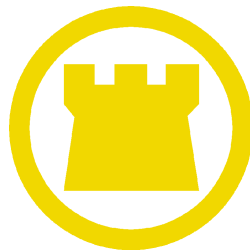


Borrower's Guide

Your Guide To Refinancing Your Home



CHICAGO TITLE COMPANY

What will my Lender Need From Me?

There are many items that your lender will need to successfully close your loan and better determine the loan amount you will qualify for. Below is a list of items you should plan to bring with you upon meeting with your Loan Consultant. Some of the items listed may not apply to your situation.

- **Most recent pay check stubs representing one month**
- **W-2's or 1099 for the past two years**
- **Personal Tax Returns for the past two years**
- **Bank statements for all checking and savings accounts for the past three months**
- **Most recent statement showing number and market value of all securities held**
- **Interlocutory and Final Divorce Documents** (if applicable)
- **Award letter and most recent check from Social Security, Retirement or Pension income** (if applicable)
- **Loan information on real estate you currently own.** If you have rental properties, bring your rental lease agreements.
- **Information on all outstanding loans and credit cards.** If you have a number of credit cards with outstanding balances, bring your most current statements showing your minimum payments and current balances.
- **Copy of front and back of Alien Registration Card of H1 Visa** (if not a U.S. Citizen)
- **Copy of Driver's License and Social Security Card** (FHA only)
- **Original Certificate of Eligibility and DD214** (VA Only)
- **Copy of School Diploma/Transcripts** (if employed for less than 2 years and you are recently out of school)
- **Copy of Pink Slip** on any auto purchased within the last 3 years which does not have a loan balance
- **A blank check** to pay for a Pre-Qualification Credit Report and/or appraisal

Reviewing Your Finances

When refinancing your home, you may want to begin by taking a look at your current finances. You should determine what goals you are trying to achieve by refinancing your home. Whether it is consolidating payments or taking cash out for an important purchase, you should always consider the following points:

Lenders will focus on these factors while considering your loan application:

1. Your income
2. Your savings
3. Your debts
4. Your credit history

The above items are analyzed to assess your credit risk and your ability to fulfill your commitment in paying back your loan. You may be able to assure your lender that you are a good risk by doing the following:

Increase Your Income

- If you will be receiving an increase in salary, ask your employer to verify this
- Convince your employer to increase your monthly salary in exchange for decreasing your incentive or profit sharing, as lenders will weigh salary more heavily than incentive and profit sharing
- Consider taking a position within your company that may offer you a higher salary
- If your spouse is unemployed, consider having your spouse find a job

Increase Your Savings

- Reduce expenses as much as possible
- Hold off on any major purchases
- Plan out your monthly budget, but most importantly, stick to it

Reduce Your Debt

- Pay-down any outstanding loans if they do not have a prepayment penalty attached. Remember that most loan programs require a 3% to 5% down payment and not all loans will have to be paid off.

Build a Good Credit History

- Make all your loan and credit card payments on time
- Do not bounce any checks
- File all your local, state, and federal tax forms and pay any applicable taxes on time
- Correct any credit problems that you may have

The Loan Process

Step 1: The Application

If your loan application is completed properly and all necessary documentation is provided to your loan consultant at the time of application, your loan process should go very smoothly.

Step 2: Ordering Documentation

Immediately upon receipt of your application, your loan consultant will order the necessary documentation for the loan. Any verifications will be mailed, the credit report and appraisal will be ordered. You will also receive a Good Faith Estimate of your costs and details of your loan.

Step 3: Awaiting Documentation

Within about two weeks, all necessary documentation should be received by your loan consultant. Each item is reviewed carefully in case additional items may be needed from you to resolve any questions or problems.

Step 4: Loan Submission

Submitting your loan is one of the most important parts of the whole process. All the necessary documentation will be sent to the lender, along with your credit report and appraisal.

Step 5: Loan Approval

Loan approval may be obtained in stages. Usually, within 24 to 72 hours, your loan consultant should have approval from the lender. If the loan requires mortgage insurance, or if an investor needs to review the file, final approval could take up to another 24 to 48 hours. You do not have final loan approval until ALL the necessary parties have underwritten the loan.

Step 6: The Lender Prepares the Documents

As soon as the loan is approved and all requirements of the lender have been met, they will be able to prepare the documents. These documents will be sent to the title company where they will be prepared for you to sign. Depending on the type of loan, your lender may require an impound account for tax installment payments. See page 6 for more information.

Step 7: Funding

After you have signed the documents and they have been returned to the lender, the lender will review them and make sure that all conditions have been met and all of the documents have been signed correctly. When this is completed, they will “fund” your loan. (“Fund” means that lender will give the title company the money by check or wire)

Step 8: Recordation

The day after the lender funds the loan, the title company will record the Deed of Trust with the respective county. Upon receipt of confirmation that the deed has been recorded, title will then disburse monies to the appropriate parties. At this time, in most cases, your loan is considered complete.

Types of Loans

Fixed Rate Mortgages

With a fully amortized fixed rate mortgage the interest rate and payments remain the same throughout the term of the loan. This offers you the security of knowing that your mortgage payment will never change. However, typically the lender sets the interest rate on a fixed rate mortgage higher than that on an adjustable rate mortgage (ARM). Therefore, you may not qualify for as high of a loan amount as you would under an ARM.

Adjustable Rate Mortgages (ARMs)

With this type of mortgage, the interest rate on your loan will adjust according to the index which the loan is based upon, plus the predetermined margin set by the lender. Adjustments in the interest rate will occur at regular intervals, ranging from monthly to once a year. ARMs may have an annual payment cap, as well as an adjustment and maximum interest rate cap. ARMs with annual payment caps may incur negative amortization.

Most ARMs start out with a rate that is lower than what the fully indexed rate (Index + Margin) would be at that time. Therefore, when comparing two different ARM loans, it is important to look beyond the starting rate and focus on the Index and interest rate caps. While past performance of an index will not predict future Performance, it is a good indicator of volatility.

Graduated Payment Mortgage

A variation on the fixed rate mortgage, this type of loan has a fixed interest rate and loan period. The payments, however, start low and increase over the first 2 to 5 years of the loan before becoming constant.

If you expect your income to rise significantly in the first few years after you have refinanced your home, you may want to consider the graduated payment option. However, remember that negative amortization will occur in the first 2 to 5 years. The total amount you owe may actually increase during the first couple of years.

While searching for the right home financing for you, be sure to look for a Loan Specialist who has your best interest at heart. Your loan consultant should be there to educate, answer questions, and provide you with the information you need to make an informed decision.


Impound Chart

FUNDING MONTH	FIRST PAYMENT DUE	IMPOUND ACCOUNT
January	March	6 months
February	April	7 months
March	May	2 months
April	June	3 months
May	July	4 months
June	August	5 months
July	September	6 months
August	October	7 months
September	November	8 months
October	December	9 months
November	January	4 months
December	February	5 months

First installment taxes must be paid for any loan funded after November 1.
 Second Installment taxes must be paid for any loan funded after March 1.

First Installment Due: November 1
 Second Installment Due: February 1

Delinquent: December 10
 Delinquent: April 10



You're about to enter the escrow process...

In this brochure, you'll find information that will help you become familiar with the procedures and parties involved in escrow.

We'll answer many of your questions about escrow accounts, title insurance, and the escrow and loan processes, so that you'll be more comfortable every step of the way.

If you have remaining questions, we encourage you to call us or your loan consultant. We welcome the opportunity to serve you.



Chicago Title Company

What Do You Need to Know?

What is Escrow?

Escrow is the process by which the interests of all parties in a real estate transaction are protected, ensuring that all conditions of the sale or loan have been met before property and money change hands.

The escrow is an independent depository wherein all funds, instructions, and documents for the purchase or refinance of your home are held, including your down payment, your lender's funds, documents for the new loan, hazard and title insurance, inspection reports, and the grant deed from the seller. At the close of escrow, the "escrow holder" delivers these items to the appropriate parties, disburses the funds, and handles the associated paperwork.

What Does an Escrow Holder Do?

The escrow holder is a neutral third party, such as Chicago Title, that maintains the escrow account and impartially oversees the escrow process, making sure all conditions of the sale are properly met.

The escrow holder's duties include:

- Serving as the neutral agent and the liaison between all parties involved.
- Requesting a preliminary title search to determine the status of title to the property.
- Requesting a beneficiary statement if debt or obligations are to be taken over by the buyer.
- Requesting a payoff demand from beneficiaries when the seller is paying off debts.
- Complying with the lender's requirements as specified in their instructions to escrow.
- Securing releases of all contingencies or other conditions imposed on the escrow.
- Preparing or securing the deed and other documents related to escrow.
- Prorating taxes, interest, insurance, and rents.
- Preparing escrow instructions.
- Receiving loan funds from borrower's lender.
- Closing the escrow pursuant to instructions supplied by the lender.
- Recording the deed and any other documents.
- Disbursing funds as authorized by the instructions, including charges for title insurance, recording fees, real estate commissions and loan payoffs.
- Preparing final statements for all parties involved that account for the disposition of all funds held in the escrow account.
- Requesting the title insurance policy.

continued next page...



The Escrow Process

Your escrow is created shortly after your loan has been approved. It cannot be successfully completed until all escrow instructions have been carried out and all parties have signed escrow documents.

The length of escrow can range from a few days to several months, depending on the terms of your loan. On average, an escrow closes within 30 to 45 days.

Opening the Escrow

Your loan consultant will open the escrow for you as soon as your loan has been approved.

At the opening of escrow, you may be asked to provide identification information such as your birth date and social security number. This information remains confidential.

Escrow Instructions

Escrow instructions define all the conditions that must occur before the transaction can be finalized. The escrow instructions represent your written statement to the escrow holder (the title company) protecting your interests and specify, in a debit and credit format, the disposition of any loan proceeds and the conditions under which the Grant Deed may be recorded.

The Life of an Escrow

THE LENDER (when applicable)

Accepts the new loan application and other related documents from the borrower(s) and begins the qualification process.

Orders and reviews the property appraisal, credit report, verification of employment, verification of deposit(s), preliminary report and other related information.

Submits the entire package to the loan committee an/or underwriters for approval. When approved, loan conditions and title insurance requirements are established.

Informs borrower(s) of loan approval terms and commitment expiration date and provides a good faith estimate of the closing costs.

Deposits the new loan documents and instructions with the escrow holder for borrower's approval and signature.

Reviews and approves the executed loan package and coordinates the loan funding with the escrow officer.

THE ESCROW OFFICER

Receives an order for the title and escrow services for Chicago Title.

Orders the title search and examination on subject property.

Acts as the impartial "stakeholder" or depository, in a fiduciary capacity, for all documents and monies required to complete the transaction per written instructions of the principals.

With authorization from the lender agent or principal, orders demands on existing deeds of trust and liens or judgements, if any. For an assumption or subject to loan, orders the beneficiary's statement or formal assumption package.

Reviews documents received in the escrow: Preliminary report, payoff or assumption statements, new loan package and other related instruments. Reviews the conditions in the lender's instructions including the hazard and title insurance requirements.

Prepares the escrow instructions and required documents together with a preliminary estimate of settlement charges, for the borrower, in accordance with the terms of the sale.

Presents the instructions, documents, statements, loan package(s) and other related documents to the principal(s), for approval and signature.

Reviews the signed instructions and documents, returns the loan package, and requests the lender's funds.

Receives the balance of funds required from the borrower and/or the proceeds of the loan from the lender.

Determines when the transaction will be in the position to close and advises the parties.

Assisted by title personnel, records the deed, of trust and other documents required to complete the transaction with the County Recorder and orders the title insurance policies.

Closes the escrow by preparing the final settlement statements, disbursing the proceeds to the borrower, paying off the existing encumbrances and other obligations. Delivers the appropriate statements, funds and remaining documents to the principals, and/or the lenders.

CHICAGO TITLE

Examines the title to the real property and issues a preliminary report.

Determines the requirements and documents needed to complete the transaction and advises the escrow officer and/or agents.

Reviews and approves the signed documents, releases and the order for title insurance, prior to the closing date.

When authorized by the escrow officer, records the signed documents with the County Recorder's office and prepares to issue the title insurance policies.



CHICAGO TITLE COMPANY

Proud to be a member of your real estate team.

Common Ways to Hold Title

Variations on How to Take Title - Advantages and Limitations

Title to real property in California may be held by individuals, either in Sole Ownership or Co-Ownership. Co-ownership of real property occurs when title is held by two or more persons. There are several variations as to how title may be held in each type of ownership. The following brief summaries reference eight of the more common examples of Sole Ownership and Co-Ownership.

Sole Ownership

- 1. A Single Man/Woman:**
A man or woman who is not legally married.
Example: John Doe, a single man.
- 2. An Unmarried Man/Woman:**
A man or woman, who, having been married, is legally divorced.
Example: John Doe, an unmarried man.
- 3. A Married Man/Woman, as His/Her Sole and Separate Property:**
When a married man or woman wishes to acquire title in his/her name alone, the spouse must consent, by quitclaim deed or otherwise, to the transfer, thereby relinquishing all right, title and interest in the property.
Example: John Doe, a married man, as his sole and separate property.

Co-Ownership

- 4. Community Property:**
The California Civil Code defines community property as the property acquired by husband and wife, or either, during marriage, when not acquired as the separate property of either. Real property conveyed to a married man or woman is presumed to be community property, unless otherwise stated. Under community property, both spouses have the right to dispose of one half of the community property by will, but if there is no will, all of the property will go to the surviving spouse without administration. If a spouse exercises his/her right to dispose of one-half, that half is subject to administration in the estate.
Example: John Doe & Mary Doe, husband and wife, as community property.
Example: John Doe & Mary Doe, husband and wife.
Example: John Doe, a married man Sole Ownership Co-Ownership.

- 5. Joint Tenancy:**
A joint tenancy estate is defined in the Civil Code as follows: "A joint interest is one owned by two or more persons in equal shares, by a title created by a single will or transfer, when expressly declared in the will or transfer to be a joint tenancy." A chief characteristic of joint tenancy property is the right of survivorship. When a joint tenant dies, title to the property immediately vests in the surviving joint tenant(s). As a consequence, joint tenancy property is not subject to disposition by will.
Example: John Doe & Mary Doe, husband and wife, as joint tenants.
- 6. Tenancy in Common:**
Under tenancy in common, the co-owners own undivided interests, but unlike joint tenancy, these interests need not be equal in quantity or duration, and may arrive at different times. There is no right of survivorship; each tenant owns an interest which, on his/her death, vests in his/her heirs or devisees.
Example: John Doe, a single man, as to an undivided 3/4ths interest, and George Smith, a single man, as to an undivided 1/4th interest, as tenants in common.
- 7. Trust:**
Title to real property in California may be held in a title holding trust. The trust holds legal and equitable title to the real estate. The trustee holds title for the benefit of the trustor/ beneficiary, who retains all of the management rights and responsibilities.
- 8. Community Property with Right of Survivorship**
Community Property of a husband and wife, when expressly declared in the transfer document to be community property with the right of survivorship and which may be accepted in writing on the face of the document by a statement signed or initialed by the grantees, shall, upon the death of one of the spouses, pass to the survivor, without administration, subject to the same procedures as property held in joint tenancy.

The preceding summaries are a few of the more common ways to take title to real property in California and are provided for informational purposes only. For a more comprehensive understanding of the legal/tax consequences, appropriate consultation is recommended. There may be significant tax/legal consequences as to the manner in which title is held. We strongly suggest contacting an attorney and/or CPA for specific advice on how you should actually vest your title. (There may be charges associated with these services.)



Important Real Property Tax Dates

March 1st
Assessment Date

July 1st
Current Fiscal Tax Year Begins

November 1st
First Installment Due

December 10th
First Installment Becomes Delinquent At 5 P.M.

January 1st
Calendar Year Begins

February 1st
Second Installment Due (Second Installment - Jan 1 - June 30)

April 10th
2nd Installment Becomes Delinquent at 5 P.M.

June 30th
Last Day To Pay Current Tax Installments Before Being Considered in Default

Glossary

These definitions are to acquaint the borrower with terms commonly used in refinance transactions. These terms are intended to be general and brief and are not complete and wholly accurate when applied to all possible uses of the term. Please consult your lender for more information or questions regarding these terms.

Adjustable Rate Mortgage (ARM): A mortgage with an interest rate that changes over time in line with movements in the Index.

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.

Amortization: Repayment of a loan in equal installments of principal and interest, rather than interest-only payments.

Annual Percentage Rate (APR): The total finance charge (interest, loan fees, points expressed as percentage of the loan amount).

Beneficiary: Lender.

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

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

Closing Statement: The financial disclosure statement that accounts for all of the funds received and expected at the closing, including deposits for taxes, hazard insurance, and mortgage insurance.

Contingency Clause: A provision in some ARM's 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.

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

Federal National Mortgage Association: Popularly known as Fannie Mae. A privately owned corporation created by Congress to support the secondary mortgage market. It purchases and sells residential mortgages insured by FHA or guaranteed by VA, as well as conventional home mortgages.

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

Foreclosure: The legal process whereby property is sold to satisfy an unpaid debt in the event of default on terms or payments of a mortgage.

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

Index: A measure of interest rate changes used to determine changes in a ARM's interest rate over the term of the loan.

Lien: A legal hold or claim on property as security for a debt or charge.

Loan Commitment: A written promise to make a loan for a specified amount on specific terms.

Loan to Value Ratio: The relationship between the amount of the appraised value of the property, expresses as a percentage of the appraised value.

Lock-In: A guarantee by your lender of a particular loan rate. Your loan must fund before the lock expiration in order to receive the guaranteed or "locked" rate.

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

Mortgage Payment: A payment that is owed to the bank each month toward repayment of your loan. The amount is determined by the terms of your loan: principal, interest rate, length of the loan, and periodic Adjustments, if any.

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 an ARM has a payment cap that results in monthly payments that aren't high enough to cover the interest.

Origination Fee: A fee or charge for establishing a new loan.

PITI: Principal, interest, taxes and insurance.

Point: An amount equal to 1% of the principal amount of the investment or note. The lender assesses loan discount points at closing to increase the yield on the mortgage to a position competitive with other types of investments.

Prepayment penalty: A fee charged to a mortgagor who pays a loan before it is due.

Processing (or origination) Fees: Fees that cover the administrative cost of processing the loan. These charges vary from lender to lender.

Private Mortgage Insurance (PMI): Insurance written by a private company protecting the lender against loss if the borrower defaults on the mortgage the National Association of Realtors.

Title Insurance Policy: A policy that protects the purchases, mortgagee or other party against losses.

VA Loan: A loan that is guaranteed by the Veterans Administration and made by a private lender.



When You Have Questions...

About:

Loan requirements/finances call your Lender
Final amounts needed to close call your Escrow Officer
Escrow questions and other closing matters call your Escrow Officer

Alameda County

Stoneridge Escrow Department
(925) 251-0167

Market Center/Development Services
(925) 227-9700
6120 Stoneridge Mall Road, Suite 120
Pleasanton

Albany (510) 527-2453
1320 Solano Ave.

Fremont (510) 490-9400
3155 Kearny St., Suite 140

Fremont (510) 742-0800
39420 Liberty St.

Livermore (925) 447-4411
1952 Fourth St.

Livermore (925) 296-2584
1654 Second St.

Montclair (510) 987-7177
6210 Medau Pl., Oakland

Oakland (510) 451-8888
1 Kaiser Plaza, Suite 745

Pleasanton (925) 416-9111
4637 Chabot Dr.

New Home Center
Pleasanton (925) 847-0181
6120 Stoneridge Mall Road
Suite 150

Pleasanton (925) 461-1132
4725 First St., Suite 150

Contra Costa

Market Center/Commercial
Walnut Creek (925) 974-4700
590 Ygnacio Valley Road, Suite 300

Blackhawk (925) 296-5060
4185 Blackhawk Plaza Circle, Suite 104

Brentwood (925) 240-7847
1185 G-1 Second St.

Danville (925) 820-5700
318 Diablo Road, Suite 150

Contra Costa Cont.

El Sobrante (510) 222-4750
3575 San Pablo Dam Road, Suite 100

Lafayette (925) 962-0225
3701 Mt. Diablo Blvd.

Orinda (925) 296-5000
140 Brookwood Road, Suite 100

Walnut Creek (925) 256-9101
1777 N. California Blvd., Suite 100

Monterey County

Market Center
Carmel (831) 625-5676
26609 Carmel Center Place

Monterey (831) 375-2262
250 Bonifacio Place

Salinas (831) 424-8011
50 Winham Street

San Francisco County

Market Center
San Francisco (415) 788-0871
388 Market Street, Suite 1300

San Francisco (415) 922-6850
2001 Union Street, Suite 200

San Francisco (415) 759-9100
1400 Noriega Street

San Mateo County

Daly City (650) 301-8000
355 Gellert, Suite 130

San Bruno (650) 716-2340
195 El Camino Real

San Carlos (650) 620-3400
189 El Camino Real

San Mateo (650) 343-1774
400 S. El Camino Real, Suite 150

Santa Clara County

San Jose
Almaden (408) 972-7016
5406 Thornwood Drive, Suite 190

San Jose
Blossom Valley (408) 363-9700
686 Blossom Hill Road

San Jose
Evergreen (408) 270-4300
4075 Evergreen Village Square, Suite 180

Campbell (408) 371-4100
1374 E. Hamilton Ave.

Cupertino, (408) 253-9050
20100 Stevens Creek Blvd., Suite 190

Gilroy (408) 842-8211
8060 Santa Teresa Blvd., Suite 100

Hollister (408) 637-7441
330 Tres Pinos Road, Suite C2

Los Altos (650) 949-3694
419 S. San Antonio Rd, Suite 211

Los Gatos (408) 354-8130
634 N. Santa Cruz Ave., Suite 100

Milpitas (408) 263-0986
1402 Dempsey Road

Palo Alto (650) 324-1984
437 Lytton Ave.

Saratoga (408) 973-1900
12156 Saratoga-Sunnyvale Rd.

Morgan Hill (408) 778-6162
18525 Sutter Blvd., Suite 100

Customer Service/Market Center

San Jose (408) 292-4212
110 W. Taylor St.

Taylor Street Escrow
San Jose (408) 283-3500
110 W. Taylor St.

Commercial Department
San Jose (408) 292-4212
110 W. Taylor St.