



ESCROW

OPTIONS GROUP

HOME BUYER'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

**KEY PROFESSIONALS INVOLVED
IN YOUR TRANSACTION**

THE LIFE OF AN ESCROW (CHART)

THE ESCROW PROCESS

UNDERSTANDING TITLE INSURANCE

THE IMPORTANCE OF TITLE PROTECTION

WAYS TO HOLD TITLE (CHART)

EXPLANATION OF A PRELIMINARY REPORT

**WHAT TO AVOID DURING THE
CLOSING PROCESS**

CLOSING YOUR ESCROW/AFTER THE CLOSING

MOVING CHECKLIST

Welcome to the home buying process

Throughout the home-buying 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.

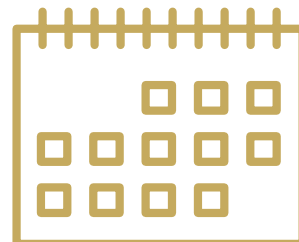


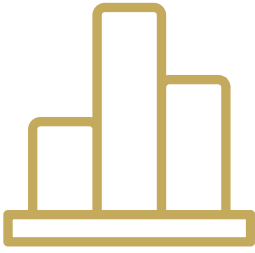
BENEFICIARY

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.

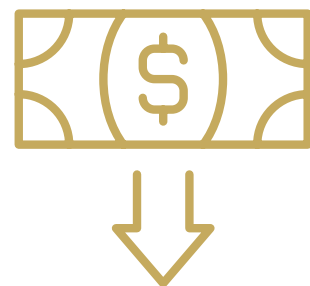


DEED RESTRICTIONS

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

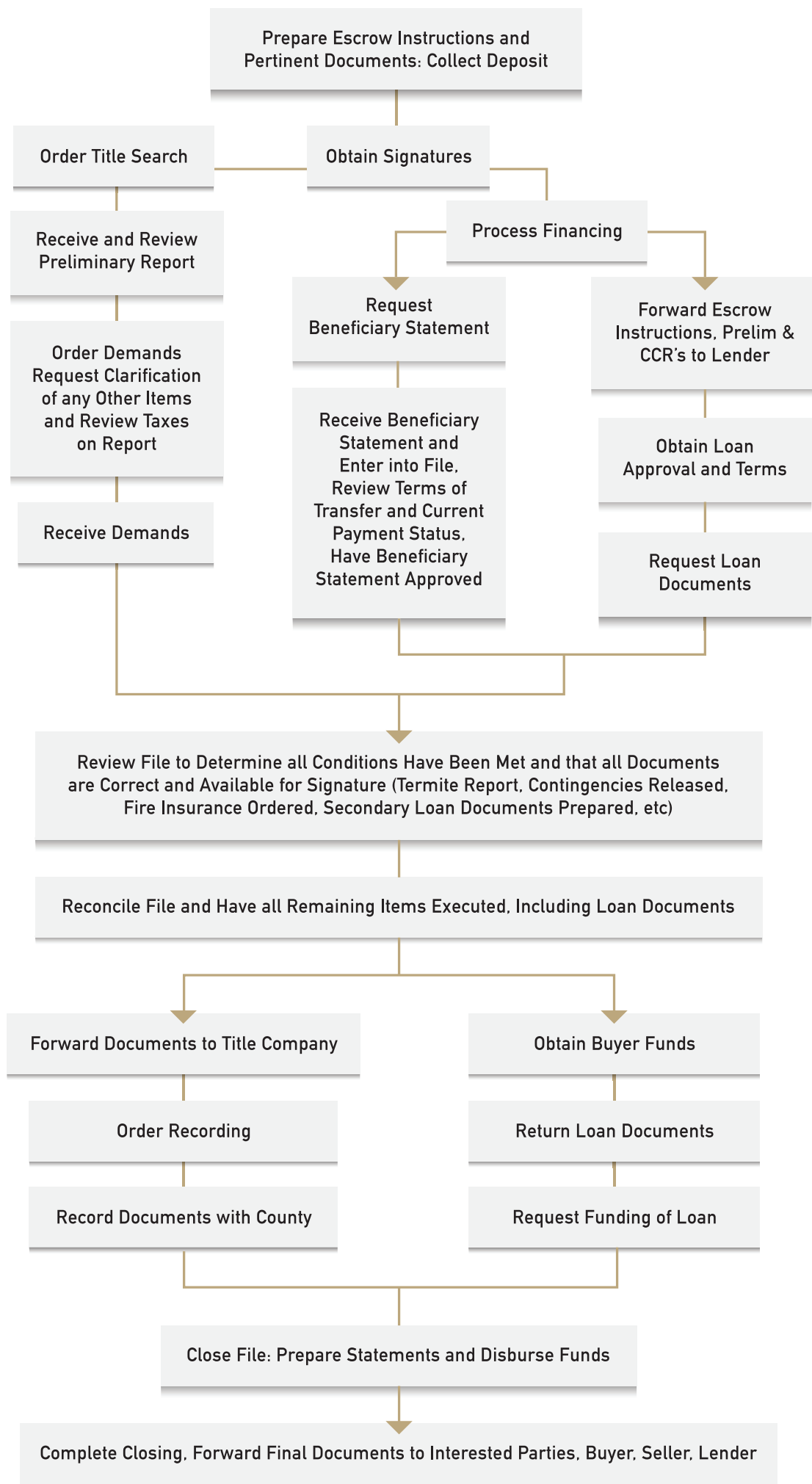
The purchase contract between the Buyer and Seller. It is usually completed by the Real Estate Agent and signed by the Buyer and Seller.



RECORDING

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

See next page for a flow chart illustrating The Life Of An Escrow



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 you are not willing to take subject to, and provide the policy of title insurance regarding title to the real property.



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 THE ESCROW PROCESS

An escrow is a process wherein the Buyer and Seller deposit written instructions, documents, and funds with a neutral third party 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.

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.

THE IMPORTANCE OF TITLE PROTECTION

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.

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**

THE DIFFERENCE BETWEEN TITLE INSURANCE & 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.

COMMON WAYS TO HOLD TITLE

Title to real property in California may be held by individuals, either in sole ownership or in co-ownership. Co-ownership of real property occurs when title is held by two or more persons. There are several variations as to how title may be held in each type of ownership.

See next page for a chart illustrating Common Ways To Hold Title

**COMMUNITY PROPERTY
with Right of Survivorship**

COMMUNITY PROPERTY

JOINT TENANCY

TENANCY IN COMMON

	TENANCY IN COMMON	JOINT TENANCY	COMMUNITY PROPERTY	COMMUNITY PROPERTY with Right of Survivorship
Parties	Two or more persons	Two or more natural persons	Spouses or domestic partners	Spouses or domestic partners
Division	Ownership can be divided into any number of interests, equal or unequal	Ownership interests must be equal	Ownership interests must be equal	Ownership interests must be equal
Creation	One or more conveyances (law presumes interests are equal if not otherwise specified)	Single conveyances (creating identical interests); vesting must specify joint tenancy	Presumption from marriage or domestic partnership or can be designated in deed	Single conveyance and spouses or domestic partners must indicate consent which can be on deed
Possession & Control	Equal	Equal	Equal	Equal
Transferability	Each co-owner may transfer or mortgage their interest separately	Each co-owner may transfer his/her interest separately but tenancy in common results	Both spouses or domestic partners must consent to transfer or mortgage	Both spouses or domestic partners must consent to transfer or mortgage
Liens against one owner	Unless married or domestic partners, co-owner's interest not subject to liens of other debtor/owner but forced sale can occur	Co-owner's interest not subject to liens of other debtor/owner but forced sale can occur if prior to co-owner's/debtor's death	Entire property may be subject to forced sale to satisfy debt of either spouse or domestic partner	Entire property subject to forced sale to satisfy debt of either spouse or domestic partner
Death of co-owner	Decedent's interest passes to his/her devisees or heirs by will or intestacy	Decedent's interest automatically passes to surviving joint tenant ("Right of Survivorship")	Decedent's 1/2 interest passes to surviving spouse or domestic partner unless otherwise devised by will	Decedent's 1/2 interest automatically passes to surviving spouse or domestic partner due to right of survivorship
Possible advantages/disadvantages	Co-owners interests may be separately transferable	Right of Survivorship (avoids probate); may have tax disadvantages for spouses	Qualified survivorship rights; mutual consent required for transfer; surviving spouse or domestic partner may have tax advantage	Right of survivorship; mutual consent required for transfer; surviving spouse or domestic partner may have tax advantage

Persons includes a natural person as well as validly formed cooperation, limited partnership, limited liability company or general partnership. Trust property is vested in the trustee (usually a natural person or corporation).

Transfers by spouses/domestic partners may require a quitclaim deed from the other spouse/partner for title insurance purposes.

If co-Owners are spouses/domestic partners, property may be subject to legal presumption of "community property" requiring consent of both spouses/partners to convey or encumber title notwithstanding vesting as "joint tenancy"

THIS IS PROVIDED FOR GENERAL INFORMATION ONLY. FOR SPECIFIC QUESTIONS OR FINANCIAL, TAX OR ESTATE PLANNING GUIDANCE, WE SUGGEST YOU CONTACT AN ATTORNEY OR CERTIFIED PUBLIC ACCOUNTANT

WHAT HAPPENS NEXT?

IDENTITY STATEMENT

You will be asked to fill out an Identity Statement that enables the title company to distinguish you from others with identical 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 delaying the closing.

PRELIMINARY REPORT

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

RESPONSE TO SELLER'S NOTICE

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**
- **Independent inspections, such as termite and septic, and any repairs as required**

SOMETHING TO CONSIDER

One escrow transaction could involve over 20 individuals, including real estate professionals, Buyer, Seller, attorney, escrow officer, escrow technician, title officer, loan officer, loan processor, loan underwriter, home inspector, termite inspector, insurance agent, home warranty representative, contractor, roofer, plumber, pool service, and so on. And often one transaction depends on another. When you consider the number of people involved, you can imagine the opportunities for delays and mishaps. While your experienced real estate professional, escrow, and title team can't prevent unforeseen problems from arising, they can help to ensure as smooth a closing as possible.



WHAT TO AVOID DURING THE CLOSING PROCESS

AVOID CHANGING JOBS

A job 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 may call your employer to re-verify your employment just prior to funding the loan.

AVOID SWITCHING BANKS OR MOVING YOUR MONEY TO ANOTHER INSTITUTION

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

AVOID PAYING OFF EXISTING ACCOUNTS UNLESS YOUR LENDER REQUESTS IT

If your Loan Officer 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.

CLOSING YOUR ESCROW / AFTER CLOSING ESCROW

THE CLOSING OR SIGNING APPOINTMENT

The escrow holder 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. Ask your escrow holder if you would like clarification about your state’s laws.

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 the escrow officer. This includes any payments that may have been missed. You are responsible for all charges incurred even if overlooked by the escrow holder, so it’s better to bring these to their attention before closing.

The escrow holder is obligated by law to have the designated amount of money before releasing any funds. If you have questions or foresee a problem, let your escrow holder know immediately.

DON’T FORGET YOUR IDENTIFICATION

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).

A driver's license is preferred. You will also be asked to provide your social security number for tax reporting purposes, and a forwarding address.

WHAT HAPPENS NEXT?

If the Buyer is obtaining a new loan, the Buyer's signed loan documents will be returned to the lender for review. The escrow holder will ensure that all contract conditions have been met and will ask the lender to "fund the loan." If Buyer's loan documents are satisfactory, the lender will send the wire directly to the title company. When the loan funds are received, the escrow holder will verify that all necessary funds are in. Original recording documents are reviewed by the title company for accuracy, then are couriered to the county recorder's office to be recorded. Once recording is confirmed, escrow funds will be disbursed to the Seller and other appropriate payees. Then, you'll receive the keys to your home!

AFTER CLOSING

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. For more information on your property taxes, visit your County Auditor and/or Controller's website.

RECORDED DEED

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

MOVING CHECKLIST

1 MONTH PRIOR TO MOVE

- Change your address with the post office.
- Change your address with the IRS.
- Hire a moving company or rent a moving vehicle.
- Transfer or get copies of medical records (and school records if you have children).
- Get referrals from your current doctor for new doctors in the neighborhood you'll be moving to.
- Update your insurance policies (home, auto, and so on).
- Check with your insurance company to see if your belongings are covered during the move.
- Cancel your plans with cable, telephone, newspaper, lawn, and home security companies.
- Change your address with magazine and newspaper subscriptions and creditors.

2 WEEKS PRIOR TO MOVE

- Cancel utility service for the day after your move date.
- Purchase packing supplies (boxes, tape, markers, and so on).

- Make travel arrangements on moving day and any special arrangements for small children and/or pets.
- Start packing, boxing items systematically and labeling them accordingly. If you can, type out a list of what general items are in each box so you have a master list. Set aside items you will need immediately and make a note to load this box last.

1 WEEK PRIOR TO MOVE

- Confirm reservation with moving company or rental truck company.
- Gather and set aside important documents (don't pack these - carry them with you during the move).
- Transfer prescriptions to your local pharmacy.
- Close/transfer bank accounts (if switching banks) and order checks with your new address.
- Send out change of address cards to friends, relatives, neighbors, organizations, and so on.
- Return items that don't belong to you (movies, books, and so on).
- Clean! (appliances, carpet, walls, windows, and so on).

1 DAY PRIOR TO MOVE

- Take out cash to give as tips to the movers.
- Buy bottles of water for you and anyone helping you.
- Pack the last of your items and leave out one small suitcase for your pajamas and toiletries.

MOVING DAY TODAY'S THE BIG DAY

- Write down utility meter readings to check against final bill.
- Supervise movers (if you hired) and confirm final details (address, delivery time, and so on).
- Arrive at your new house before the movers do.
- Let a friend or family member know your travel plans.

AFTER THE MOVE ENJOY YOUR NEW HOME

- Change your address with DMV - update driver's license and plates (if moving out of state). Allow about two weeks for arrival.
- Change your address with your employer.

*Congratulations
on your new home!*

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

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