

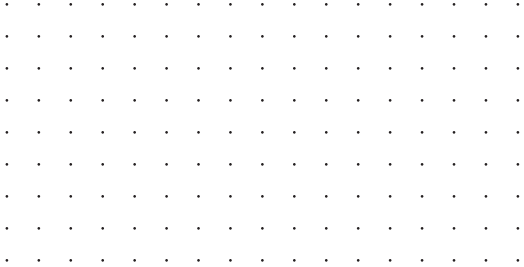
The background of the entire page is a black and white topographic map, showing intricate contour lines that create a sense of depth and terrain. The lines are more densely packed in some areas and more spread out in others, typical of a topographic map.

San Francisco

Buyer's Guide

COMPASS

SF Buyer's Guide



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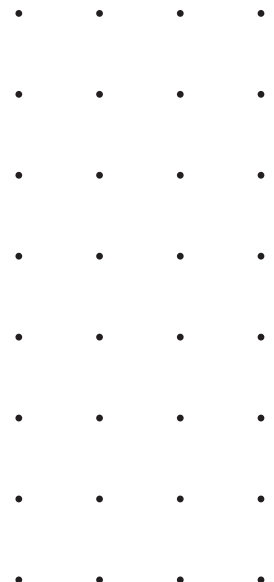
Escrow

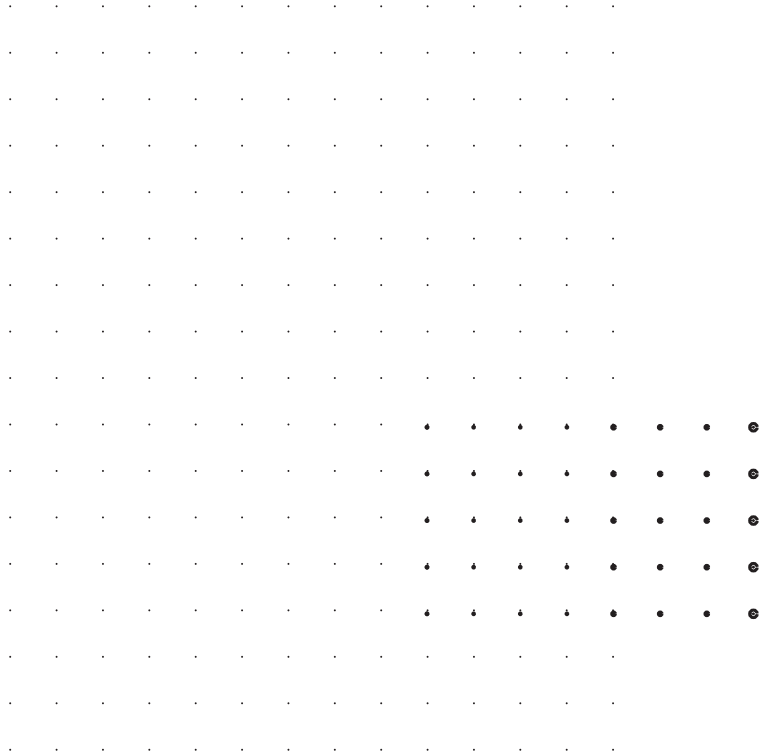
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Flow of a Real Estate Transaction





Your property search

We work hard to help you streamline your property search. We start with a “Buyer’s Profile” that asks a number of questions to help us understand your needs, wants and goals in finding the ideal property. On the following page, you will find some good questions to ask yourself. We recommend that you think through these questions and create a list of top priorities.

1. Price Range:

\$ _____

Maximum HOA Dues:

\$ _____

2. Type of Property:

- Single Family Home TIC
- Condo Multi-Unit
- Co-op

3. Minimum # Bedrooms _____ Minimum # Bathrooms _____

4. Architectural Preference:

- Any Mid-Century
- Victorian/Edwardian Contemporary

5. Amenities:

- Washer/Dryer in unit OR Washer/Dryer in building
- Storage Bathtub
- Outdoor Space Gas stove/oven
- Views Fireplace
- Top Floor Doorman/Security
- Lower Floor Sunny
- Hardwood Floors Indirect Sun
- Carpeting Shady
- Pool Gym

Other Building Amenities: _____

- # Parking Spaces _____
- Leased OK?
- Tandem OK?

6. Level of Work:

- Completely Remodeled Cosmetic Work Only
- Total Fixer-Upper

7. Is being close to public transportation important to you?

8. Do you commute to work and need easy access to freeways? Which Ones?

9. Must Haves: Make a list of the 5 things you cannot live without:

- (1) _____
- (2) _____
- (3) _____
- (4) _____
- (5) _____

10. Wants/Needs: List 5 things you would like to have but are not top priorities:

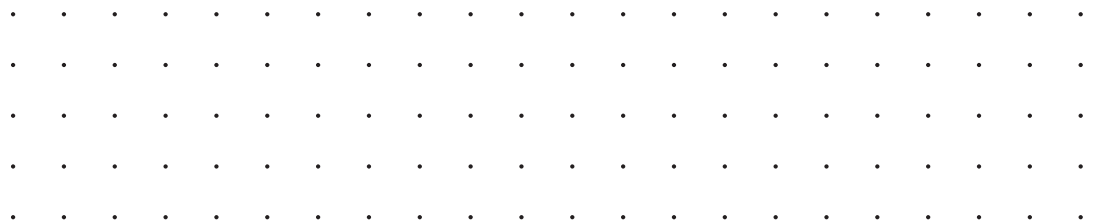
- (1) _____
- (2) _____
- (3) _____
- (4) _____
- (5) _____



How can your agent help you with your search



With Compass, you have a team of experienced agents assisting you with your search. We have several channels through which to ensure you have the latest information about new properties coming on the market:



1

Top Agent Network

As members of the San Francisco Agent Network (a list of the top 100 agents in the city), we have access to the most prestigious agents in the Bay Area as well as exclusive information about listings before they come on the market.

3

Open House

We send our buyers a customized list of properties to see at your convenience or during set open house dates.

2

Broker's Tour

Broker's Tour is an opportunity for every agent to show and see the latest properties on the market. We go on tour religiously every Tuesday (and Wednesdays in select districts). The tour is organized by neighborhood, starting at 9am in District 8 and ending at 4pm in District 9. We spend the day looking at properties—and specifically looking at those that meet the needs of our current buyer clients—or at comps for our sellers. This important process gives us insight into the market and also allows us to see properties before their first open house.

4

Specialized Tours

We will arrange for individualized tours or showings based on your availability. We will accompany you to the selected properties and assist with all scheduling needs.

5

Compass Client Portal

The Compass Client Portal allows us to input your desired search parameters and then notifies you when new properties meeting these parameters come on the market. You can save them as favorites into a Collection with your agent.

Making the offer

Q: What is a good offer?

A: A good offer depends on multiple factors: the market, the neighborhood, the competition and the list price. It is your agent's job to provide you with the best information on these factors to help you make a decision. Is the list price low or high compared to the market? Is your offer the only one on the table, or are there several you are up against? Are properties in general selling above or below asking in the neighborhood?

Q: How do you win in a multiple bid situation?

A: Primarily by understanding the strategy and motivation of the sellers. It is important to know how many other offers are on the table, the state of the market, and the goals of the seller. An offer is more than a purchase price – a good offer is drafted carefully with overall terms that will appeal to the seller.

Q: Is it beneficial to provide a personal letter or enclose photos, etc. with the offer?

A: Absolutely. Sellers like to know to whom they are selling. Whether you are buying from a developer or investment seller, a good solid offer package with a personalized cover letter shows that you are serious and passionate.

Q: How long will it take for me to hear if I/we got it?

A: We generally give 24 hours for the seller to respond. In some cases the seller requests more time, but usually no more than a couple days. In the case of a short sale or REO, it can take weeks or months to hear back from the bank.

Q: What is the counter offer?

How does it work?

A: When you submit an offer, the seller has four choices:

1. They can ACCEPT it as is, and you are ratified—no one else can write an offer on the property and you are “in contract” to buy it.
2. They can REJECT it.
3. They can offer you a “BACK-UP” position—in the case that they have accepted another offer similar to yours, this will put you in first position to ratify if the first offer cancels or falls through.
4. They can COUNTER your offer. They can counter you on the purchase price, the length of escrow, contingency periods, or any other terms. Once you receive their counter you can then 1) Accept 2) Reject or 3) Counter their counter. This can go back and forth many times until both sides come to an agreement. As soon as one party agrees to the other's counter, you are ratified.

Q: What is a Multiple Counter Offer?

A: If a seller receives more than one offer, they can counter all of them or a select few. In this scenario, the offer is not ratified when you respond to their counter. The seller has the final say, therefore you are not ratified until the seller accepts your counter.

Disclosures

In San Francisco, it's typical for the listing agent to provide a general disclosure package to all serious buyers. This is your opportunity to review general information about the property prior to writing an offer. It is required that the sellers and agent disclose everything they know about the property and that you are aware of anything that might affect your decision to purchase the property.

If you are interested in a property and are considering writing an offer, it is recommended to ask for a general disclosure package upfront. Your agent can do that for you.

General Disclosures that you will see are:

Real Estate Transfer Disclosure Statement (called the TDS)

Agent's Visual Inspection Disclosure

It is required that both agents do their own inspection reports

Preliminary Title Report

Provided by the Title Company, this report give you information about the sellers

Underground Storage Tank Report (if built prior to 1992) o This report indicates if there is evidence of a tank.

Pest Inspection Report

Not always done by the seller, this report looks specifically at insect damage to the property from wood boring beetles, termites, dry rot, etc.)

Natural Hazard Zone Disclosure (Property ID or JCP Report)

This report gives you all information about how the property might be affected by a natural hazard: Earthquake, Wildfire, Tsunami, Flood, etc. based on it's specific location

Supplemental Transfer Disclosure Statement

These 2 disclosures are questionnaires about the property, completed by the seller

Department of Building Report (3-R Report)

A list of all permits issued for the property for work or repairs since it was first built.

Condominiums Should also include:

Home Owners Association (HOA) Meeting Minutes for the last 12 months

HOA Budget and Budget Reserve Study (if it's a larger building)

Condominium Certification Form

Escrow

Escrow: What is it?

Escrow is the period of time between your offer being accepted and closing escrow. Escrow is a deposit of funds, a deed or other instrument by one party for the delivery to another party upon completion of a particular condition or event. The California Escrow Law : Section 17003 of the Financial Code provides the legal definition.

Why Do I Need an Escrow?

Whether you are the buyer, seller, lender or borrower, you want assurance that no funds or property will change hands until ALL of the instructions in the transaction have been followed. The escrow holder has the obligation to safeguard the funds and/or documents while they are in the possession of the escrow holder, and to disburse funds and/or convey title only when all provisions of the escrow have been complied with. The escrow officer is a neutral third party and does not represent any one party.

How Does Escrow Work?

The principals to the escrow—buyer, seller, lender, agents—cause escrow instructions, most usually in writing, to be created, signed and delivered to the escrow officer. If a broker is

involved, he will normally provide the escrow officer with the information necessary for the preparation of your escrow instructions and documents. The escrow officer will process the escrow, in accordance with the escrow instructions, and when all conditions required in the escrow can be met or achieved, the escrow will be “closed.” The duties of an escrow holder include: following the instructions given by the principals and parties to the transaction in a timely manner; handling the funds and/or documents in accordance with the instruction; paying all bills as authorized; responding to authorized requests from the principals; closing the escrow only when all terms funds in accordance with instructions and provide an accounting for same : the Closing or Settlement Statement. The escrow officer can ONLY take instructions from all parties in agreement. No one party in the transaction can solely give instructions. The escrow officer does not represent any one party—they are a neutral 3rd party in the transaction.

How Long Does Escrow Last?

This is determined on a case by case basis and will be written into the offer. Generally 30-40 days is common. However, in some cases, you (or the

seller) may need more time. In some cases, it is shorter, for example with an all cash deal.

Who Chooses the Escrow?

In San Francisco, it is usually the buyer's choice, as the buyer pays the escrow fees. The selection of the escrow holder is normally done by agreement between the principals. If a real estate broker is involved in the transaction, the broker may recommend an escrow holder. However, it is the right of the principals to use an escrow holder who is competent and who is experienced in handling the type of escrow at hand. There are laws that prohibit the payment of referral fees; this affords the consumer the best possible escrow services without any compromise caused by a person receiving a referral fee.

What Happens During Escrow?

The escrow period gives all parties involved the time needed to comply with the terms of the offer and prepare to transfer title from the seller to the buyer. During this period, you do several things, all of which your agent will help you with:

a.

You put down a deposit of 3% of the purchase price which is held by the title company

d.

The lender orders an appraisal for the property

g.

You do your due diligence on the property, and remove your contingencies by the deadlines you requested in your offer

b.

Your lender processes your loan and will ask you for various information needed to qualify you

e.

You prepare to transfer down payment funds

h.

You sign all loan and title documents when they are ready

c.

You review and sign disclosures

f.

You have any inspections you wrote into your offer done

i.

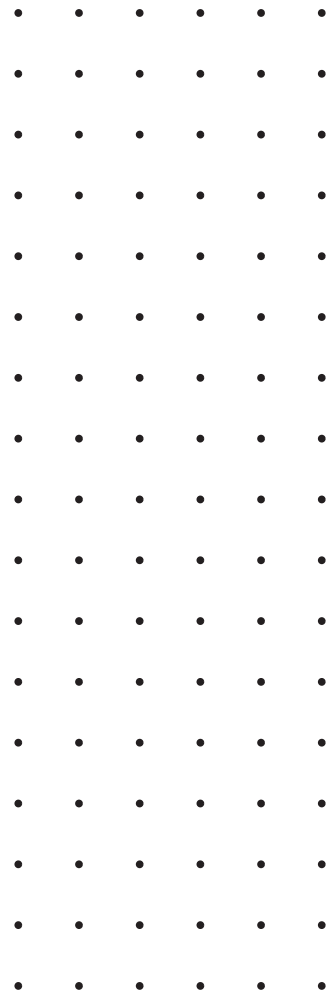
Closing happens a couple days after you sign documents

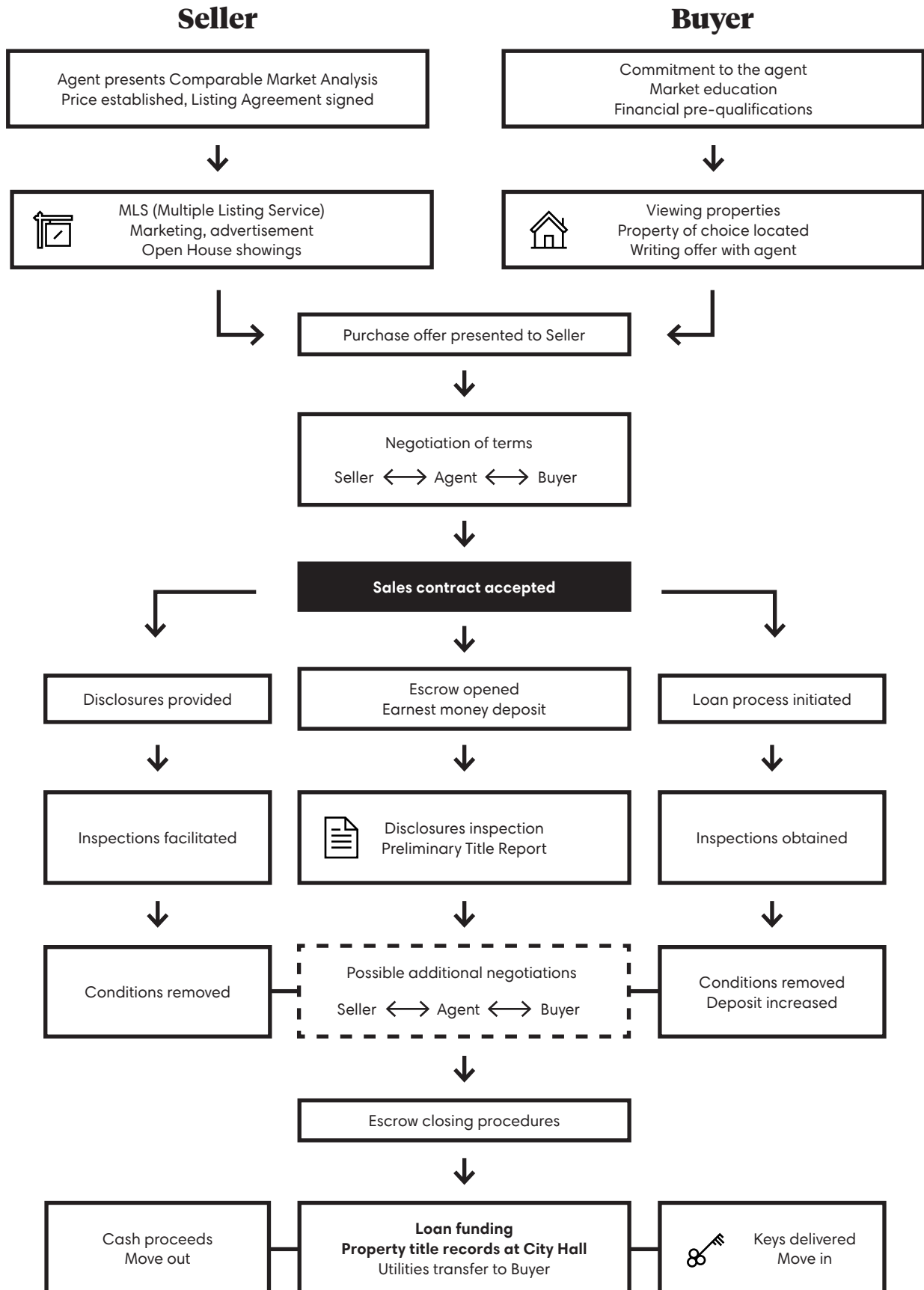
Types of ownership/vesting

| | Community property | Joint tenancy | Tenancy in common |
|---------------------------|--|--|---|
| Parties | Only husband & wife | Any number of persons - can be husband & wife | Two or more persons or entities |
| Division | Ownership & managerial interest are equal | Joint tenants have one of the same interest | Ownership can be divided into equal or unequal interests |
| Title | Title is in the community - each interest is equal | Only once title to be entire property | Each co-owner has a separate legal title to his or her undivided interest |
| Possession | Both co-owners have equal possession | Equal right of possession | Each co-owner has a separate legal title to his or her undivided interest |
| Conveyance | Real property requires written consent of the other spouse & with separate interest cannot be conveyed except upon death | Conveyance by one co-owner without the others breaks his or her joint tenancy | Each co-owner's interest may be conveyed separately by its owner |
| Purchaser's status | Purchaser can only acquire title of community; cannot acquire a part of it. | Purchaser will become a tenant in common with other co-owners in the property | Purchaser can only acquire title of community; cannot acquire a part of it. |
| Death | On co-owner's death, 1/2 belongs to survivor in severalty. 1/2 goes by will to descendent's devisee or by succession to survivor | On co-owner's death the entire tenancy remains to the survivor. This right of survivorship is the primary incident of joint tenancy | On co-owner's death his or her interest passes by will to devisee or heirs. No survivorship right |
| Successor's status | Devisees or heirs become tenants in common | Last survivor owns property in severalty | Devisees or heirs become tenants in common |
| Creditor's rights | Co-owners interest may be sold on execution sale to his or her creditor. Creditor becomes tenant in common | Co-owner's interest may be sold on execution sale to satisfy creditor. Joint tenancy is broken and creditor becomes tenant in common | Co-owner's interest may be sold on execution sale to his or her creditor. Creditor becomes a tenant in common |
| Pre-sumption | Strong presumption that property acquired by husband and wife is community | Must be expressly stated | Must be expressly stated Favored in doubtful cases except husband and wife cases |

| Tenancy in partnership | Title holding trust | Community property right of survivorship |
|---|--|---|
| Only Partners (any number) | Individuals or groups - partnerships or corporations | Only husband and wife |
| Ownership interest is in relation to the partnership | Ownership is personal property interest - can be divided into # of interests | Ownership and managerial interests are equal |
| Title is in the partnership | Legal and equitable title is held by the trustee | Title is in the community. Each interest is separate. |
| Equal right of possession but only for partnership property | Right of possession as specified in the trust provisions | Both co-owners have equal possession |
| Any authorized partner may convey whole partnership property for partnership purposes | Designated parties within the trust agreement authorize the trustee to convey property - A beneficiary's interest in the trust may be transferred | Real property requires written consent of other spouse, and with separate interest cannot be conveyed except upon death |
| Purchaser can only acquire the whole title | Purchaser may obtain a beneficial interest by assignment or may obtain legal and equitable title from the trust | Purchaser can only acquire the whole title of community; cannot acquire a part of it. |
| On partner's death his or her partnership interest passes to the surviving partner(s) pending liquidation of the partnership. Share of deceased partner then goes to his or her estate | Successor beneficiaries may be named in the trust agreement, eliminating the need for probate | On co-owner's death the entire tenancy remains to the survivor. Subject to the same procedures as property held in joint tenancy |
| Heirs or devisees have rights in partnership interest but not in specific property | Defined by trust agreement, generally the successor becomes the beneficiary and trust continues | Surviving spouse owns property |
| Partner's interest may not be seized or sold separately by his or her personal creditor. But his or her share of profits may be obtained by a personal creditor. Whole property may be sold on execution sale to satisfy partnership creditor | Creditor may seek an order for execution sale of the beneficial interest or may seek an order that the trust estate be liquidated and the proceeds distributed | Property of community is liable for debts of either which are made before or after marriage; whole property may be sold on execution sale to satisfy creditor |
| Arise only by virtue of partnership status in property placed in partnership | A trust is expressly created by an executed trust agreement | Must be expressly stated |

The flow of a real estate transaction





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Why get pre-approved

Pre-approval is different from pre-qualifying, as it is a full loan approval instead of an opinion letter. It is recommended to get pre-approval before looking at homes. Finding out what you qualify for will help you look in the right price range.

Determining How Much You Can Afford

The lender will determine your purchasing power, which gives you a guideline as to what you can afford before you start looking. They will show you a variety of different types of financing (30 year fixed, buy-down loans, adjustables, special first-time buyer programs, etc.), and will determine how much you qualify for with each type. Based on your desired payment level and type of financing with which you feel comfortable, we can determine your purchasing power.

Know What Your Down Payment Will Be and Provide Financing Options

You need to choose a home based on how much money you have available. Based on the funds you have available, the lender will design a loan that will work for your individual situation.

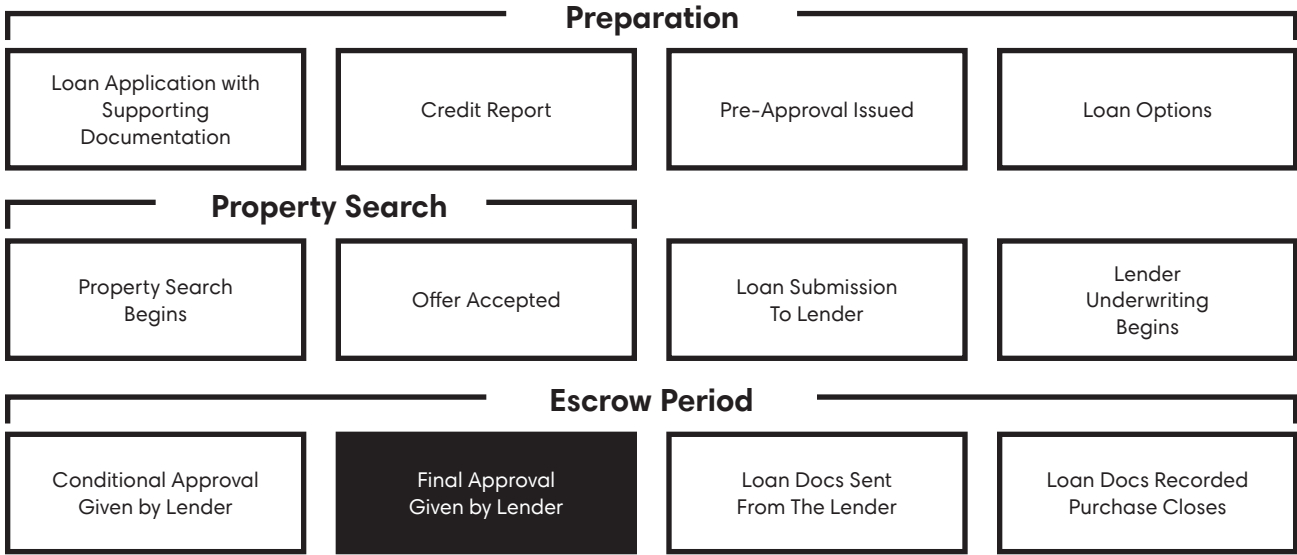
Know What Your Monthly Payments Will Be

Before picking a price range, you should make sure that you can handle your total monthly payment: Principle, Taxes, Interest, Insurance (and Mortgage Insurance, if necessary).

Turns You Into a Cash Buyer

In today's market, buyers are not the only parties concerned about financing. Sellers are equally concerned. In cases where there are multiple offers for homes, the buyers must put themselves in the best possible position to have their offers accepted. Getting pre-approved also puts the buyer into a better negotiating position, as the Seller knows the buyer is ready, willing and able to buy, and that financing is not in question. Buyers who are not pre-approved have less chance of obtaining an accepted offer on the house they wish to buy.

The home loan process



7 things you should NOT do when applying for a home loan

Below are a list of things to steer clear of when seeking to obtain financing for a home. The following items may be detrimental when trying to move forward with the loan process.

DON'T buy or lease an auto before you apply for a home loan

Lenders look carefully at your debt-to-income ratio. A large payment such as a car lease or purchase can greatly impact those ratios and prevent you from qualifying for a home loan.

DON'T move assets from one bank account to another

These transfers show up as new deposits and complicate the application process, as you must then disclose and document the source of funds for each new account. The lender can verify each account as it currently exists. You can consolidate your accounts later if you need to.

DON'T change jobs

A new job may involve a probation period, which must be satisfied before income from the new job can be considered for qualifying purposes.

DON'T buy new furniture or major appliances for your new home

If the new purchases increase the amount of debt you are responsible for, there is the possibility this may disqualify you from getting the loan, or cut down on the available funds you need to meet the closing costs.

DON'T run a TRW report on yourself

This will show as an inquiry on your lender's credit report. Inquiries must be explained in writing.

DON'T attempt to consolidate bills before speaking with your lender

The lender can advise you if this needs to be done.

DON'T pack or ship information needed for the loan application

Important paperwork such as W-2 forms, divorce decrees, and tax returns should not be sent with your household goods. Duplicate copies take weeks to obtain, and could stall the closing date on your transaction.

The underwriter reviews your loan

1. Credit

It is important that credit has been established with a good payment history. Any derogatory credit must have a good explanation. Outstanding collection accounts, judgments, or liens must be paid through escrow. The credit report will also list a credit score – a mathematical calculation of your overall credit rating.

2. Job Stability

A consistent job history with the same company is ideal; however if changes have been made for advancement, it is acceptable. Schooling completed in preparation for a specific vocation is considered to be a part of your job history.

3. Income and Ratios

Your gross monthly income (before taxes) is computed. Bonuses, overtime, part-time, or self-employment income likely to continue and is averaged over the last two years. The principal, interest, taxes, and insurance (PITI) on the new loan (plus mortgage insurance, if applicable) is divided by the gross monthly income to get the “top” ratio. P.I.T.I and all debts are divided by the income to get the “bottom” ratio. Ratios are ideally 33 over 38 for an 80% loan and lower for a 90% , 95% or 97% loan. If other components are strong, higher ratios may be permitted.

(PITI / Gross Monthly income = Top Ratio) (Total Debt / Gross Monthly income = Bottom Ratio)

4. Down Payment, Closing Costs and Cash Reserves

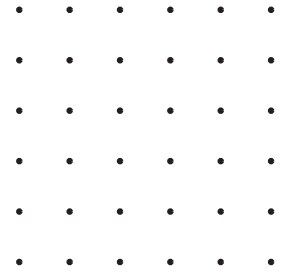
To be considered, your funds must have been verified as having been yours for 3 months. A 5% minimum down payment **MUST** be from your own funds; however, the remainder of the down payment, closing costs, and the 2 to 3 months of reserves may be gifted by a relative who provides a letter and bank statement showing the ability to give.

5. Property

The property is the security for the loan. The lender will require an appraisal by a certified fee appraiser to assure that there is sufficient collateral. The underwriter will review the appraisal to verify the marketability, condition, and value of your home. The lender will also review the title report and require title insurance on the property for your protection as well as theirs.

*If you don't fall within these guidelines, don't panic! Lenders work with various investors that offer loan products to fit all situations.

Components of a mortgage



P.I.T.I.

Principle, Interest, Taxes
and Insurance

Insurance

Homeowner's Insurance,
Mortgage Insurance, Homeowner's
Dues

Formula for Property Taxes in San Francisco:

Purchase price x 1.144% / 12
months = Monthly Property Taxes

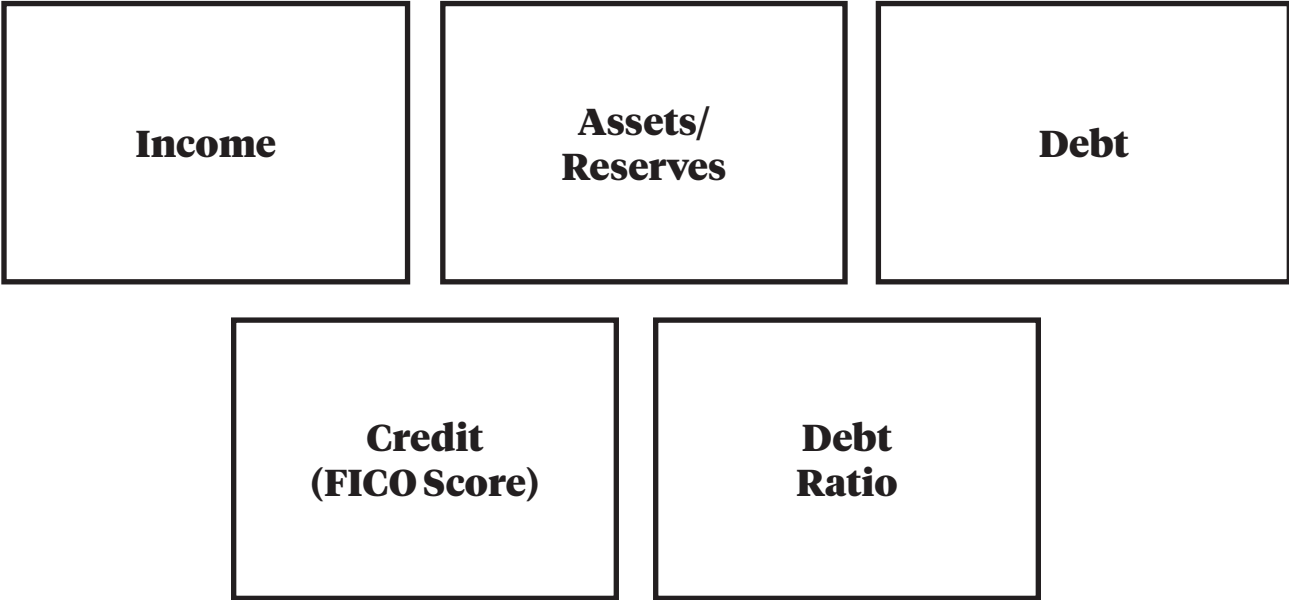
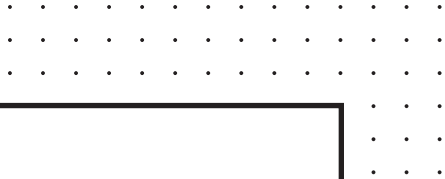
Formula for Home Owners Insurance:

Loan Amount x 0.35% / 12
months = Monthly Home Owners
Insurance





How do lenders qualify borrowers?



An Example:

Income \$100,000 / \$8,000 per month
 Total monthly payments on installment
 + revolving debt

Proposed Monthly Housing Expenses:
 Purchase Price: \$650,000
 Loan Amount: \$520,000
 Down Payment: \$130,000
 Interest Only Payment @ 5%
 Taxes per month \$619.67
 HOA Dues (or hazard insurance) \$200.00

Total monthly payment (PITI) - \$2,986.34
 Monthly Debt Payments: \$400.00

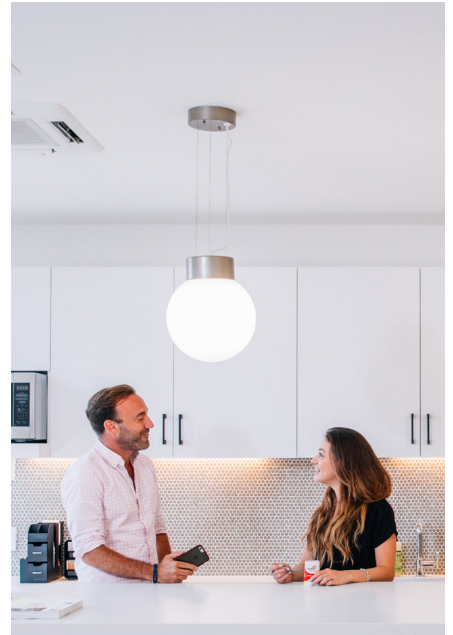
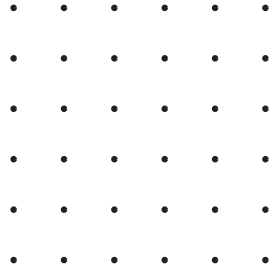
tTotal Debt Service: \$3,386.34
 Housing to income ratio 37%
 Overall debt service to income ratio 42%

Resources

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San Francisco real estate websites

San Francisco Board of Realtors (The official MLS site)

www.sfarms.com

Easy to use, easy to navigate. Up to the minute – real time information on listings.

Socket Site

www.socketsite.com

Plug into San Francisco real estate tips, trends and the local scoop.

California Department of Real Estate

www.dre.ca.gov

Great site for navigating everything that has to do with California Real Estate.

Mayor's Office of Housing

www.ci.sf.ca.us/moh

Find out about special programs that the Mayor's office offers. Not intuitively easy to read, but look if you think that you might qualify for some of the programs available to first time buyers.

Earthquake Maps

www.abag.ca.gov/bayarea/eqmaps/pickcity.html

Crime Statistics

www.ci.sf.ca.us/police

San Francisco Police Department site providing crime statistics by neighborhood.

Goldstein, Gellman, Melbostad, Gibson & Harris, LLP

www.g3mh.com

Go here to get the latest Tenants in Common (TIC) information.

Andy Sirkin

www.andysirkin.com

One of the most comprehensive bodies of information on real estate co-ownership, TICs and homeowner associations available on the Internet.

Curbed

www.curbed.com

A neighborhood and real-estate weblog. Curbed covers the greater New York, Los Angeles and San Francisco areas.

San Francisco Government

www.sfgov.org

A great resource to use when looking for city services, resources within your district, paying property taxes, or getting your dog's license.

Walkscore

www.walkscore.com

Walk Score ranks 2,508 neighborhoods in the largest 40 U.S. cities to help you find a walkable place to live.

Crime Mapping

www.crimemapping.com

The Omega Group has been working with law enforcement agencies to provide valuable information about crime activity by neighborhood.

San Francisco neighborhood websites

Bernal Heights

www.bhnc.org

Castro / Eureka Valley

www.castrof.org

Central Waterfront / Dogpatch

www.pier70sf.org/dogpatch/index.htm

ColeValley

www.colevalley.org

Haight Ashbury

<http://sites.google.com/site/sf>

Hayes Valley

www.hayesvalleysf.org

Nob Hill

<http://nobhillassociation.org/>

Mission

www.sanjoseguerrero.com

Noe Valley

<http://noevallyassociation.org>

Panhandle

www.nopna.org

Pacific Heights

www.phra-sf.org

Park Presidio

<http://www.nps.gov/prsf/index.htm>

Potrero Hill

www.potreroboosters.org

Russian Hill

<http://rhnsf.org>

SoMA

www.pier70sf.org/dogpatch/index.htm

<http://www.livesoma.com>

South Beach / Mission Bay

<http://sbrmbna.com>

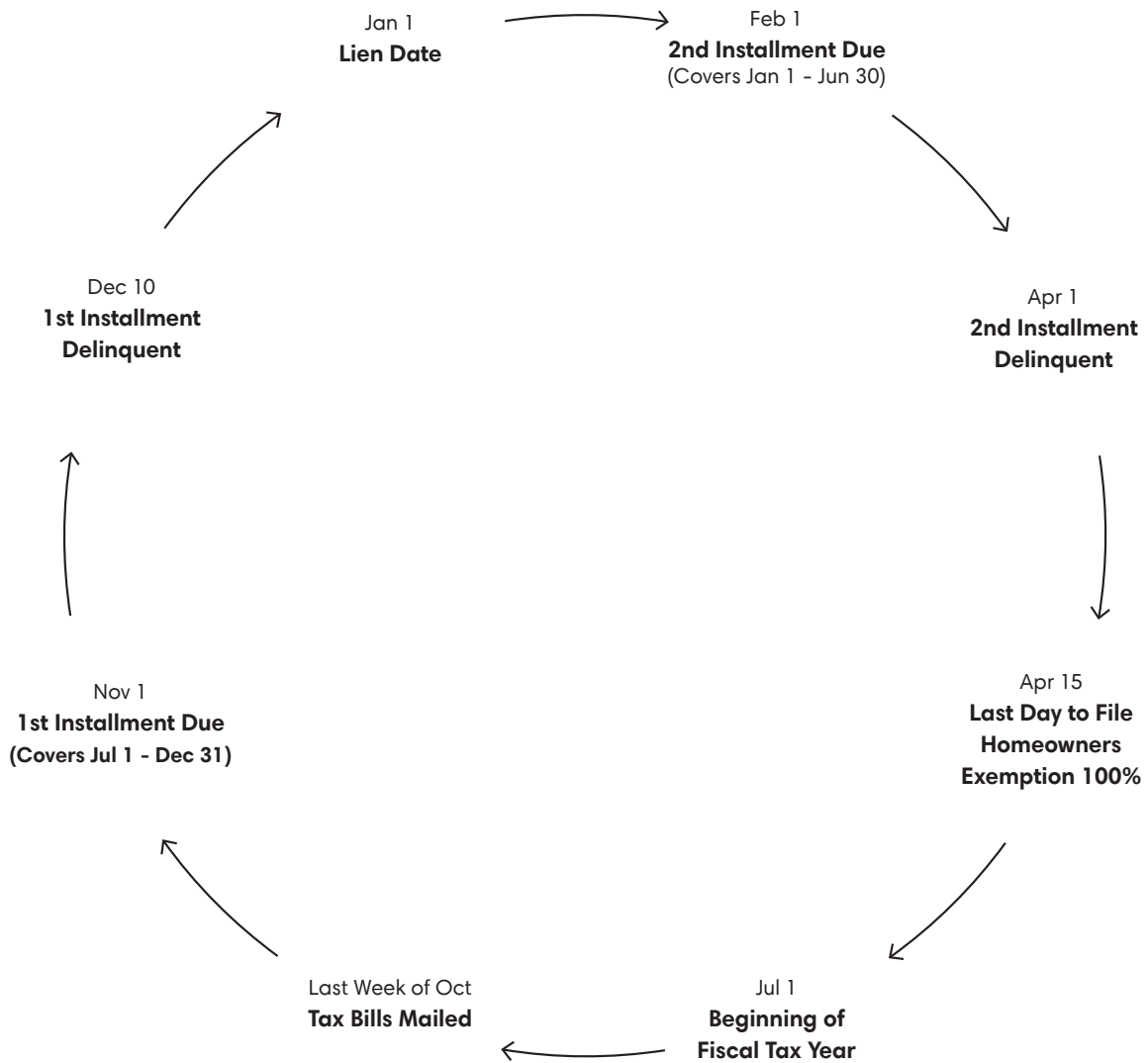
Telegraph Hill

www.thd.org

Inner Sunset Park Neighbors

www.inner-sunset.org

Property tax guide



1. Owner must own and occupy property on 1st of March to be eligible for applicable exemptions.
2. Penalties for delinquency are 10% on date on delinquency plus \$10 costs for delinquent 2nd installment. Thereafter, 1.5% per month of original tax amount until paid.
3. Property must be sold at public auction after 5 years of delinquency.

| Closing Month 1st Payment | | Pay 1st | Pay 2nd | No. Mths Req. by Lender to Impound |
|---------------------------|-----------|---------|---------|------------------------------------|
| January | March | --- | --- | 5 |
| February | April | --- | Yes | 0 |
| March | May | --- | Yes | 1 |
| April | June | --- | Yes | 2 |
| May | July | --- | --- | 3 |
| June | August | --- | --- | 4 |
| July | September | --- | --- | 5 |
| August | October | --- | --- | 6 |
| September | November | Yes | --- | 7 |
| October | December | Yes | --- | 2 |
| November | January | Yes | --- | 3 |
| December | February | Yes | --- | 4 |