



Home Seller's Guide



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Welcome!

We're excited to work with you!



We Are...

Tierra Properties, Inc., a boutique style firm of Realtors working in the general Los Angeles area since the 1970's. We have been serving clients in purchases and sales of residential single family homes, condos, townhomes, multi-family investment properties, trust and probate sales, and 1031 exchanges. In other words, we do it all!

Because of our intimate style, we pride ourselves in our connection with our clients. We are always looking out for the best interest for our clients, committing to "service with a personal touch..."



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Pre-Listing Process

When to Sell - Before selling, consider: What is your goal? Why are you selling? Is selling the only option? You want to make sure that selling is the correct move forward to reach your desired goal. Consulting a realtor is helpful in your planning process.

Finding an Agent/Broker - Interviewing agents is important as they will be your guide and advocate through your purchase. We are knowledgeable about the market, will listen to your needs, and will be able to discuss options available to you. Keep in mind, you are the ultimate decision-maker in how to proceed with the sale.

Listing Agreement - When ready to move forward, we will present a comparative market analysis. This will aid in discussing list pricing and terms of sale, which will be added into the listing agreement.

Preparing Property for Sale - We will walk through the property together to discuss possible prep work prior to listing such as: staging a home, decluttering, painting, minor repairs, and/or other suggestions. We can recommend and coordinate with vendors to complete the agreed prep work.

Marketing Property - We will provide pictures, virtual 3D tours, and/or video tours of the property as part of our marketing plan. To increase marketing efforts, we will also utilize other marketing pieces such as flyers, postcards, social media, etc. All marketing content will be uploaded into the Multiple Listing Service (MLS) to market to a wider audience. We will then schedule open houses and private showings as we receive requests.

Escrow Process

Offers - All offers will be presented to the sellers to be reviewed either as received or on a specified date, dependent on the seller's preference. We will compile the list of all offers received and their terms to be easily reviewed and discussed. We will review all aspects of each offer to enable sellers to make the ultimate decision on which offer to accept. Price is not always the ultimate determinant of the best offer.

Escrow - Once an offer is accepted by both buyer and seller, escrow can be opened. An escrow company is a neutral third party where buyers and sellers deposit written instructions, documents, and funds until agreed upon conditions set in the contract are fulfilled.

Escrow Opening Package (look up definition): A package provided by the third party, escrow, delivered within 48 hours of receiving a contract detailing the parties and terms of the contract.

Earnest Money Deposit - Typically, you pay earnest money to the agreed upon escrow company. In our real estate markets, the average good faith deposit is 3% of the property's purchase price. Seller should expect the earnest money deposit to be delivered by the buyer to escrow within 3 business day of RPA acceptance, or as agreed in the RPA.

Contingencies - During this time, you, the seller, must provide all requested and required documentation to the buyer. The buyer has the right to complete their due diligence, inspections, and reviews of documents received from the seller, the seller's agents, and escrow as agreed in the RPA. During this time period, buyer will also be working to obtain final loan approval, if loan is needed.

Disclosures - These are any pertinent documents the seller may have about the property. State required disclosures will be provided. If HOA present, seller to provide - CC&R's, By-laws, Articles of Incorporation, HOA financials, 12 months of meeting minutes.

Seller Property Questionnaire - This is used by the Seller to provide additional information when a transfer disclosure statement (TDS) is completed or when no TDS is required. Seller to fill out.

Transfer Disclosure Statement - This document is one of the seller disclosures that buyers receive during their contract contingency period. The purpose of the TDS is to let a buyer know of major defects in a property as required by California law. Seller to fill out.

Natural Hazard Disclosure Report - This report, which is mandated by California state law, tells the buyer if your home lies within a zone containing any one of six types of hazards. Seller to order and provide to the buyer.

Escrow Process Cont

Request for Repairs - Buyer may submit request for repairs during the buyer's contingency time period. We will discuss with the seller all requests and how to proceed.

Sign Grant Deed - Escrow will provide the grant deed and schedule a time to sign and notarize with the seller.

Vesting - Buyer to verify with an attorney what would be the best way for them to take title of the property. This document is given with the opening escrow package. If it hasn't been submitted yet, it should be submitted at this point so escrow can prepare necessary docs for the lender.

Closing Procedures - This begins with paying the remainder of the balance of the down payment. Escrow to issue buyer estimated closing statement showing the balance of funds that need to be submitted for closing. Once the loan is approved, escrow will receive loan docs to prepare and schedule a time to sign and notarize loan docs. Escrow then forwards the docs to the lender to fund the loan amount for closing. The buyer should wire their funds to escrow at least 2 business days before closing. Once escrow has all funds, they give the Title Company the deed and note for recording. Upon confirmation of recording, keys are delivered to the buyer.

After Closing - Within a few weeks of being new homeowners, you will receive documents from county recorder, home warranty (if you obtained one) and other legal documents. You may periodically have real estate questions. We are available to answer any questions and explain you may have received.

Then, Congratulations on your Real Estate sale are in order!

Real Estate Terms

Appraisal - An estimate of value of a property as a result of analysis on a property.

Annual Percentage Rate (APR) - the yearly interest generated by a sum that's charged to borrowers or paid to investors. This includes any fees or additional costs associated with the transaction, but it does not take compounding into account. The APR provides consumers with a bottom-line number they can compare among lenders, credit cards, or investment products.

Beneficiary - A beneficiary is any person who gains an advantage and/or profits from something.

Covenants, Conditions & Restrictions (CC&R's) - These are limits and rules placed on a group of homes or condominium complex by a builder, developer, neighborhood association, or homeowners association.

Closing Disclosure (CD) - This form provided by the lender is designed to provide disclosures that will be helpful to borrowers in understanding all of the costs of the transaction. From the date issued, the buyer has to review before signing no sooner than 3 days from receipt. Once signed, the lender will issue final loan documents to escrow for buyer to sign.

Contingencies - Contingencies are placed into purchase agreements so buyers have the right to back out of a deal or demand certain items be amended, removed, or added to a contract.

Conventional Loan - A type of mortgage loan that is not insured or guaranteed by the government. Instead, the loan is backed by private lenders, and its insurance is usually paid by the borrower.

Deed of Trust - An agreement between a lender and a borrower to give the property to a neutral third party who will serve as a trustee. The trustee holds the property until the borrower pays off the debt. Often used in place of a mortgage.

Deed Restrictions - Limitations in the deed of a parcel of real property that dictate certain uses that may or may not be made of the real property.

Earnest money Deposit - A down payment made as a deposit or partial payment by a purchaser of real property as evidence of good faith to move forward with the purchase.

Easement - The right, privilege, or interest limited to a specific purpose that one party has in the land of another.

Escrow - A neutral third party that receives and disburses funds for transacting parties.

FHA Loan - A type of loan from the Federal Housing Association for first-time buyers and for folks who might have a hard time getting approved for a conventional mortgage when buying a home. It offers minimized credit qualifications, reduced down payment requirements, and cheaper closing costs.

Home Insurance - A form of property insurance that covers losses and damages to an individual's residence, along with furnishings and other assets in the home. Homeowners insurance also provides liability coverage against accidents in the home or on the property. The most common forms of homeowner insurance include fire and liability insurance, and earthquake insurance.

Home Owners Association (HOA) - an organization in a subdivision, planned community, or condominium building that makes and enforces rules for the properties and residents. Those who purchase property within an HOA's jurisdiction automatically become members and are required to pay dues, known as HOA fees.

Impounds - A type of trust account established by lenders for the accumulation of borrower's funds to meet periodic payments of taxes, mortgage insurance premiums and/or future insurance policy premiums, required to protect their security.

Lien - A form of encumbrances that usually makes a specific parcel of real property the security for the payment of an obligation.

Mortgages - A mortgage is a debt instrument that obliges the borrower to pay back a predetermined amount to a lender in order to purchase real estate over a predetermined amount of time. To find out what type of mortgage would be best suited for you, consult your lender. Few people know that some lending institutions will complete a manual underwriting if you do not have a credit score.

Natural hazard disclosure (NHD) Report - This report, which is mandated by California state law, tells the buyer if your home lies within a zone containing any one of six types of hazards. These include flood hazard areas, dam inundation, very high fire, wildland fire, earthquake fault zone, seismic hazard.

Probate - Probate is a court-supervised process where the final will of a deceased person (dependent) is proven to be valid and the provisions of the will are given effect by the appointed executor and the decedent's estate is distributed to listed beneficiaries. The process changes slightly when there is no will. Speak with an attorney for more ways to avoid probate.

Prorations - The distribution of materials to a smaller monthly payment due or the startup of a service.

Residential Purchase Agreement (RPA) - A binding contract between a buyer and seller that outlines the details of a home sale transaction. Negotiations may go back and forth between the buyer and the seller before both parties are satisfied. Once both parties approve the terms and have signed the purchase agreement, they're considered to be "under contract."

Seller Property Questionnaire (SPQ) - This is used by the Seller to provide additional information when a transfer disclosure statement (TDS) is completed or when no TDS is required.

Title - Title is the legal way of saying you own a right to a parcel of real property.

Title Insurance - This is meant to protect against any financial loss if any title problems can pop up after closing. Two types of title insurance exist: owner's title insurance and lender's title insurance.

Transfer Disclosure Statement (TDS) - This document is one of the seller disclosures that buyers receive during their contract contingency period. The purpose of the TDS is to let a buyer know of major defects in a property as required by California law.

VA Loan - A mortgage loan that's issued by private lenders and backed by the U.S. Department of Veterans Affairs. It helps U.S. veterans, active duty service members, and widowed military spouses buy a home.

Vesting - Title vesting is simply taking ownership and the official rights of the title on a property. It is necessary when more than one individual appears as the property owner on the title.

Other Terms

1031 Exchange - A 1031 Exchange is an exchange between 2 parties of "like kind" rental or investment properties. This process has to be completed within 180 day of the closing of the sale. This allows investor to defer paying capital gain tax, depreciation recapture tax, and state income tax that would otherwise be due upon the closing of a sale. To determine whether or not this is a beneficial option for you, consult your CPA.

Home Warranties - A home warranty covers costs of fixing several appliances and other items as they break down. A home warranty is often a feature in the sale of a home, where you can pay a few hundred dollars for a one-year warranty. This is different from home insurance, which covers things such as damage made from natural disasters.

Prop 13 - Passed in 1978, Prop 13 reduces property taxes on homes, businesses, and farms by limiting increases for tax rates to no more than 2% per year. When a property is sold, the taxes are reset and assessed for 1% of the sale price. Now property owners are better able to calculate and anticipate future tax increases.

Prop 19 - Prop 19 provides housing and tax benefits for seniors, severely disabled homeowners, and those whose homes were destroyed by wildfire or natural disaster. It allows qualifying homeowners to transfer their taxable value of their primary residence to replace primary residence anywhere in the state regardless of the location or value of the new property.

Short sales/Foreclosures - Essentially a short sale is a negotiation between an owner and a lender in trying to sell a home for less than the loan amount. A short sale requires cooperation of the lending institution holding the note (typically either a grant deed or trust deed). A short sale is better than foreclosure if possible, as in a foreclosure, the lender assumes ownership of a property and evicts the borrower, effectively ruining the borrower's credit.

Step-Up in Basis Tax Benefit - The Step-Up in Basis is a tax benefit Congress gives families who can't be subjected to the estate tax but who diligently built wealth by acquiring stocks, real estate investments, or other property throughout their lifetime and want to pass those assets on to future heirs after death. Under present tax law in the United States, when you die, the qualified stocks, real estate, and other capital assets that you leave to your heirs get their original cost basis wiped out entirely, meaning your heirs can value that property at its fair-market value on the date they inherited the asset and have the fair-market value become the new tax basis. To determine whether or not this is a beneficial option for you, consult your CPA and/or estate planning attorney.

Trusts - Having a property estate plan for after an owner's passing, like a trust, can help avoid probate court and save families thousands of dollars if not more depending on the size of your assets. Working with an attorney can help determine what kind of trust is best for each individual and when to create one.

Wealth Building through Real Estate - In the long run, your home could be part of your retirement plan. You can take the equity on your home, downsize, and use the remaining monies as part of your retirement plan. There's also the possibility to save and invest in 1-4 units or more for additional income. Because of the strong appreciation rate in California, it's always great if you can have real estate in your portfolio for additional income, now and into retirement.

Wills - A will is a legal document, effective at death, that names an appointed executor who will handle the distribution of assets to beneficiaries after death. In a will you can also name guardians for minors, gift specific items, assets, or money to individuals or organizations and institutions, forgive debts owed to you, pay off debts, and pay your taxes. Speak with an attorney to create an estate plan.

Key Professionals

Realtor - A Realtor is a broker or agent that is part of the National Association of Realtors. They have access to more data and more software to aid in your purchasing process.

Real Estate Agent - A real estate agent is a state licensed professional that can aid in the process of buying or selling real estate.

Escrow Officer - An escrow officer oversees the escrow process to make sure all fiscal parts of a transaction go smoothly. They oversee the escrow instruction preparation, document preparation, funds disbursement, and more.

Title Company - A Title Company finds/examines the title report and provides the policy of title insurance of a property being purchased.

Lending Officer - A representative of a bank, credit union, or other financial institution who assists borrowers in the application process.

Home Inspector - A home inspection observes and reports on the condition of a real estate property. A qualified home inspector assesses the condition of the property, including its heating and cooling systems, plumbing, electrical work, water, and sewage, as well as some fire and safety issues. In addition, the home inspector will look for evidence of insect, water, or fire damage or any other issue that may affect the value of the property.

Appraiser - a professional who determines the market value of an asset, notably in the real estate industry. Their opinion about the real and fair value of an appraised asset must be unbiased by using observations as well as relevant statistics, facts, and other information.

