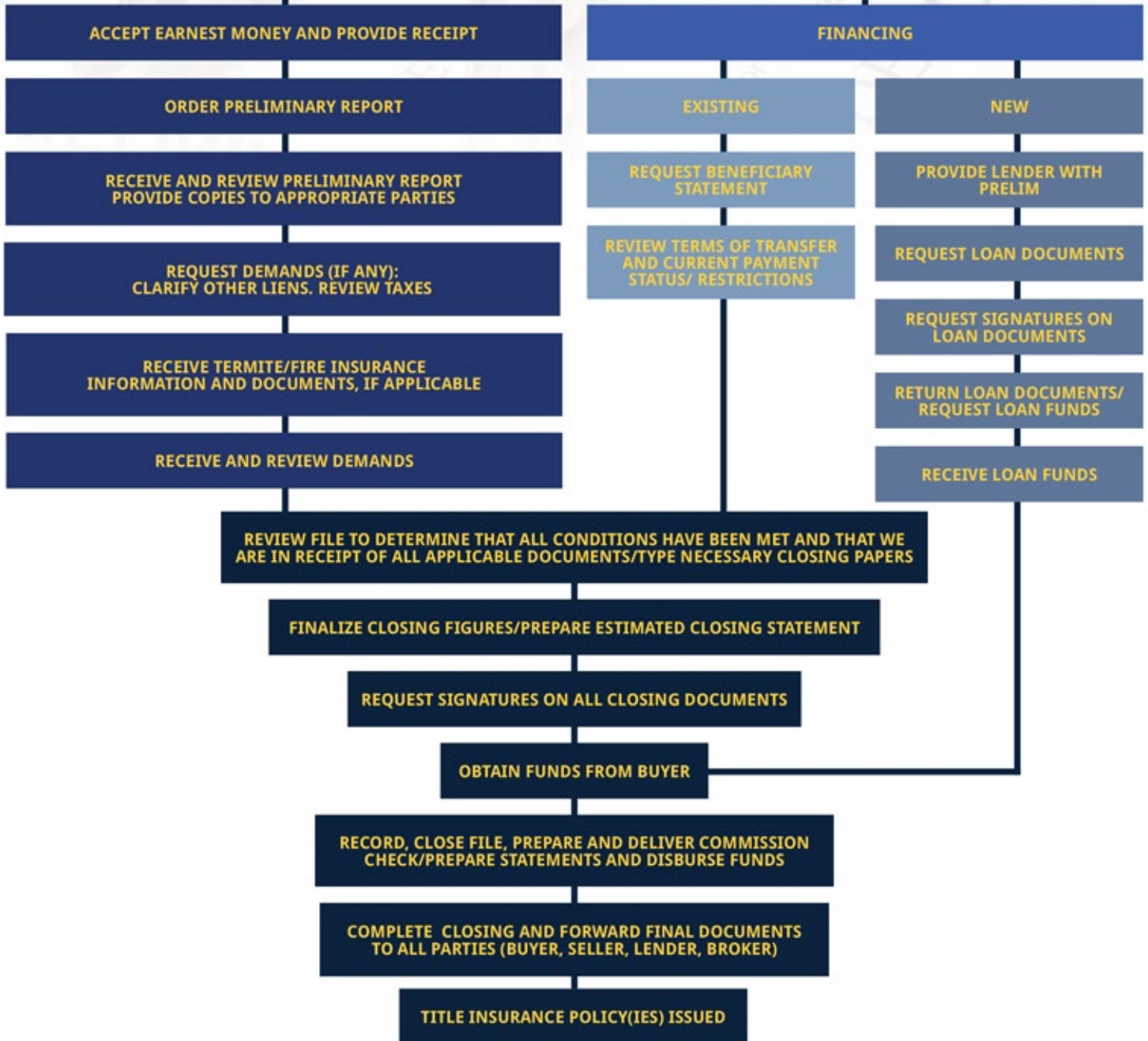




# The Life of an Escrow

ORDER IS OPENED. PREPARE ESCROW INSTRUCTIONS, NECESSARY DOCUMENTS AND COMMISSION ORDER. FORWARD TO APPROPRIATE PARTIES FOR REVIEW AND EXECUTION, NOTE: THIS IS DONE EITHER AT OPENING OR AT CLOSING DEPENDING ON THE CUSTOM OF THE COUNTY WHEREIN YOU ARE CLOSING.





## Escrow FAQs

### **What is an Escrow?**

Buyers and sellers of a piece of property establish terms and conditions for the transfer of ownership of the property. These terms and conditions are given to a third party known as the escrow holder. In turn, the escrow holder has the responsibility of seeing that terms of the escrow are carried out. The escrow is an independent neutral account and the vehicle by which the mutual instructions of all parties to the transaction are complied with.

### **Why is Escrow Needed?**

Whether you are the buyer or the seller, you want assurance that no funds or property will change hands until all instructions have been followed. With the increasing complexity of transactions, it takes a trained professional to help navigate a successful closing.

### **How Long is an Escrow?**

The length of an escrow is determined by the terms of the purchase agreement/joint escrow instructions and can range from a few days to several months.

### **Who Chooses the Escrow?**

The selection of the escrow holder is normally done by agreement between the principals. If a real estate agent is involved, they may recommend an escrow holder.

### **Why Choose Fidelity National Title?**

Fidelity National Title Escrow has experienced and knowledgeable Escrow Officers waiting to assist you. We can handle your Residential and Commercial Purchases and/or Refinance Escrows, from the unique to the complex. Fidelity National Title has offices locally and nationwide to accommodate the most demanding Buyers, Sellers and Borrowers. Call us today to close your next transaction.





## About The Escrow Process

### How Does The Escrow Process Work?

The escrow is a depository for all monies, instructions and documents necessary for the purchase of your home, including your funds for down payment and your lender's funds and documents for the new loan. Generally, the buyer deposits a down payment with the escrow holder and the seller deposits the deed and any other necessary documents with the escrow holder. Prior to the close of escrow the buyer deposits the balance of the funds required and agreed upon by the parties with the escrow holder. The buyer instructs the escrow holder to deliver the monies to the seller when the escrow holder:

- ✓ Forwards the deed to the title company for recording
- ✓ Is notified by the title company that a policy of title insurance can be issued showing title to the property is vested in the name of the buyer
- ✓ The escrow holder thus acts for both parties and protects the interests of each within the authority of the escrow instructions. Escrow cannot be completed until the terms and conditions of the instructions have been satisfied and all parties have signed escrow documents. The escrow holder takes instructions based on the terms of the purchase agreement and the lender's requirements

### Escrow Duties

The Escrow Officer's duties typically include the following:

- Receive signed Purchase Agreement;
- Receive and deposit buyer's earnest money into an escrow account
- Serve as the neutral agent and liaison/communication link to all parties to the transaction
- Order Preliminary Report to determine status of title to property
- Request beneficiary's statement or pay-off demand related to existing financing
- Comply with lender's requirements as specified in the lender's closing instructions
- Secure releases of all escrow contingencies or other conditions required
- Prorate taxes, interest, insurance and rents
- Prepare/secure the transfer deed or other documents necessary to consummate the transaction
- Arrange appointments for buyer/seller to sign documents
- Request and receive purchase funds from the buyer and loan funds from new lender
- Close escrow pursuant to instructions provided by seller, buyer, and lender.
- Arrange for recording of deeds and any other documents as instructed
- Request issuance of the title insurance policies
- Disburse funds as authorized, including charges for title insurance, recording fees, commissions and loan payoffs
- Disposition of all funds held in escrow account
- Prepare final accounting statements for the parties

### Communication Tips for Escrow

- ✓ When calling the escrow officer, have the escrow number and buyer/seller's names handy.
- ✓ Keep the escrow officer informed on any matters that may affect the transaction.
- ✓ Direct your questions to the proper representative, such as:
  - Real Estate Agent:** Physical aspects of property, conflicts, and terms of sale.
  - Lender:** Loan terms, credit report issues, etc.
  - Escrow Officer:** Escrow instructions, documents and forms to be filled out.



## Opening Escrow

The selection of the escrow holder is normally done by agreement between the parties to a transaction. Typically, the escrow is then opened by the real estate agent. Which agent (the “seller side” or the “buyer side”) will open the escrow is generally determined by local practice.

Escrow may be opened via telephone, email, website form or in person, depending upon the preference of the agent and which options are available through the escrow company. An escrow file number is assigned and the appropriate information is entered into the computer. Upon issuance of the escrow file number, the escrow officer will order a Preliminary Report from the title company or title department.

The escrow officer will need some basic information in order to open and proceed with the escrow:

- Correct street address, and parcel # if available
- Sales price
- Full names of all parties involved and marital status
- Contact information for all parties
- Existing lender name, loan number, contact information and approximate unpaid balance
- HOA (Homeowner’s association) information, such as address and dues
- HOA management company information (if any)
- Commission amount and additional conditions

In general, the first item to enter the escrow is the buyer’s initial deposit. The escrow file will grow, item by item, until all of the conditions have been met and the escrow is ready to close.

### The Escrow Officer Will Also Need the Following From the Buyer’s Agent:

- How the buyer(s) wants to take title (see Vesting Chart)
- New lender information
- Fire/hazard insurance information for new policy or existing policy





## Your Signing Appointment

Please refer to the following list of considerations before your signing appointment:

### **IDENTIFICATION**

There are several acceptable forms of identification which may be used during the escrow process including:

- A current driver's license
- Passport
- State of California Department of Motor Vehicles ID card

One of these forms of identification must be presented at the signing of escrow in order for the signature to be notarized.

### **VESTING FOR TITLE**

Before recording ownership for your new property, you will need to decide how you would like to hold title. You may wish to consult a lawyer, accountant, or other qualified professional before making this decision.

### **DEPOSITING FUNDS TO CLOSE ESCROW**

In order to prevent possible delays in the closing of your escrow, be prepared to provide a Cashier's or Certified check cleared through the CA Federal Reserve for the amount requested by your escrow officer. Wire instructions will be provided should you prefer to wire transfer funds into escrow.

### **LENDER'S REQUIREMENTS**

Check in with your loan officer to ensure that you have satisfied your lender's requirements before coming to the Fidelity National Title office to sign papers.

### **FIRE & HAZARD INSURANCE**

When you are buying a single-family, detached home, and in some cases, a townhouse, be sure to order your hazard insurance policy before the loan has been approved. You will then need to contact your escrow officer to provide the insurance agent's name and contact information so that they can make sure the policy complies with your lender's requirements. You must have the insurance policy in place before the lender sends money to the title company for closing. If you do not have an insurance agent, your real estate agent may be able to refer someone for you.