



**IN-HOUSE ESCROW**

Your Closing Partner



# **HOME BUYER'S GUIDE**

to the Escrow & Title Process

# Content

- 🔍 Closing Contacts
- 🔍 Welcome
- 🔍 Real Estate Terms
- 🔍 Title Decoded
- 🔍 Real Estate Terms
- 🔍 Key Players Involved in Your Transaction

- 🔍 Escrow Decoded
- 🔍 The Escrow Process
- 🔍 What Happens in Escrow?
- 🔍 Title Insurance Decoded
- 🔍 What's Next for the Buyer?
- 🔍 Buyer Beware! Avoid These Mistakes
- 🔍 Closing of Your Escrow



## Closing Contacts

Your Escrow Number \_\_\_\_\_

Your New Address \_\_\_\_\_

City/State/Zip \_\_\_\_\_

## Escrow Contacts

Escrow Officer \_\_\_\_\_

Escrow Assistant \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

Escrow Officer Email \_\_\_\_\_

Escrow Asst. Email \_\_\_\_\_

Phone \_\_\_\_\_

Fax \_\_\_\_\_

## Title Contacts

Title Officer \_\_\_\_\_

Title Assistant \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

Title Officer Email \_\_\_\_\_

City/State/Zip \_\_\_\_\_

Phone \_\_\_\_\_

Fax \_\_\_\_\_

# IN-HOUSE ESCROW

## YOUR CLOSING PARTNER



## Welcome

to the home-buying and closing process. Throughout this process, you can count on your In-House Escrow ("IHE") team to guide you smoothly through your transaction, and provide expert answers to your questions. We are eager to serve you.





## ○ You can count on us for **SERVICE**

IHE's professionals are proud to provide you with exceptional customer service and expertise from the open of escrow all the way to the closing date. Your transaction will be expertly completed in accordance with all federal and state specific rules and regulations.

---

## ○ You can count on us for **CONVENIENCE**

We know you are busy! That is why we offer you the choice of coming into any one of our office locations to sign your closing documents or we will arrange for a notary to come visit you at your home, office, or other location at a time that is convenient for you – **all at no extra charge!**

---

## ○ You can count on us for **PEACE OF MIND**

IHE has partnered with Fidelity National Home Warranty to provide you with complimentary home warranty coverage for your first year of home ownership. You have just bought a new home – now you can enjoy it without the worry of unforeseen repairs cropping up after closing.

You can find out more about the home warranty coverage here:

<https://www.homewarranty.com/homeowner/faqs>



# REAL ESTATE TERMS

## ○ AMENDMENTS

A change - either to alter, add to, or correct - part of an agreement without changing the principal idea or essence.

## ○ ASSUMPTION

Taking over another person's financial obligation; taking title to a parcel of real property with the Buyer assuming liability for paying an existing note secured by a deed of trust against the real property.

## ○ COMPARABLE SALES

Sales that have similar characteristics as the subject real property, used for analysis in the appraisal. Commonly called "comps."

## ○ APPRAISAL

An estimate of value of property resulting from analysis of facts about the property an opinion of value.

## ○ BENEFICIARY

The recipient of benefits, often from a deed of trust usually the lender.

## ○ CLOSE OF ESCROW

Generally the date the documents are recorded and title passes from Seller to Buyer. On this date, the Buyer becomes the legal owner, and title insurance becomes effective.



### 🕒 **CLOSE OF ESCROW**

A form of encumbrance that usually makes a specific parcel of real property the security for the payment of a debt or discharge of an obligation. For example, judgments, taxes, mortgages, deeds of trust.

### 🕒 **DEED RESTRICTIONS**

Limitations in the deed to a parcel of real property that dictate certain uses that may or may not be made of the real property.

### 🕒 **EASEMENT**

A right, privilege or interest limited to a specific purpose that one party has in the land of another.

### 🕒 **IMPOUNDS**

A trust type of account established by lenders for the accumulation of borrower's funds to meet periodic payments of taxes, mortgage insurance premiums and/or future insurance policy premiums, required to protect their security.

### 🕒 **DEED OF TRUST**

An instrument that pledges the property as security for the loan which permits a trustee to foreclosure if the borrower fails to make the monthly payments.

### 🕒 **EARNEST MONEY DEPOSIT**

Down payment made by a purchaser of real property as evidence of good faith; a deposit or partial payment.

### 🕒 **HAZARD INSURANCE**

Real estate insurance protecting against fire, some natural causes, vandalism, etc., depending upon the policy. Buyer often adds liability insurance and extended coverage for personal property.

### 🕒 **LEGAL DESCRIPTION**

A description of land recognized by law, based on government surveys, spelling out the exact boundaries of the entire parcel of land. It should so thoroughly identify a parcel of land that it cannot be confused with any other.



### ○ **MORTGAGE**

An instrument by which real property is pledged as security for repayment of a loan.

### ○ **POWER OF ATTORNEY**

A written instrument whereby a principal gives authority to an agent. The agent acting under such a grant is sometimes called an "Attorney-in- Fact."

### ○ **QUIT CLAIM DEED**

A deed operating as a release, intending to pass any title, interest, or claim which the grantor may have in the property, but not containing any warranty of a valid interest or title by the grantor.

### ○ **PITI**

A payment that combines Principal, Interest, Taxes, and Insurance.

### ○ **PURCHASE AGREEMENT**

The purchase contract between the Buyer and Seller. It is usually completed by the real estate agent and signed by the Buyer and Seller.

### ○ **RECORDING**

Filing documents affecting real property with the County Recorder as a matter of public record.





# KEY PLAYERS INVOLVED IN YOUR TRANSACTION

## ○ REAL ESTATE AGENT

A real estate agent is licensed by the state to represent parties in the transfer of property. An agent is either a “Listing Agent” or a “Buyer’s Agent” depending on which party they are representing in the transaction.

## ○ BUYER’S AGENT

A buyer’s agents or broker represents the buyer in a real estate transaction. They are responsible for finding properties that meet the buyer’s criteria for a home such as neighborhood, number of beds and bathrooms, square footage lot size and prices among many others. When a buyer finds a home they

## ○ LISTING AGENT

A listing agent or broker represents the seller in a real estate transaction. They are responsible for advising the seller about the market values of the property, working with the seller to prepare the property for sale and placing it on the Multiple Listing Service. When a buyer makes an offer to purchase the property the Listing Agent also provides the seller with advice as to whether or not to accept offer as is or makes changes to it (“counter-offer”). Once the buyer and seller come to agreement as to the terms of the purchase agreement the Listing Agent will assist and advise the seller for the remainder of the transaction until closing.





would like to purchase, the buyer's agent advises the buyer about what purchase price to offer and helps negotiate other terms with the seller. Once the buyer and seller come to agreement as to the terms of the purchase agreement the buyer's agent will assist and advise the buyers for the remainder of the transaction until closing.

### ○ **ESCROW OFFICER**

An escrow officer leads the facilitation of your escrow including the drafting of the escrow, instructions document preparation, drafting of the settlement statement and title transfer documents, funds disbursement, and more.

### ○ **MULTIPLE LISTING SERVICE (MLS)**

The MLS is a database of properties listed for sale by Realtors who are members of the local Association of Realtors. Information on an MLS property is available to thousands of Realtors but not to the general public.

### ○ **TITLE COMPANY**

These are the people who carry out the title search and examination and work with you and your escrow agent to eliminate the title exceptions you are not willing to take title take subject to. They also provide the policy of title insurance regarding title to the real property.

# THE ESCROW PROCESS

## UNDERSTANDING YOUR ESCROW TRANSACTION





# ESCROW DECODED

## What is Escrow?

Escrow is the process of having a neutral party manage the exchange of money for property. The escrow holder is known as an escrow or settlement agent. In this case that is In-House Escrow. The buyer deposits funds and the seller deposits a deed with the escrow agent along with all of the other documents required to remove all “contingencies” (conditions and approvals) in the purchase agreement prior to closing.

## How is an Escrow Opened?

Once a purchase agreement is signed by all necessary parties, the parties deposit the purchase agreement and the buyer's earnest money with IHE. From this point, we will follow the mutual written instructions of the buyer and seller, maintaining a neutral stance to ensure that neither party has an unfair advantage over the other. We also follow the instructions of the buyer's lender, the seller's existing lender, and both parties' agents. IHE ensures the transparency of the transaction, while carefully maintaining the privacy of the parties.



## What Happens In ESCROW?

- Once opened, we deposit the buyer's earnest money into an escrow trust account;
- We review the preliminary title report to determine ownership and status of the subject real property;
- Begin the process of eliminating the title exceptions the buyer and/or their lender are not willing to take title subject to;
- Request payoff information for the seller's loans (if applicable), other liens, homeowner's association fees, etc;
- Prorate fees, such as real property taxes, per the contract, and prepare the settlement statement;
- Coordinate separate appointments allowing the buyer and seller to sign loan and title transfer documents and deposit necessary funds;
- Review and return loan documents to ensure all conditions and legal requirements are fulfilled; Await receipt of loan proceeds from lender;
- When all funds are deposited, record title transfer documents with the County Recorder's Office to transfer title from seller to buyer;
- After the recordation is confirmed, close escrow and disburse funds, including seller's proceeds, loan payoffs, and payment to any service providers utilized in the transaction:
- Prepare and send final documents to all parties involved.





# TITLE INSURANCE DECODED

## What Is Title Insurance?

Title insurance provides coverage for certain losses due to defects in the title that, for the most part, occurred prior to your ownership. Title insurance protects against defects such as prior fraud or forgery that might go undetected until after closing and possibly jeopardize your ownership and investment.

## Why Is Title Insurance Needed?

Title insurance insures buyers against the risk that they did not acquire marketable title from the seller. It is primarily designed to reduce risk or loss caused by defects in title from the past. A Loan or Lender's Policy of Title Insurance protects the interest of the mortgage lender, while an Owner's Policy protects the equity of you, the buyer, for as long as you or your heirs (in certain policies) own the real property.

## When Is The Premium DUE?

The Owner's title insurance policy is paid in full at the close of escrow. Usually the Seller pays for the Owner's Policy and the Buyer pays for the Lender's Policy however that can vary depending on local custom and/or the terms negotiated in the purchase agreement.



## How Is Title Insurance Different Than Other Forms Of Insurance?

Unlike other forms of insurance, title insurance emphasizes loss prevention for the insured. Title professionals perform labor-intensive work to find and address title issues that could threaten your homeownership. This upfront analysis gives you, as a policy holder, the peace of mind that your title risk has been effectively reduced. In contrast, insurance based on loss assumption (such as auto or property and casualty insurance) requires little upfront work because claims cannot be predicted or prevented, and premium funds are needed only in the event of an accident or other covered issue. These types of insurance also require annual coverage payments, unlike title insurance, which is paid for only once upon the purchase of your home or establishment of a new mortgage.

# TITLE REPORT CONTENTS

## Schedule A

This is the information submitted to the title company unit by the escrow officer. It contains the basic information given to us by the Buyer or real estate professional, such as the legal description of the real property, sale price, loan amount, lender, name, and marital status of Buyer and Seller.

## Schedule B

The schedule B “exceptions” are items which are tied to the subject property, and the Buyer’s rights in the title will be subject to these exceptions. These may include Covenants, Conditions, and Restrictions (CC&Rs); easements; Homeowners Association by-laws; leases; and other items which will remain of record and transfer with the property. The Buyer is asked to sign a receipt for the schedule B documents which states the Buyer has read and accepts the contents.

## Requirements

These are items that your title company needs to delete and/or record prior to insuring title to the real property.

**Items that need to be addressed include:**

- ☐ Current property-tax status
- ☐ Any assessments that are owed, such as those for a Homeowners Association

Any encumbrances (or liens) on the real property Sometimes items show up against a parcel of real property because another person has a name similar to an involved party. This is one reason we ask for an Identity Statement, to determine if items are inaccurate and can be deleted.





# TITLE INSURANCE PROTECTIONS

There are many title issues that could cause you to lose your real property or your mortgage investment. Even the most careful search of public records may not disclose the most dangerous threat: hidden risks. These issues may not be uncovered until years later. Without title insurance from a reputable and financially solvent company, the ownership of your home could be jeopardized. Here are some examples of title issues that may occur.

- ✓ Deeds by persons supposedly single, but secretly married
- ✓ Deeds in lieu of foreclosure given under duress
- ✓ Marital rights of spouse purportedly, but not legally, divorced
- ✓ Impersonation of the true owner of the land
- ✓ Deeds by minors
- ✓ Deeds by persons of unsound mind
- ✓ Deeds to or from defunct corporations
- ✓ Defective acknowledgements by notaries
- ✓ Duress in execution of instruments
- ✓ Erroneous reports furnished by tax officials
- ✓ Forged deeds, releases, etc.
- ✓ Mistakes in recording legal documents
- ✓ Surviving children omitted from will
- ✓ Administration of estate of persons absent but not deceased
- ✓ Birth or adoption of children after date of will
- ✓ Claims of creditors against real property sold by heirs or devisees
- ✓ Deed of community property recited to be separate property
- ✓ Deeds by foreign parties





# WHAT HAPPENS NEXT FOR THE BUYER?

## Identity Statement

You may be asked to fill out an Identity Statement that enables the title company to distinguish you from others with identical or similar names during our search of County records. It also provides basic information that will be useful to your escrow officer.

## Home Loan

Unless you are paying cash, assuming a loan, or the seller is financing, you will need to apply for a home loan if you have not already done so. Apply as soon as possible to comply with the purchase contract and prior to insuring to avoid any delay in closing.

## Preliminary Report

You will receive a copy of the preliminary report when the title company has complete the title search. If you have questions about the preliminary report, contact your real estate agent or your escrow officer.

## Response To Seller's Notices

If directed by the contract, you may receive the following items which require a response from you:

- Seller's property disclosure statement listing any existing problems known to the seller
- Information pertaining to the Homeowners Association (HOA) or Planned Unit Development (PUD), such as Covenants, Conditions and Restrictions (CC&Rs), if applicable
- Flood hazard disclosure if the real property is in a flood area
- Unless you have waived inspection, perform general property inspections and request any repairs as needed or required



When you consider the number of people involved, you can imagine the opportunities for delays and mishaps. during the closing process. While your experienced real estate professional, escrow and title team can't prevent all unforeseen problems from arising, they can help to ensure a smooth closing.



## **BUYER BEWARE!!!**

### **AVOID THESE COMMON MISTAKES!**

#### **Maintain your current employment.**

An employment change may result in your loan being denied, particularly if you are taking a lower-paying position or moving into a different field. Don't think you're safe because you've received approval earlier in the process, as the lender will always call your employer prior to closing to re-verify your employment and may pull the plug if you have lost or changed jobs.

#### **Leave your money where it is!**

After the lender has verified your funds at one or more banks or financial institutions, the money should remain there until needed for the purchase.

#### **Don't pay off existing accounts unless your lender requests it.**

If your Loan Originator advises you to pay off certain bills in order to qualify for the loan, follow that advice. Otherwise, leave your accounts as they are until your escrow closes.

#### **Leave large purchases for after closing.**

A major purchase that requires a withdrawal from your verified funds or increases your debt can result in your not qualifying for the loan. A lender may check your credit or re-verify funds at the last minute, so avoid purchases that could impact your credit rating or your loan approval.





# CLOSING OF YOUR ESCROW

## The Closing/Signing Appointment

IHE will contact you or your agent to schedule a closing or signing appointment. In some states, this is the close of escrow- In some others, the close of escrow is either the day the documents record or that funds are disbursed. Please ask us or your agent if you would like clarification about your state's laws. You can either come into any one of our offices to sign your documents, or we can make arrangements for a notary to come to you at no extra charge.

At your signing appointment You will have a chance to review the settlement statement and supporting documentation. This is your opportunity to ask questions and clarify terms. You should review the settlement statement carefully and report discrepancies to your escrow officer. This includes any payments that may have been missed. You are responsible for all charges incurred even if overlooked by the escrow agent, so it's better to bring these to their attention before closing.

The escrow agent is obligated by law to have the designated amount of money before releasing any funds. If you have questions please let us know immediately!





## **Don't Forget Your ID!!!!**

You will need valid identification with your photo I.D. on it when you sign documents that need to be notarized such as a deed of trust or identify affidavit). A driver's license is preferred.

## **What Happens Next?**

If you are obtaining a new loan, the signed loan documents will be returned to your lender for review. IHE will ensure that all contract conditions have been met and will ask the lender to "fund the loan." If the loan documents are satisfactory, the lender will send the check directly to us. When the loan funds are received, the IHE will verify that all necessary have been received. Escrow funds will be disbursed to the Seller and other appropriate payees in accordance with the settlement statement. Then, you'll receive the keys to your home!



# AFTER CLOSING

We recommend you keep all records pertaining to your home together in a safe place, including all purchase documents, insurance, maintenance, and improvements.

---

## Home Warranty Repairs

If you discover needed repairs, please call Fidelity National directly and have your home warranty number available so they can assist you in getting them taken care of.

## Recorded Deed

The original deed signed by the seller transferring the title to your home will be mailed directly to you by the County Recorder, generally within four to six weeks.

## Title Insurance Policy

Your title company will mail your policy directly to you in about 2 to 3 weeks.

## Property Taxes

You may not receive a tax statement for the current year on the home you buy; however, it is your obligation to make sure the taxes are paid when due. Check with your mortgage company to find out if taxes are included with your payment.



In-House Escrow, LLC makes no express or implied warranty respecting the information presented and assumes no responsibility for errors or omissions. The In-House Escrow logo and Wordmark are registered trademarks of In-House Escrow Services, LLC.

(Rev 02/2018)

---

©2018 In-House Escrow LLC, and In House Escrow Services, LLC.  
All rights reserved.

