



# Guide to the Escrow Process

## When a buyer's offer to purchase is **accepted**...

1. Escrow is opened!
  - . The buyer's agent will open escrow, submit earnest money deposit, and notify the lender.
2. Preliminary title report is provided for buyer to review
  - . This report will identify the conditions of the current ownership so that the buyer is made aware of liens, loans, etc.
3. Various inspections are performed and reports are reviewed by buyer
  - . Pest inspection, home inspection, well testing and inspection, soil testing, etc.
  - . Discuss with your Realtor® to determine which inspections are necessary for type of property being purchased
4. Appraisal is completed per lender requirements
  - . The lender may have concerns if the property appraises much lower than the purchase price
5. Negotiations take place, if necessary
  - . After inspections, a buyer may request repairs to be done by the seller. These negotiations may lead to changes in the contract and need to be resolved before escrow can proceed
6. Buyer secures home insurance
  - . It's best to get in touch with a home insurance provider as soon as escrow is opened. Depending on the condition of the property, it could take some time to get insured. Any delays could hold up the escrow process
7. Loan documents get signed by buyer and sent to escrow
  - . After appraisal and negotiations, the loan must get final approval from lender before the documents can be signed

8. Escrow compiles all closing documents
9. Buyer and seller each sign closing documents
  - . The buyer and seller must each make an appointment to visit the escrow company
  - . It is not typical for the buyer and seller to ever meet during the escrow process
10. Buyer deposits required funds
11. Lender funds the loan
  - . At this point, the lender is done with the escrow process
12. Documents are recorded
  - . A new deed with the buyer's name is recorded with the county where the property is located
13. Escrow disburses funds
14. Escrow is closed
15. Buyer receives the keys!

## What is Escrow?

An escrow is a neutral third party that manages the exchange of money during the purchase or sale of real estate. Each transaction is assigned an escrow officer. All required documents and funds are sent to escrow during the transaction. The escrow officer will make sure all requirements are met before disbursing funds and closing escrow.

## What is a Preliminary Title Report?

The title company will perform a title search on the subject property to identify the property-tax status, assessments that are owed, and existing liens. You will also find CC&R's, easements, HOA by-laws, and leases that will transfer with the property. The buyer must review and accept this report before proceeding with the escrow process.

## How to Avoid Delays during Escrow?

- Avoid changing jobs, it could jeopardize your loan approval
- Avoid switching banks; your lender verified your funds and they need to stay put until closing
- Avoid making large purchases as it could impact your loan approval
- An escrow transaction can involve many people including real estate agents, attorneys, escrow officer, title officer, assistants, loan officers, home warranty reps, inspectors, service professionals, buyers, and sellers. There are many opportunities for delays or mishaps and your Realtor® will work with all of them to prevent problems from arising