

LIFE OF AN ESCROW

It all begins with the offer and acceptance skillfully negotiated by the real estate agents representing Buyer and Seller.

The Buyer(s)

Tenders a written offer to purchase (or accepts the Seller's counter-offer) accompanied by a good faith deposit amount.

Approves and signs the escrow instructions and other related instruments required to complete the transaction.

Approve the preliminary report or title commitment and any property disclosure or inspection report required in the purchase and sale agreement.

Approves and signs new loan documents and fulfills any remaining conditions contained in the contract, lender's instructions and/or the escrow instructions.

Deposit funds necessary to close the escrow.

Approve any changes by signing amendments in the escrow instructions.

The Lender (when applicable)

Accepts the new loan application and other related documents from the Buyer(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.

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

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

Deposit the new loan documents and instructions with the settlement agent for Buyer's approval and signature.

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

The Escrow Settlement Officer

Receive an order for escrow and title services.

Place order for the preliminary report or title commitment for the subject property from Commonwealth Title.

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.

Prepare the escrow instructions and required documents in accordance with terms of the sale.

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

Reviews documents received in the escrow: preliminary report or title commitment, payoff or assumption statements, new loan package and other related instruments.

Review the conditions in the lender's instructions including the hazard and title insurance requirements.

Present the documents, statements, loan package(s), estimated closing statements and other related documents to the principal(s) for approval and signature, and requests the balance of the buyer's funds.

Receive the proceeds of the loan(s) from the lender(s).

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

Assisted by title personnel, records the deed, deed of trust and other documents required to complete the transaction with the County Recorder and orders the title insurance policies. Depending on the property location, the recordation of the documents may occur after the closing date.

Close the transaction by preparing the final settlement statements, disbursing the proceeds to the Seller, paying off the existing encumbrances and other obligations.

Deliver the appropriate statements, funds and remaining documents to the principals, agents and/or lenders.

The Seller(s)

Accept Buyer's Offer to Purchase and initial good faith deposit to open escrow.

Submit documents and information to escrow holder, such as: addresses of lien holders, tax receipts, equipment warranties, home warranty contracts, any leases and/or rental agreements.

Approves and signs the escrow instructions, grant deed and other related documents required to complete the transaction.

Orders inspections, receives clearances and approves final reports and/or repairs to the property as required by the terms of the purchase and sale agreement (Deposit Receipt).

Fulfills any remaining conditions specified in the contract and/or escrow instructions; approves the pay off demands and/or beneficiary's statements.

Approve any final changes by signing amendments to the escrow instructions or contract.

Commonwealth Title

Receive an order for title service.

Examines the public records affecting the real property and issues a preliminary report or title commitment.

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

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

Commonwealth Title records the signed documents with the County Recorder's office and prepares to issue the title insurance policies.