TITLE GUARANTEE

A TITLE INSURANCE AGENCY

TITLE QUICK REFERENCE GUIDEBOOK

Title Guarantee, a Title Insurance Agency, LLC -

As your title contact of choice Title Guarantee, a Title Insurance Agency, LLC, is happy to provide you with a quick reference guidebook to help you through common title insurance principles.

Title Guarantee was founded in 2011 and operates in the State of Utah. Our business is local and our clients are like family. At Title Guarantee it is our mission to provide unparalleled customer service and the place where people love to work. This is done by combining cutting edge technology and our entrepreneurial spirit. Simply put, a no compromise approach when it comes to offering our clients and customers the best the title industry has to offer.

Title Guarantee strives to demonstrate to our clients our goal to always improve upon what we do, and to earn the trust of those with whom we do business.

If you have any questions about any item included in this manual, please feel free to contact us at Title Guarantee directly.

We look forward to our continued working relationship and want to thank you for your business.

Sincerely,

Everyone at Title Guarantee

Fort Union
1385 E Fort Union Blvd
Cottonwood Heights 84121
801-937-6953

River Park
10757 S River Front Parkway
South Jordan 84095
801-639-0090

Layton
1558 N Woodland Park Drive #430
Layton 84041
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Common Ways to Hold Title

How should I take ownership of the property I am buying?
The form of ownership taken (the vesting of title) will determine who may sign various documents involving the property and future rights of the parties to the transaction. These rights involve such matters as: real property taxes, income taxes, inheritance and gift taxes, transferability of title and exposure to creditor's claims. Also, how title is vested can have significant probate implications in the event of death.

Buyers may wish to consult legal counsel to determine the most advantageous form of ownership for their particular situation, especially in cases of multiple owners of a single property.

Following is a brief list of common ways to hold title:

Sole Ownership- Sole ownership may be described as ownership by an individual or other entity capable of acquiring title. Examples of common vesting cases of sole ownership are:

1. A Single Man/Woman: A man or woman who is not legally married or in a domestic partnership. *For example: Bruce Buyer, a single man.*

2. A Married Man, Woman as His/ Her Sole and Separate Property: A married man or woman who wishes to acquire title in his or her name alone.

The title company insuring title will require the spouse of the married man or woman acquiring title to specifically disclaim or relinquish his or her right, title and interest to the property. This establishes that both spouses want title to the property to be granted to one spouse as that spouse's sole and separate property. *For example: Bruce Buyer, a married man, as his sole and separate property.*

Co-Ownership-Title to property owned by two or more persons may be vested in the following forms:

1. Community Property: A form of vesting title to property owned together by married persons. Community property is distinguished from separate property, which is property acquired before marriage, by separate gift or bequest, after legal separation, or which is agreed in writing to be owned by one spouse.

In California, real property conveyed to a married person, is presumed to be community property, unless otherwise stated (i.e. property acquired as separate property by gift, bequest or agreement). Since all such property is owned equally, both parties must sign all agreements and documents transferring the property or using it as security for a loan. Each owner has the right to dispose of his/her one half of the community property, by will. *For example: Bruce Buyer and Barbara Buyer, husband and wife, as community property or Sally Smith and Jane Smith, spouses, as community property.*

2. Community Property with Right of Survivorship: A form of vesting title to property owned together by spouses.This form of holding title shares many of the characteristics of community property but adds the benefit of the right of survivorship similar to title held in joint tenancy. There may be tax benefits for holding title in this manner. On the death of an owner, the decedent's interest ends and the survivor owns the property. *For example: Bruce Buyer and Barbara Buyer, husband and wife, as community property with right of survivorship, or John Buyer and Bill Buyer, spouses, as community property with right of survivorship.*

3. Joint Tenancy: A form of vesting title to property owned by two or more persons, who may or may not be married, in equal interests, subject to the right of survivorship in the surviving joint tenant(s). Title must have been acquired at the same time, by the same conveyance, and the document must expressly declare the intention to create a joint tenancy estate. When a joint tenant dies, title to the property is automatically conveyed by operation of law to the surviving joint tenant(s). Therefore, joint tenancy property is not subject to disposition by will. *For example: Bruce Buyer, a married man and George Buyer, a single man, as joint tenants.*

Note: If a married person enters into a joint tenancy that does not include their spouse, the title company insuring title may require the spouse of the married man or woman acquiring title to specifically consent to the joint tenancy.

Common Ways to Hold Title

4. Tenancy in Common: A form of vesting title to property owned by any two or more individuals in undivided fractional interests. These fractional interests may be unequal in quantity or duration and may arise at different times. Each tenant in common owns a share of the property, is entitled to a comparable portion of the income from the property and must bear an equivalent share of expenses. Each co-tenant may sell, lease or will to his/her heir that share of the property belonging to him/her. *For example: Bruce Buyer, a single man, as to an undivided 3/4 interest and Penny Purchaser, a single woman, as to an undivided 1/4 interest, as tenants in common.*

Other ways of vesting title include as:
1. A Corporation*: A corporation is a legal entity, created under state law, consisting of one or more shareholders but regarded under law as having an existence and personality separate from such shareholders.

2. A Partnership*: A partnership is an association of two or more persons who can carry on business for profit as co-owners, as governed by the Uniform Partnership Act. A partnership may hold title to real property in the name of the partnership.

3. Trustees of a Trust*: A Trust is an arrangement whereby legal title to property is transferred by the grantor to a person called a trustee, to be held and managed by that person for the benefit of the people specified in the trust agreement, called the beneficiaries. A trust is generally not an entity that can hold title in its own name. Instead title is often vested in the trustee of the trust. For example: Bruce Buyer trustee of the Buyer Family Trust.

4. Limited Liability Companies (LLC)*: This form of ownership is a legal entity and is similar to both the corporation and the partnership. *The operating agreement* will determine how the LLC functions and is taxed. Like the corporation its existence is separate from its owners.

*In cases of corporate, partnership, LLC or trust ownership - required documents may include corporate articles and bylaws, partnership agreements, LLC operating agreements and trust agreements and/or certificates.

	Community Property	Joint Tenancy	Tenancy In Common	Tenancy In Partnership	Title Holding Trust	Community Property Right of Survivorship
Parties	Only spouses	Any number of persons-can be spouses	Two or more persons or entities	Only partners (any number)	Individuals or groups-partnerships or corporations	Only spouses

32 Covered risks for the Homeowner's Policy

The Covered Risks are:

1. Someone else owns an interest in your title.

2. Someone else has rights affecting your title because of leases, contracts, or options.

3. Someone else claims to have rights affecting your title because of forgery or impersonation.

4. Someone else has an easement on the land.

5. Someone else has a right to limit your use of the land.

6. Your title is defective. Some of these defects are:
   a. someone else's failure to have authorized a transfer or conveyance of your title.

   b. someone else's failure to create a valid document by electronic means.

   c. a document upon which your title is based is invalid because it was not properly signed, sealed, acknowledged, delivered or recorded.

   d. a document upon which your title is based was signed using a falsified, expired, or otherwise invalid power of attorney.

   e. a document upon which your title is based was not properly filed, recorded, or indexed in the public records.

   f. a defective judicial or administrative proceeding.

7. Any of Covered Risks 1 through 6 occurring after the policy date.

8. Someone else has a lien on your title, including a:
   a. lien of real estate taxes or assessments imposed on your title by a governmental authority that are due or payable, but unpaid;

   b. mortgage;

   c. judgment, state or federal tax lien;

   d. charge by a homeowner's or condominium association; or

   e. lien, occurring before or after the policy date, for labor and material furnished before the policy date.

9. Someone else has an encumbrance on your title.

10. Someone else claims to have rights affecting your title because of fraud, duress, incompetency or incapacity.

11. You do not have actual vehicular and pedestrian access to and from the land, based upon a legal right.

12. You are forced to correct or remove an existing violation of any covenant, condition or restriction affecting the land, even if the covenant, condition or restriction is excepted in Schedule B. However, you are not covered for any violation that relates to:
    a. any obligation to perform maintenance or repair on the land; or

    b. environmental protection of any kind, including hazardous or toxic conditions or substances

    unless there is a notice recorded in the public records, describing any part of the land, claiming a violation exists. Our liability for this covered risk is limited to the extent of the violation stated in that notice.

13. Your title is lost or taken because of a violation of any covenant, condition or restriction, which occurred before you acquired your title, even if the covenant, condition or restriction is excepted in Schedule B.

14. The violation or enforcement of those portions of any law or government regulation concerning:
    a. building;
    b. zoning;
    c. land use;
    d. improvements on the land;
    e. land division; or
    f. environmental protection,

if there is a notice recorded in the public records, describing any part of the land, claiming a violation exists or declaring the intention to enforce the law or regulation. Our liability for this covered risks is limited to the extent of the violation or enforcement stated in that notice.

15. An enforcement action based on the exercise of a governmental police power not covered by Covered Risks 14 if there is a notice recorded in the public records, describing any part of the land, of the enforcement action or intention to bring an enforcement action. Our liability for this covered risks is limited to the extent of the enforcement action stated in that notice.

16. Because of an existing violation of a subdivision law or regulation affecting the land:
a. you are unable to obtain a building permit;

b. you are required to correct or remove the violation; or

c. someone else has a legal right to, and does, refuse to perform a contract to purchase the land, lease it or make a mortgage loan on it.

The amount of your insurance for this covered risk is subject to your deductible amount and our maximum dollar limit of liability shown in Schedule A.

17. You lose your title to any part of the land because of the right to take the land by condemning it, if:
a. there is a notice of the exercise of the right recorded in the public records and the notice describes any part of the land; or

b. the taking happened before the policy date and is binding on you if you bought the land without knowing of the taking.

18. You are forced to remove or remedy your existing structures, or any part of them - other than boundary walls or fences - because any portion was built without obtaining a building permit from the proper government office. The amount of your insurance for this covered risk is subject to your deductible amount and our maximum dollar limit of liability shown in Schedule A.

19. You are forced to remove or remedy your existing structures, or any part of them, because they violate an existing zoning law or zoning regulation. If you are required to remedy any portion of your existing structures, the amount of your insurance for this covered risk is subject to your deductible amount and our maximum dollar limit of liability shown in Schedule A.

20. You cannot use the land because use as a single-family residence violates an existing zoning law or zoning regulation.

21. You are forced to remove your existing structures because they encroach onto your neighbor's land. If the encroaching structures are boundary walls or fences, the amount of your insurance for this covered risk is subject to your deductible amount and our maximum dollar limit of liability shown in Schedule A.

22. Someone else has a legal right to, and does, refuse to perform a contract to purchase the land, lease it or make a mortgage loan on it because your neighbor's existing structures encroach onto the land.

23. You are forced to remove your existing structures which encroach onto an easement or over a building set-back line, even if the easement or building set-back line is excepted in Schedule B.

24. Your existing structures are damaged because of the exercise of a right to maintain or use any easement affecting the land, even if the easement is excepted in Schedule B.

25. Your existing improvements (or a replacement or modification made to them after the policy date), including lawns, shrubbery or trees, are damaged because of the future exercise of a right to use the surface of the land for the extraction or development of minerals, water or any other substance, even if those rights are excepted or reserved from the description of the land or excepted in Schedule B.

26. Someone else tries to enforce a discriminatory covenant, condition or restriction that they claim affects your title which is based upon race, color, religion, sex, handicap, familial status, or national origin.

27. A taxing authority assesses supplemental real estate taxes not previously assessed against the land for any period before the policy date because of construction or a change of ownership or use that occurred before the policy date.

28. Your neighbor builds any structures after the policy date -- other than boundary walls or fences -- which encroach onto the land.

29. Your title is unmarketable, which allows someone else to refuse to perform a contract to purchase the land, lease it or make a mortgage loan on it.

30. Someone else owns an interest in your title because a court order invalidates a prior transfer of the title under federal bankruptcy, state insolvency, or similar creditors' rights laws.

31. The residence with the address shown in Schedule A is not located on the land at the policy date.

32. The map, if any, attached to this policy does not show the correct location of the land according to the public records.

BUYER'S CHECKLIST

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

Prior to Escrow Signing:

Escrow Requirements:

- ☐ All contact Information (home, work, cell & email etc.)
- ☐ Fill out the Information Request form (provided by Escrow Officer)
- ☐ Decide how you would like to hold title to your new home. You may want to consult with a lawyer or a qualified professional before making this decision.
- ☐ Let your Escrow Officer know if funds are coming from the sale of an existing home.
- ☐ Upon receipt of your loan documents, your Escrow Officer will call you with the amount needed to close which is required in the form of a wire transfer or cashier's check payable to Old Republic Title.

Hazard Insurance:

- ☐ Obtain quotes and make a decision on your agent and coverage.
- ☐ Give your Escrow Officer the agents name and phone number (preferably 30 days prior to close of escrow).

Loan Approval:

- ☐ Provide lender with all documents for the loan approval.
- ☐ Ensure names are spelled correctly on loan application and as you would like them to appear on your deed.
- ☐ Remind your loan agent that the Escrow Officer needs loan documents prior to your appointment date (24 hours in advance if possible).

At Escrow Signing:

- ☐ All individuals named on the Deed of Trust must be present at the signing. If this causes a conflict please let your Escrow Officer know as soon as possible.
- ☐ All must present valid identification in the form of a **CURRENT** Driver's License, Passport, Department of Motor Vehicles Identification Card, or other approved identification card provided it has a photograph, description of the person, signature and an identifying number.

When Do I Get the Keys?

After you sign all of the documents the Escrow Officer will prepare them to record at the County Recorder's Office. If there is a lender involved the Escrow Officer will work with the lender to "fund the loan". When the funds are in escrow the Escrow Officer will send the Deed(s) to the County Recorder to be officially recorded. When you hear "we are on record" the transfer of title has occurred and you now own the home.

Keys will be handed over by the sellers or the seller's agent to you or your agent and the recorded Deed will be mailed to you from the County Recorder's Office usually within 2-3 weeks.

Side Note:

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

Details of your purchase agreement
Your Real Estate Agent

Final amount needed to close escrow
Your ORTC Escrow Officer

Possession of keys to home
Your Real Estate Agent

Loan requirements and financial matters
Your Lender or Mortgage Company

Hazard Insurance-Insurance Agent Escrow Instructions
Your ORTC Escrow Officer

How to take title or ownership
Attorney or Legal Advisor

Prior to Escrow Signing

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

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

At Escrow Signing

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

SELLER'S CHECKLIST

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

After Escrow Signing

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

Side Note

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

Details of your purchase agreement
Your Real Estate Agent

Final amount you will net at closing
Your Escrow Officer

Property Taxes
Your Lender or Mortgage Company

Income (personal taxes)
Certified Public Accountant (CPA)

TIPS FOR READING A Preliminary Report

The preliminary report should ALWAYS be reviewed in its entirety. A quick scan could cause you to miss important information that could delay the close of escrow. In most cases, when liens or clouds on title are discovered early in the process the Title Officer can work with the parties to the transaction to resolve these matters and prevent escrow delays. The key is for all parties in the transaction to review ALL exceptions and informational notes and communicate with their Escrow Officer and Title Officer. The role of the Escrow Officer is to obtain and follow instructions from all parties involved in the transaction.

The following is a list of highlights that you should be reviewing on every Preliminary Report

- Do the names on the property match the names on the contract?
- Have you reviewed the legal description to see the description of the land covered in the Preliminary Report?

EXCEPTIONS PAGE

(ORT Prelims are typically HYPERLINKED for your convenience)

The Preliminary Report will show the payment status of property taxes and supplemental taxes. Does the seller confirm that this is correct or have additional payments been recently made?

- Review the Preliminary Report for any easements.
  Copies of recorded easements are HYPERLINKED when available or recorded copies can be ordered through your Escrow Officer.

- Are there recorded CC & R's on the property? Have your clients reviewed the CC& R's.?

- Are there any Deeds of Trust listed on the Preliminary Report?
  If a Deed of Trust appears this could mean that the Deed of Trust has not been reconveyed. If the loan secured by this Deed of Trust has been paid in full contact your Escrow Officer immediately.

- Are we missing any Deeds of Trust?
  If the seller is aware of and active loan secured by a Deed of Trust that is not on the Preliminary Report contact your Escrow Officer immediately.

- Are there any other liens and encumbrances?
  IRS, State Franchise Tax Board, mechanics liens, family support judgments, etc. all take time to clear through escrow and your Escrow Officer will likely need the cooperation of the homeowner. If not addressed immediately these items could delay the close of escrow.

INFORMATIONAL NOTES

The property type is listed in order to help us select the appropriate policy of title insurance and endorsements
A lender will typically want to verify the property type (SFR, 1-4 Family, PUD etc).

- Is there a requirement for a Statement of Information?
  A Statement of Information is required when the title department cannot clear the seller of any liens based on their name. It is important that this information be returned to the Escrow Officer immediately to avoid any escrow delays.

ASSESSOR'S PARCEL MAP

(Provided for informational use only. This is neither a plat nor a survey, it is furnished merely as a convenience to aid you in locating the land indicated hereon with reference to streets and other land.)

- Does this match your understanding of the property under contract? Dotted lines could indicate easements although not all easements are shown on the Assessor's Parcel Map.

A Preliminary Report is not a policy of title insurance. The issuing company assumes no liability for any reliance thereon. It is important to note that a Preliminary Report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

For more information ask us about our informational classes "Exploring the Preliminary Report" and "Escrow Red Flags".

Escrow Checklist for Real Estate Agents

Communication = Closings

Thank you for choosing Title Guarantee. In order to avoid delays, it is important that the information is accurate on your open order sheet and we receive your information as early in the escrow process as possible. If the terms of the escrow change, please notify your Escrow Officer immediately.

Escrow Number: ______________________

- [ ] Provide a copy of the fully executed contract.
  - [ ] Are there any addendums (please provide as soon as possible)?
- [ ] Provide complete Agent and Broker Information including address and licensing information
- [ ] Contact information for Buyers and Sellers
- [ ] Address of the Property
- [ ] Purchase Price
- [ ] Loan amount (always communicate any changes in the loan amount)
- [ ] Close of Escrow (always communicate any changes in the close of escrow date)
- [ ] Confirm buyers names, and marital status and or entity that is taking title
  - [ ] How will the buyer take title to the property?
- [ ] Confirm that the buyer and seller have proper ID and names on the contract match the names on the ID
- [ ] Commission Demand Statements from Listing and Selling Brokers
- [ ] Who is paying the (County/City) transfer tax?
- [ ] Who is paying for the NHD Report? Submit a copy of the Invoice
- [ ] Who is paying for the Home Warranty? Submit a copy of the Invoice
- [ ] Are there any Seller Credits (closing costs/repairs)?
- [ ] Provide a list items paid outside of closing (appraisals, inspections, credit reports)
- [ ] Will there be a Rent Back?
  - [ ] Provide terms of the rent back to escrow
- [ ] Provide the contact information for the Buyers fire/hazard Insurance
- [ ] Provide other terms depending on the location:
  - [ ] Sewer Lateral, gas shut off, forms required by the city/county, repairs, inspections etc
- [ ] Is there an HOA? If so, who will provide document and transfer fees?
- [ ] Does this home qualify as the Seller's primary residence?
- [ ] Will the buyer or seller need a mobile notary(ies)?
- [ ] Solar panel system? Inform Escrow Officer if leased or owned

We recommend that you review this checklist 10-14 days before the close of escrow and communicate any changes with your Escrow Officer.

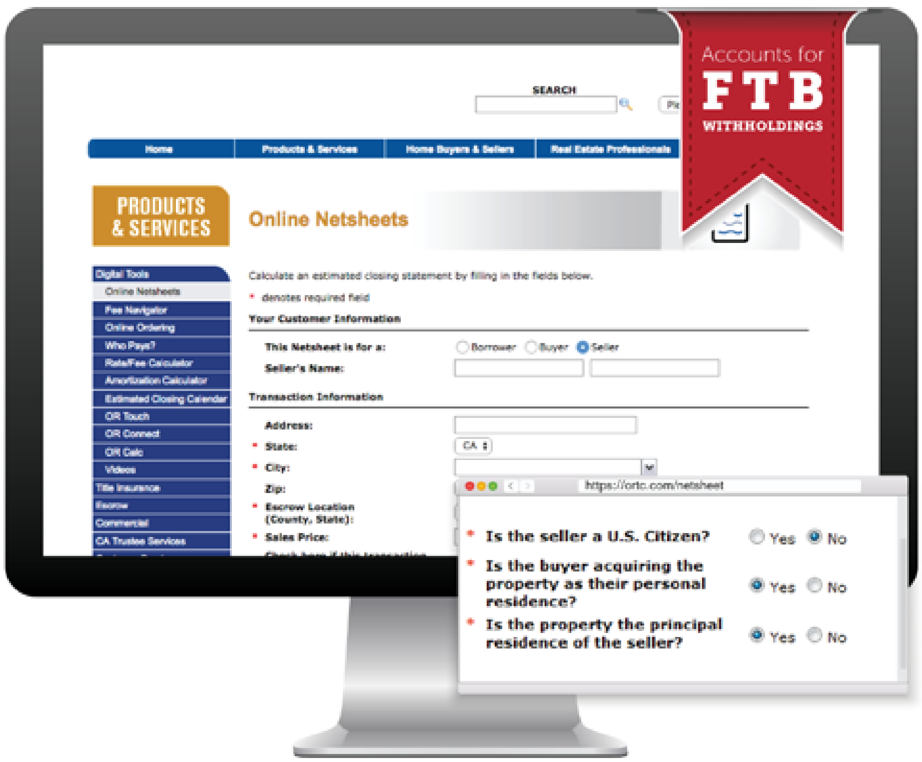
Contact your Escrow Officer or Account Executive if you have any questions. Please ask us for information on common ways to hold title, potential property tax discounts for seniors, title insurance, the escrow process and more.

What is FIRPTA?

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

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

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



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

No withholding is required under the following circumstances:

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

Reduce Your Risk of Cyberfraud by Practicing **Good Cyber Hygiene**

- Do not click on suspicious emails, attachments or links.
- Keep your operating system up to date on all devices.
- Install anti-virus software on all devices and keep it up to date.
- Keep your firewall turned ON.
- Turn off, lock, or set to "time-out" when your computer/device is not in use.
- Use strong passwords and change them every 90 days.
- Do not use personal information for passwords; rather, include one upper/lower case letter; one special character; one number, etc.
- Use individual employee accounts, not shared email accounts.
- Be careful what you download.
- Avoid websites you don't trust.
- Do not send wire instructions or other business-sensitive data to/from a personal email account.
- Encrypt all emails containing wire instructions or other business-sensitive data.
- Use only secured email accounts; avoid using unsecured email providers for business communications, as they are highly targeted accounts.
- Be aware that the email accounts of other parties to a transaction may be unsecured or easily hacked.