only one Party initials either clause (Arbitration or Liquidated Damages), that clause shall not be part of this Contract as formed.

39. **ATTORNEYS' FEES:** In any action, proceeding or arbitration between Buyer and Seller arising out of this Contract, the prevailing Party shall be entitled to reasonable attorney fees and costs from the non-prevailing Party.

40. **ACCEPTANCE:** Under this Contract, Acceptance occurs only when Seller signs Buyer's original offer and Addenda without any changes and a signed copy is delivered to Buyer or Buyer's Broker/Agent, OR when the last of any counter offers has been signed by the receiving Party without any changes and a signed copy of that counter offer is delivered to the issuing Party. Signed means by application of a written signature or, to the fullest extent allowed by California law, an electronic signature on an original document, counterpart, photocopy or electronic copy. The Parties agree that electronic means will not be used by either of them to alter the content or integrity of the Contract.

41. **REMOVAL OF CONTINGENCIES:** Buyer's removal of contingencies established in this Agreement requires a written Contingency Removal, ☐ attached if checked.

Page 6 of 7 Buyer's Initials

Seller's Initials

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_____ (Contract)

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9-17 SFAR

Property: 123 New Home Street, San Francisco Date: August 15, 2018

42. **TERMINATION:** The following provisions apply except for a good faith exercise by either Party of a contractual contingency or a statutory right to terminate which can be done unilaterally by notice by a Party. Termination of this Contract by Seller shall be effected only after delivery of a Notice to Perform to Buyer which provides at least 2 days to perform contractual terms or remove contingencies. In the event that Buyer does not perform as noticed, Seller may terminate this Contract. Termination of this contract due to Seller's failure to perform contractual terms or remove contingencies, including Seller's failure to provide documents or reports mandated by this Contract or otherwise required by law, or Seller's failure to remove a Seller contingency, shall be effected only after delivery of a Notice to Perform to Seller which provides at least 2 days to perform as noticed. In the event that Seller does not perform as noticed, Buyer may terminate this Contract. Either Party may issue a Notice to Perform no sooner than 2 days prior to the contractual deadline. The obligation to close escrow as provided in paragraph 2 above is a contractual term requiring a Notice to Perform. Release of funds from escrow will require mutually consistent signed instructions from both Buyer and Seller, or the rendering of a judicial decision or arbitration award authorizing the release.
43. **BROKERS' COMPENSATION:** The Parties irrevocably instruct Escrow Holder to disburse to Brokers at COE compensation from funds in escrow in accordance with the terms set forth in the listing agreement for the Property or other compensation agreement. Compensation instructions can be amended or revoked only with the written consent of Listing and Selling Brokers.
44. **GENERAL PROVISIONS:** This Contract contains the entire agreement of the Parties. Any purported or prior agreement or representation respecting the Property or the duties of Buyer and Seller in relation thereto which is not expressly set forth herein is null and void. No amendment to or modification of this Contract shall be valid or enforceable unless in writing and signed by Buyer and Seller. This Contract shall be binding upon, and inure to the benefit of, the Parties' respective heirs, successors and assigns.
45. **REPRESENTATIVE CAPACITY:** The Parties acknowledge and accept that ☐ a Buyer and/or ☐ a Seller is signing this Agreement and the related transaction disclosures and documents as a representative, not as an individual, and agrees to provide a Representative Capacity Signature Disclosure form, with evidence of the authority to so act, to the other Party within **3 days** of Acceptance.
46. **WIRE FRAUD:** The Parties acknowledge the risk of wire fraud and agree they are solely responsible for their own funds.
47. **ACKNOWLEDGMENT OF RECEIPT:** The Parties hereby acknowledge receipt of a copy of this Contract and represent that they have read, and that they understand, its provisions.
48. **ADDITIONAL TERMS AND CONDITIONS** including all attached Addenda signed by Buyer and Seller shall be deemed a part of this Contract. _____

49. **EXPIRATION:** This offer shall be deemed revoked unless a copy of this Contract with Seller's signature accepting it is delivered to Buyer or Buyer's Broker/Agent within **24 or _____ hours** of presentation to Seller, or ☐ (if checked) not later than _____ (time) on _____ (date).
- NO REPRESENTATION IS MADE AS TO THE LEGAL SUFFICIENCY OR VALIDITY OF ANY PROVISION OF THIS CONTRACT FOR ANY SPECIFIC TRANSACTION. BROKERS/AGENTS CAN ADVISE ON REAL ESTATE TRANSACTIONS ONLY. FOR LEGAL OR TAX ADVICE, CONSULT A QUALIFIED ATTORNEY OR CPA.

Buyer _____ Date _____ Buyer _____ Date _____
John Buyer *Michelle Buyer*

ACCEPTANCE

The undersigned Seller hereby accepts the foregoing offer and agrees to sell the Property on the terms and conditions set forth herein, **OR** ☐ (if checked) accepts the above terms and conditions as amended by Seller's Counter Offer and ☐ Back-Up Offer Addendum.

Seller _____ Date _____ Seller _____ Date _____

BROKER/AGENT COMPENSATION AGREEMENT AND ACKNOWLEDGMENT OF AGENCY RELATIONSHIPS

Listing Broker agrees to assign and pay to Selling Broker from the commission as set forth in a separate written listing agreement between Seller and Listing Broker, the amount specified in the MLS, or ☐ (if checked) in a separate written agreement between the Brokers. Any percentages shown shall be based upon the Purchase Price, unless otherwise specified. Broker(s) hereby agree to the terms and conditions for compensation stated above and acknowledge the agency relationships confirmed in this Contract:

Selling Broker Compass DRE License # _____

By (Broker/Agent for Buyer) _____ Date _____ DRE License # _____

Listing Broker 123 Brokerage Co. DRE License # _____

By (Broker/Agent for Seller) _____ Date _____ DRE License # _____

Reviewed by Managing Broker _____ Date _____