



How to Sell An On Campus Residence

Overview

The information that follows should help you to better understand the process of selling your campus home. We hope to answer your questions in advance and provide you with step-by-step information that will clarify your part in this process. We welcome any questions you may have and are available to assist you. Please contact our office by phone at 650-725-6893 or by email to fshousing@stanford.edu.

Process

You have made the decision to sell your home, now what do you do? The combination of the Homes for Sale and Rent, the Campus Housing Sales, the Guide, and the Purchase Contract generally obviates the need for and the cost of a licensed real estate professional. Nonetheless, either the buyer or the seller may engage the services of a licensed real estate professional.

California law requires that an agreement authorizing or employing an agent, broker or other person to purchase or sell real estate or to procure, introduce or find a purchaser or seller of real estate and providing for compensation or commission must be in writing. If either the Buyer or Seller elects to engage a broker in connection with the transfer of a campus residential leasehold interest, the party engaging the broker may be required to pay the entire broker's fee and to indemnify the other party against any claims resulting from the involvement of the broker in the transaction.

If you have decided not to enlist the services of a licensed real estate professional, the burden of tasks will fall upon you. Our office will help to facilitate the selling process, but you will be responsible for completing the requirements. We will provide all of the forms and as much of the information as we can to assist you. We can also open an escrow with a local title company that has experience with Stanford transactions. After you have accepted a written offer to purchase, the selling process or escrow usually takes thirty days. During this period you will have to complete and provide mandated disclosures, order or update the termite inspection, make the property available to the buyer for other inspections and to the appraiser, and go to the title company to sign certain documents.

Listing Your Property

At least thirty (30) days prior to listing your property for sale, you must contact FSH to have the terms of your lease reviewed and to choose an appraiser.

The Santa Clara County Assessor's current policy of basing the assessed value of on-campus properties on open market transactions off-campus and not on the leasehold purchase price has caused concern that these assessments are inconsistent and unpredictable and do not adequately reflect value factors specific to properties on campus. After several meetings with the Assessor's office, it recommended that a fee simple appraisal be provided for consideration upon the sale of the property. FSH has agreed to provide a fee simple appraisal to the Assessor.

A fee simple appraisal must be completed before a property can be listed for sale. FSH will provide you with a list of preapproved appraisers from which you must choose. FSH will order the appraisal, cover the cost of the appraisal, and provide a copy to you for review before it is finalized. The appraisal will be attached to the disclosure explaining the Assessor's current assessment practice. The appraisal is intended to provide buyers with an estimate of the potential assessed value, which benefits sellers by enabling buyers to better understand their likely property tax obligation. Since property values fluctuate over time with the market, you should list your home for sale as soon as the appraisal is complete. If the appraisal is dated, any subsequent appraisal will be the responsibility of the requesting party. It is expected to take up to thirty (30) days to complete the appraisal process.

It should be noted that the appraisal will not be binding on the Assessor, who may reassess newly purchased properties at values higher or lower than the appraised value.

You may list your home for sale on the Faculty Staff Housing (FSH) website: <http://fsh.stanford.edu>. From the home page of the website, choose the Homes for Sale and Rent button. This takes you to the Homes for Sale and Rent page where you can list your home, view the current homes for sale or rent, and view the homes that have recently sold. You or your agent must determine the listing price. The Campus Housing Sales is a list of comparable sales on campus, which provides useful information about recent sales. You can view the Campus Housing Sales by choosing the Campus Housing Sales button on the FSH home page. A list of appraisers who have performed appraisals on the campus is available from FSH if you need additional assistance in setting the leasehold price.

To enter a listing, choose "List a Home" under the section Property Listings. If you wish to delegate authority to someone else, you must complete the Delegation of Authority form and provide it to FSH by email or faxing it to 650-725-4888. The instructions will guide you through the listing process. You must make your home available to prospective buyers to view. You can include any open houses in your listing. FSH will approve the listing form before it appears on the website. FSH will publish the information that you provide in your listing, including any requested changes, without verification or warranty. There are many security features included in the process to help insure the safety of your information.

Purchase Contract

When an eligible person is interested in your home, an offer is made. The offer may be a verbal negotiation or may be in written form. Whether there is prior verbal negotiation between you and a prospective buyer as to particular terms and conditions is a matter of individual choice. The

final offer, however, must be in writing. The written offer must be on the Stanford University Real Estate Purchase Contract And Receipt For Deposit (Purchase Contract) form. No other contract or offer form will be accepted by the Board of Trustees of the Leland Stanford Junior University (Stanford). The Purchase Contract and A Guide to the Stanford University Real Estate Purchase Contract and Receipt for Deposit (Guide) are available from FSH or the FSH website. The Guide provides explanations and instructions for completing the Purchase Contract. This Guide is useful to you because it explains how the Purchase Contract should be completed and what is customary on the Stanford campus and in Santa Clara County. If, after receiving the written offer and before acceptance, you want to change any of the terms or conditions of the offer, these changes must be listed on a Counter Offer form. Counter Offer forms are available from FSH. Any changes to the terms or conditions of the written offer after acceptance should be written as an addendum to the Purchase Contract.

After you have accepted a written offer to purchase, please call FSH at 650-725-6893 to schedule an appointment. We will provide the additional required disclosure forms and answer any questions you might have regarding the selling process.

Escrow

An escrow is an independent "stakeholder" account and is the vehicle by which the interests of all parties to the transaction are protected. It is a depository for all monies, instructions and documents necessary for the sale of your campus home. An escrow can be opened when the home is listed, or when an offer has been accepted. After acceptance, you must deliver to FSH a fully executed copy of the Purchase Contract together with the deposit check made payable to the title company that you have received from your buyer. FSH will send you written confirmation of the title company name, address, escrow officer, and escrow number.

The Preliminary Report is issued by the title company after the escrow is opened. It is a report which lists liens and encumbrances currently on the property, the person who holds title to the property, and includes a legal property description. It is issued to facilitate the issuance of title insurance which is required by Stanford on all transactions. Escrow cannot be completed until the instructions from buyer, seller, Stanford and the lender have been satisfied, and all parties have signed escrow documents.

Disclosure Requirements

You are required by the terms of the Purchase Contract to make certain mandated disclosures. They are:

TITLE DOCUMENTS

The Title Documents include the Preliminary Title Report, a sample copy of the Residential Ground Lease (Lease), and the condominium documents, if applicable. The Preliminary Title Report will be sent to you, the buyer, and to Stanford by the title company. FSH will provide a sample copy of the Lease. The condominium documents are explained below.

NOTICE REGARDING PROPERTY TAX ASSESSMENTS FOR RESIDENTIAL LEASEHOLDS

The Santa Clara County Assessor establishes property tax assessments. This document explains the requirement regarding the determination of the Proposition 13 base value assessment upon the change of ownership and will include a copy of the fee simple appraisal.

REAL ESTATE TRANSFER DISCLOSURE STATEMENT

You, as the Seller are responsible for disclosing various matters concerning the real property being sold.

PRDS SUPPLEMENTAL SELLER CHECKLIST

This document is intended to supplement other disclosure documents, such as the Real Estate Transfer Disclosure Statement.

LEAD-BASED PAINT AND LEAD-BASED PAINT HAZARDS DISCLOSURE AND ACKNOWLEDGEMENT

The Environmental Protection Agency (EPA) and the Department of Housing and Urban Development (HUD) in an effort to ensure that the public receives information necessary to prevent lead poisoning in homes requires that all sellers of residential dwellings built prior to 1978 provide to their agents and to the buyer a disclosure of lead paint notice form called the Lead-Based Paint and Lead-Based Paint Hazards Disclosure and Acknowledgement. Sellers of units in pre-1978 multifamily structures must provide prospective buyers with any available records or reports pertaining to lead-based paint and/or lead-based paint hazards in areas used by all the residents. If there has been an evaluation or reduction of lead-based paint and/or lead-based paint hazards in the entire structure, the disclosure requirement extends to any available records or reports regarding the other dwelling units.

Sellers must also offer prospective buyers ten days to inspect the property for lead-based paint and lead-based paint hazards. This ten day inspection period can be increased, decreased or waived by written agreement between Buyer and Seller.

Stanford requires this disclosure be provided on all transactions regardless of the year the property was built.

DISCLOSURE STATEMENT REGARDING COUNTY GEOLOGIC HAZARD ZONES

The County of Santa Clara publishes on its official website maps of the County's Geologic Hazard Zones ("GHZ"). The County GHZs identify areas where available information suggests specific geologic hazards may be present. Knowledge of whether or not a property might be located in a GHZ is very important because the County ordinance requires that prior to approval of certain applications for construction, the owner/applicant must submit a geologic report (prepared and signed by a Certified Engineering Geologist) for review by the County Geologist. Because of the potential impact on construction, it is important for you or anyone to whom you may sell your property interest to be aware of whether your property interest lies within a GHZ.

NATURAL HAZARD DISCLOSURE STATEMENT

California State Civil Code requires that the seller must disclose to the buyer whether the property

being sold is located within one or more of six specified natural hazard zones. The six zones are: 1.) A special flood hazard area as designated by the Federal Emergency Management Agency (FEMA); 2.) An area of potential flooding after a dam failure; 3.) A very high fire hazard severity zone; 4.) A wildland fire area; 5.) An earthquake fault zone; and 6.) A seismic hazard zone. FSH will provide the names and telephone numbers of agencies who can provide the information necessary to complete the Natural Hazard Disclosure Statement.

SMOKE DETECTOR STATEMENT OF COMPLIANCE

California law requires that smoke detectors be installed in every dwelling. Escrow cannot be closed until smoke detectors have been properly installed. They must be mounted on the ceiling or wall at a point centrally located in the corridor or area giving access to rooms used for sleeping purposes. If such rooms are located on an upper level, a smoke detector must be placed at the center of the ceiling directly above the upper landing of the stairway. In a two story home with bedrooms on both floors, at least two smoke detectors are required. In new home construction, the smoke detector must be hard-wired, with a battery back-up. In existing dwellings, the detector may be only battery operated.

WATER HEATER STATEMENT OF COMPLIANCE

California law also requires that all water heaters be braced, anchored, or strapped to resist falling or horizontal displacement due to earthquake motion. Additionally, it requires that the Seller of any real property containing a water heater to certify, in writing, that the Seller is in compliance with California State Law. The minimum standard for such bracing is set forth in the California Plumbing Code. A diagram discussing these requirements can be found on page 13 of The Homeowner's Guide to Earthquake Safety.

CARBON MONOXIDE DETECTOR NOTICE

California law requires that all existing single-family dwellings and other types of dwelling units intended for human occupancy have carbon monoxide detectors installed. Failure to do so can result in a fine, other damages, and attorney and court costs. The seller should install carbon monoxide detectors as required by building standards and manufacturers instructions. Stanford requires this disclosure on all transactions regardless of the year the residential dwelling was built.

RESIDENTIAL ENVIRONMENTAL HAZARDS: A GUIDE FOR HOMEOWNERS, HOMEBUYERS, LANDLORDS AND TENANTS

Sellers of residential dwellings built prior to 1960 are required to give the Buyer a complete environmental hazards disclosure report and a copy of Environmental Hazards: A Guide for Homeowners, Buyers, Landlords and Tenants. Stanford requires this disclosure on all transactions regardless of the year the residential dwelling was built.

THE HOMEOWNER'S GUIDE TO EARTHQUAKE SAFETY

Sellers of residential dwellings built prior to 1960 are required to provide the Buyer with a copy of the Homeowner's Guide to Earthquake Safety. Stanford requires this disclosure on all transactions regardless of the year the residential dwelling was built.

PROTECT YOUR FAMILY FROM LEAD IN YOUR HOME

This booklet describing lead-based paint hazards, issued by the United States Environmental Protection Agency, is a condition of the Lead-Based Paint and Lead-Based Paint Hazards Disclosure, Acknowledgement and Addendum.

Note: The environmental hazards: A guide for homeowners, buyers, landlords and tenants, the Homeowner's guide to Earthquake Safety, and Protect Your Family from Lead in Your Home is one booklet entitled the Combined Hazards Book.

SANTA CLARA COUNTY RIGHT TO FARM ORDINANCE (AN AGRICULTURAL DISCLOSURE)

The seller is required by the County of Santa Clara to disclose to the buyer that the County recognizes and supports the right to farm and permits agricultural operations.

CONDOMINIUM DOCUMENTS

California State Civil Code requires that sellers of condominiums provide specific information to buyers related to the homeowner's association, as well as the unit being transferred. This information must be obtained from the appropriate homeowner's association representative. A complete list is included on the Request for Homeowner Association ("HOA") Documents form. This disclosure is required for Peter Coutts Hill and Pearce Mitchell Houses. Ryan Court is not a condominium.

Other Disclosures

STANFORD UNIVERSITY RESIDENTIAL PROPERTY DISCLOSURE

The University requires that buyers of residential dwellings on the Stanford University campus be provided the University's disclosure regarding residential property.

NEW HOUSING

The University requires that buyers of residential dwellings on the Stanford University campus be provided this disclosure regarding the new housing to be developed adjacent to the residential subdivisions.

CAMPUS DRIVE REALIGNMENT

The University requires that buyers of residential dwellings on the Stanford University campus be provided this disclosure regarding plans to realign Campus Drive.

PETER COUTTS HILL GROUNDWATER MONITORING

If you are selling a condominium at Peter Coutts Hill, you must disclose to the buyer the groundwater drilling by Hewlett-Packard. Disclosure letters regarding groundwater investigation and remediation must be given to the buyer. Item C-1 on the second page of the Real Estate Transfer Disclosure Statement should be marked "yes".

PEARCE MITCHELL HOUSE'S OWNERS' ASSOCIATION - UNIVERSITY RELATED AGREEMENT

If you are selling a condominium at Pearce Mitchell Houses, you must disclose to the buyer that a settlement was reached between Stanford and the Pearce Mitchell House's Owner's Association regarding all asbestos related claims. The Pearce Mitchell House's Owner's Association-University Related Agreement and the General Release (Agreement) must be given to the buyer.

PEST CONTROL INSPECTION AND REPORT (TERMITE REPORT)

Stanford requires that a Termite Report be made on all campus properties in contract for sale. The responsibility for completing the Termite Report is negotiable. Typically, the seller is responsible for the Termite Report. If, after the completion of the Termite Report, any Section I work is required, the buyer or seller, as specified in the Purchase Contract, must either complete the work before the close of escrow date or funds will be held in the escrow account to cover the cost of the Section 1 items. The estimate for completion of the Section I items must be from a licensed pest control company or from a licensed contractor. Repairs for Section 1 items can be paid from sellers proceeds or by the buyer from escrow. If funds are to be held, the amount will be one and one-half times the estimated amount to complete the Section 1 work. If the work is completed prior to the close of escrow, a Notice of Work Completed and Not Completed (Notice of Completion) must be provided by a licensed pest control company. If funds are held in escrow for completion of the Section 1 work, the responsible party is still required to provide a Notice of Completion by a licensed pest control company after the work is completed. The Notice of Completion must be provided within ninety (90) days of the close of escrow date. Funds released from the escrow account must be authorized by FSH. A list of pest control companies who have performed work on the campus is available from FSH.

CLOSING THE ESCROW

The title company collects and prepares the documents that are required to transfer your interest in your leasehold property. Some documents may be signed at FSH, but the seller must sign certain documents at the title company. The close of escrow date is the date that the transaction is recorded in the Santa Clara County Records Office. All documents from both the buyer and seller must be signed five to seven days before the close of escrow date. It is your responsibility, as the seller, to contact the title company and schedule an appointment to sign the documents. If you will not be present at the time the documents must be signed, a Power-of-Attorney may be used. You must contact the title company for the form and procedure. The documents can be sent to you for signature prior to the close of escrow date. It is your responsibility to provide to the title company this contact information. Some documents will require signature before a Notary Public.

If the eligible seller has been divorced, Stanford must have legal proof that all interest in the property belongs to the eligible person. If the non-eligible spouse still holds an interest in the property, a Grant Deed must be signed by the non-eligible person granting his/her interest in the property to the eligible person or to Stanford. The title company can provide this document. If a divorce has not been finalized, the Grant Deed or Assignment must be signed by both husband and wife.

If you are a participant in the Housing Allowance Program (HAP), the housing allowance will terminate upon the sale of your property. If you have purchased another property and are still eligible to receive HAP, you must notify FSH in writing and include the following documents for HAP to continue: a copy of your recorded Grant Deed and a copy of your Settlement Statement from the title company. If your new home is on-campus or is financed with Stanford University housing program loans, you will only need to request that FSH continue your HAP. This request must be in writing.

CHECKLIST

The following list of documents must be received by FSH before the escrow can close:

- ___ A fully executed copy of the Purchase Contract.
- ___ The check from the buyer, made payable to the title company, for the deposit.
- ___ A copy of the Title/Title Documents (Sample Lease) form signed by both buyer and seller.
- ___ Notice Regarding Property Tax Assessments for Residential Leaseholds signed by both buyer and seller.
- ___ A copy of the Real Estate Transfer Disclosure Statement initialed on each page and signed on the last page, where appropriate, by both buyer and seller.
- ___ A copy of the PRDS Supplemental Seller Checklist signed by both buyer and seller.
- ___ A copy of the Lead-Based Paint and Lead-Based Paint Hazards Disclosure and Acknowledgement signed by both buyer and seller.
- ___ A copy of the Disclosure Statement Regarding County Geologic Hazard Zones signed by both buyer and seller.
- ___ Natural Hazard Disclosure Statement, including agency report signed by both buyer and seller.
- ___ A copy of the combined Smoke Detector Statement of Compliance and Water Heater Statement of Compliance signed by both buyer and seller.
- ___ A copy of the Carbon Monoxide Detector Notice signed by both buyer and seller.
- ___ Signed receipt for the Combined Hazards Book from buyer.
- ___ A copy of the completed Residential Earthquake Hazards Report signed by both buyer and seller.
- ___ A copy of the Santa Clara County Right to Farm Ordinance (an agricultural disclosure) signed by both buyer and seller.
- ___ A copy of the Request for Homeowner Association ("HOA") Documents form signed by both buyer and seller (if applicable).
- ___ A copy of the Stanford University Residential Property Disclosure signed by the buyer.
- ___ A copy of the New Housing Disclosure signed by both buyer and seller.
- ___ A copy of the Campus Drive Realignment disclosure signed by both buyer and seller.
- ___ A copy of the Peter Coutts Hill Groundwater Disclosure signed by both buyer and seller (if applicable).
- ___ A copy of the Pearce Mitchell House's Owners' Association - University Related Agreement disclosure signed by both buyer and seller (if applicable).
- ___ Termite Report.
- ___ Notice of Work Completed and Not Completed for the Section 1 items. The Notice of Completion must be provided to FSH ten (10) days before the close of escrow date or
- ___ Estimate for repair costs for Section 1 items. This estimate must be received by FSH ten (10) days prior to the close of escrow date.