



ESCROW

OPTIONS GROUP

HOME SELLER'S GUIDE

TO THE TITLE & ESCROW
PROCESS IN CALIFORNIA

YOUR ESCROW NUMBER

QUICK REFERENCE

PROPERTY ADDRESS _____

CITY/STATE/ZIP _____

ESCROW CONTACTS

ESCROW OFFICER _____

PHONE _____ EMAIL _____

ESCROW ASSISTANT _____

PHONE _____ EMAIL _____

FAX _____ ADDRESS _____

TITLE CONTACTS

TITLE OFFICER _____ EMAIL _____

TITLE ASSISTANT _____ EMAIL _____

COMPANY _____ PHONE _____

FAX _____ ADDRESS _____

Contents

QUICK REFERENCE

WELCOME

TERMS YOU SHOULD KNOW

UNDERSTANDING THE ESCROW PROCESS

THE LIFE OF AN ESCROW (CHART)

**WHAT TO EXPECT FROM YOUR
ESCROW PROFESSIONAL**

**KEY PROFESSIONALS
INVOLVED IN YOUR TRANSACTION**

INDEPENDENT VS BROKER OWNED

Welcome to the home selling process

Throughout the home-selling process, you can count on Escrow Options Group to guide you smoothly through your transaction and provide expert answers to your questions.

We are *always* at your service!

COUNT ON ESCROW OPTIONS GROUP

COUNT ON US FOR **SECURITY**

Escrow Options Group is proud to have passed our annual Statement on Standards for Attestation Engagements (SSAE) SOC Audit. We have established the “ALTA Best Practices” according to the recent suggestions and guidance provided by American Land Title Association (ALTA). ALTA created these Best Practices to help its members highlight policies and procedures the settlement industry exercises to protect consumers, while ensuring a positive and compliant real estate settlement experience. Offering encrypted emails, Escrow Options Group provides the highest level of security for your most sensitive information.

COUNT ON US FOR CONVENIENCE

With multiple offices conveniently located throughout Southern California and staffed with highly-qualified officers, your escrow will be well-managed and on track to a successful closing. Escrow Options' offices are located in five major counties: Orange County, Riverside County, Los Angeles County, San Bernardino County, and San Diego County.

COUNT ON US FOR STABILITY

Established in 2005 and licensed with the Department of Financial Protection and Innovation (DFPI), Escrow Options Group, Inc. is an independent full-service escrow firm dedicated to managing your escrow.

COUNT ON US TO MEET YOUR NEEDS

Our highly skilled escrow officers have the knowledge required to handle any escrow demands relating to residential resale, REO, new homes, refinance, short sales, commercial, and investment properties.

TERMS YOU SHOULD KNOW

AMENDMENT

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



APPRAISALS

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

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.

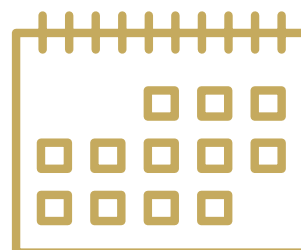


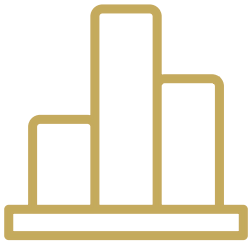
BENEFICIARY

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.





COMPARABLE SALES

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

DEED OF TRUST

An instrument used in many states in place of a mortgage.

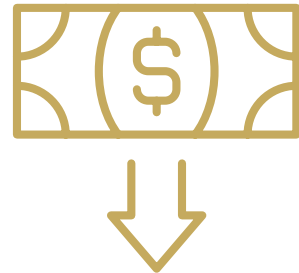


DEED RESTRICTIONS

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.

EARNEST MONEY DEPOSIT

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



EASEMENT

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

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.



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.



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.



LIEN

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, judgements, taxes, mortgages, deeds of trust.



MORTGAGE

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



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.

UNDERSTANDING THE ESCROW PROCESS

An escrow is a process wherein the Buyer and Seller deposit written instructions, documents, and funds with escrow until certain conditions are fulfilled. It enables the parties to the escrow to deal with each other without risk, provides an accounting of all the funds deposited in the escrow, and provides the Buyer and the Seller with a settlement statement.

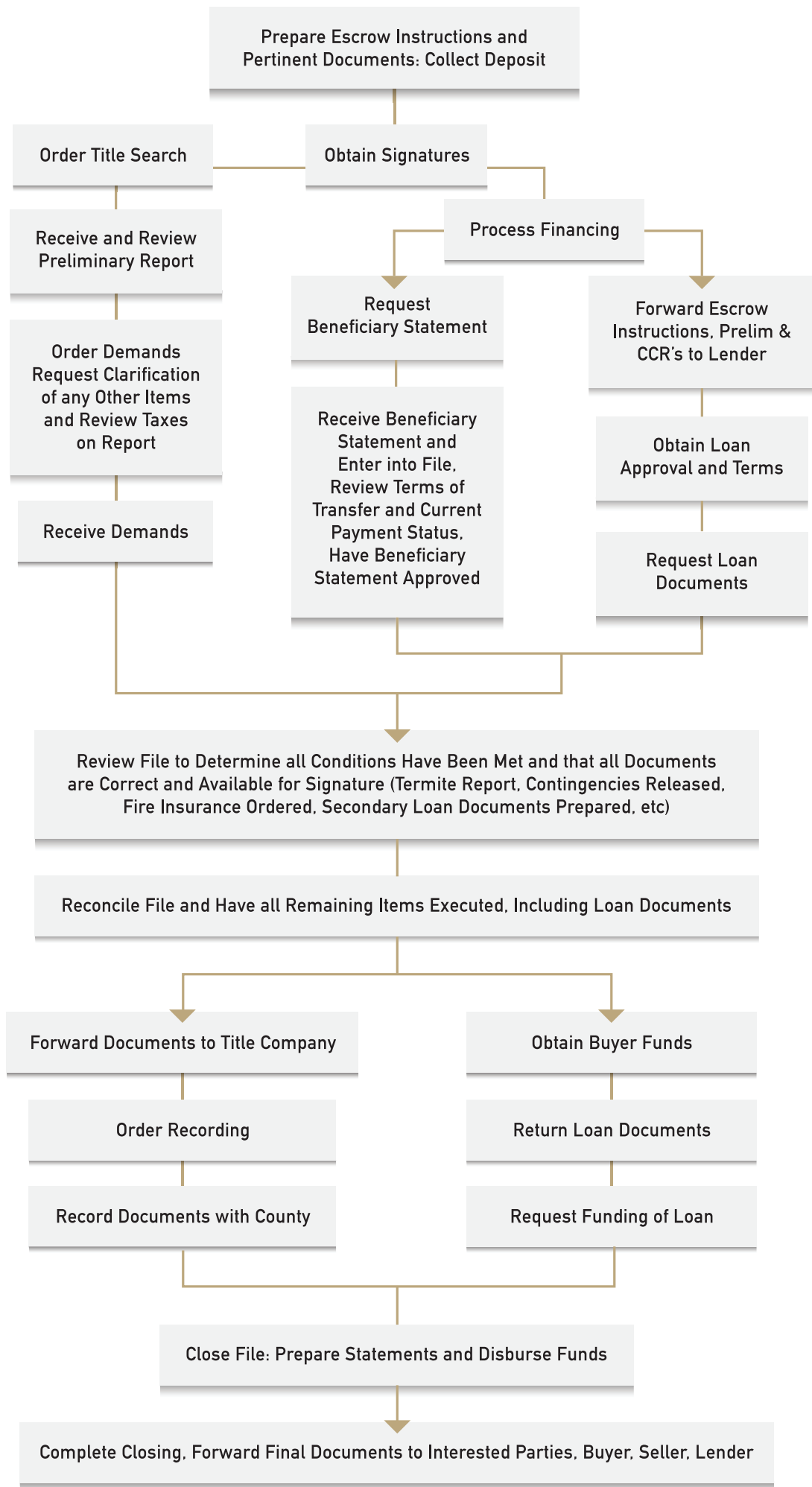
In a real estate transaction, the Buyer does not pay the Seller directly for the property. The Buyer deposits the funds to an escrow holder. The escrow holder, acting as a neutral third party, verifies that a title insurance policy can be issued pursuant to the terms of the contract. Then, the escrow holder arranges for the documents transferring title to the property to the Buyer to be recorded, for the issuance of the title policy, pays any liens and all the costs associated with the sale that are chargeable to the Buyer and Seller, and disburses the sales proceeds to the Seller.

If the Buyer gets a new loan, then the lender's money is deposited into the escrow and the lender's security documents are recorded at the same time as the Deed.

*Flip the page for a flow
chart of the life of an escrow*

An aerial photograph of a residential street. The street is paved and has several cars parked along the side. On the left side of the street, there is a swimming pool with a blue and white geometric pattern around it. The area is landscaped with many palm trees and other greenery. Long shadows are cast across the street, suggesting it is either early morning or late afternoon. A large white circle with a marble pattern is overlaid in the center of the image, containing the text.

**THE LIFE OF
AN ESCROW**



WHAT YOU CAN EXPECT FROM YOUR ESCROW PROFESSIONAL

OPEN ESCROW AND PROVIDE THE BUYER WITH INSTRUCTIONS TO DEPOSIT THEIR GOOD FAITH DEPOSIT

ORDER A TITLE SEARCH TO DETERMINE OWNERSHIP AND STATUS OF THE SUBJECT REAL PROPERTY

ORDER A PRELIMINARY REPORT AND BEGIN THE PROCESS OF ELIMINATING THE TITLE EXCEPTIONS THE BUYERS LENDER IS NOT WILLING TO TAKE TITLE SUBJECT TO

REQUEST PAYOFF INFORMATION FOR YOUR MORTGAGE LOANS, OTHER LIENS, HOMEOWNER'S ASSOCIATION FEES, ETC.

PRORATE FEES, SUCH AS REAL PROPERTY TAXES, PER THE CONTRACT, AND PREPARE THE SETTLEMENT STATEMENT

SET SEPARATE APPOINTMENTS ALLOWING YOU TO SIGN DOCUMENTS AND DEPOSIT BUYERS FINAL FUNDS

REVIEW DOCUMENTS ENSURING ALL CONDITIONS AND LEGAL REQUIREMENTS ARE FULFILLED; REQUEST FUNDS FROM LENDER

WHEN ALL FUNDS ARE DEPOSITED, RECORD DOCUMENTS WITH THE COUNTY RECORDER'S OFFICE TO TRANSFER THE SUBJECT REAL PROPERTY TO THE BUYER

AFTER THE RECORDATION IS CONFIRMED, CLOSE ESCROW AND DISBURSE FUNDS, INCLUDING SELLER'S PROCEEDS, LOAN PAYOFFS, ETC.

PREPARE AND SEND FINAL DOCUMENTS TO ALL PARTIES INVOLVED

UNDERSTANDING TITLE INSURANCE

Prior to the development of the title industry in the late 1800s, a homebuyer received a grantor's warranty, attorney's title opinion, or abstractor's certificate as assurance of home ownership. The buyer relied on the financial integrity of the grantor, attorney, or abstractor for protection. Today, homebuyers look primarily to title insurance to provide this protection. Title insurance companies are regulated by state statute. They are required to post financial guarantees to ensure that any claims will be paid in a timely fashion. They also must maintain their own "title plants" which house duplicates of recorded deeds, mortgages, plats, and other pertinent county property records.

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 Policy of Title Insurance protects the interest of the mortgage lender, while an Owner's Policy protects the equity of the Buyer, for as long as they own the real property.

WHEN THE PREMIUM IS DUE

You pay for your Owner's title insurance policy only once, at the close of escrow. Who pays for the Owner's Policy and Loan Policy varies depending on local customs.

UNDERSTANDING THE APPRAISAL PROCESS

If the Buyer is securing a new loan to purchase your home, the Buyer's lender will require an appraisal to determine the fair market value of the property. A licensed appraiser will research nearby houses that have sold recently, usually in the last six months, and are similar to yours in size, age, construction, and amenities.

The appraiser will make an appointment to see your home and will take about 30 minutes to an hour to look over the property. He or she will measure your home, draw a representative floor plan, take photographs inside and out, and review the property's condition, specific improvements, and amenities.

The appraiser will provide a typed appraisal report to the Buyer's lender within a few days after visiting your property. You will be

notified if the lender requires repairs before they will lend on your home. If repairs are required, the appraiser will have to return to review the repairs and a re-inspection fee may be charged.

UNDERSTANDING HOME WARRANTY

A home warranty plan covers a variety of mechanical, electrical, and plumbing items, as well as some appliances. Optional coverage is available for additional items such as air conditioners, refrigerators, pools, and spas.

The Seller may purchase a home warranty plan prior to sale to protect against repairs needed during the listing period, and the Buyer may be able to assume the plan at the close of escrow. Or the Seller may offer to purchase a home warranty plan for the Buyer. Offering a home warranty plan may provide these benefits:

- **Increase the marketability of your home by reassuring potential Buyers**
- **Help sell your home faster and at a higher price**
- **Ward off potential disputes after the sale for repair and/or replacement of covered items**

Most home warranty plans can be paid for at the close of escrow. A copy of the invoice is presented to the escrow company, and it becomes part of the Seller's closing costs.

KEY PROFESSIONALS INVOLVED IN YOUR TRANSACTION

REALTOR®

A licensed real estate agent and member of the National Association of Realtors, a real estate trade association. Realtors also belong to their state and local Association of Realtors.

REAL ESTATE AGENT

Licensed by the state to represent parties in the transfer of property. Every Realtor is a real estate agent, but not every real estate agent has the professional designation of a Realtor.

LISTING AGENT

A key role of the listing agent or broker is to form a legal relationship with the homeowner to sell the property and place the property in the Multiple Listing Service.

BUYER'S AGENT

A key role of the buyer's agent or broker is to work with the buyer to locate a suitable property and negotiate a successful home purchase.

MULTIPLE LISTING SERVICE

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.

ESCROW OFFICER

An escrow officer leads the facilitation of your escrow, including escrow instructions preparation, document preparation, funds disbursement, and more.

TITLE COMPANY

These are the people who carry out the title search and examination, work with you to eliminate the title exceptions the buyer and buyer's lender will not take subject to, and provide the policy of title insurance regarding title to the real property.



INDEPENDENT VS BROKER OWNED

Independent escrow companies are not “controlled” and are licensed to conduct escrow by the California Department of Financial Protection and Innovation (DFPI) and adhere to the strictest of licensing guidelines, including but not limited to:

- **A certification program for all employees in the company, including fingerprinting and background checks by the Department of Justice.**
- **A requirement that a Manager/Escrow officer with at least 4 years of experience be on-site.**
- **Financial stability requirements, including a minimum of two audits per year.**
- **Prohibiting employment of convicted felons or anyone who has been disbarred from the Escrow industry.**
- **Membership with the Escrow Agent’s Fidelity Corporation, which provides a \$4 million fidelity bond.**



	ESCROW OPTIONS GROUP, A LICENSED INDEPENDENT ESCROW COMPANY	REAL ESTATE BROKER-OWNED ESCROW DEPARTMENTS	TITLE COMPANY ESCROW DEPARTMENTS
State Regulator	California Department of Financial Protection and Innovation (DFPI)	California Department of Real Estate (DRE)	Department of Insurance
Bonding Required	YES	NO	NO
Manager Experience Required	5 years E.O. experience or 4 years E.O., Branch	NO	NO
Regulator Audits	Yes: Every 12 to 48 months by the DFPI <i>(with no prior notice)</i>	NO D.R.E. Auditors go out by appointment only	Internal audits at employers discretion
Annual CPA Audit Required	YES	NO	NO
Trust Funds Insured	Yes: \$4,000,000.00 Escrow Agents Fidelity Corporation, (E.A.F.C.) Covers all licensed escrow corporations	Yes: D.R.E. Recovery Fund: Maximum \$50,000.00 per Individual. Collectable only after a conviction for fraud	NO
Financial Liquidity Requirements	YES	NO	NO
Escrow License Required	YES	NO	NO
Assume Impartial as a Third Party	YES	Escrow Officer is an employee of broker who may influence over the transaction	Title department has access/control of escrow money and procedures
Department of Justice Criminal Background Check of All Employees, Owners, and Stock Holders	YES	NO	NO

NOTES

Lined area for notes, consisting of 20 horizontal lines.

Serving real estate professionals in five major counties throughout Southern California.

ESCROWOPTIONS.COM