

The Escrow Process



WHAT IS AN ESCROW? 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. In a real estate transaction, the Buyer does not pay the Seller directly for the property. The Buyer gives the funds to an escrow company who, acting as an intermediary, verifies that the title to the property is clear and all written instructions in the contract have been met. The company then transfers the ownership of the property to the Buyer through recordation and pays the Seller. This process protects all parties involved.

HOW IS AN ESCROW OPENED? Once you have completed the contract or Purchase Agreement, and the Seller has accepted the offer, your Real Estate Agent or Lender will open the escrow. The earnest money deposit and the contract are placed in escrow. As a neutral party to the transaction, Cypress Ascendant Services (CAS) can respond only to those written instructions agreed to mutually by all "interested" parties (Seller and Buyer); CAS cannot otherwise alter the contract or create instructions, which protects all interested parties.

HOW TO HOLD TITLE. You should inform your Escrow Officer and Lender as soon as possible of how you wish to hold title to your home and exactly how your name(s) will appear on all documents. You may wish to consult an attorney, accountant, or other professional before deciding how to hold title.

WHAT HAPPENS DURING THE ESCROW PROCESS? During the escrow process, our title department begins researching and examining all historical records pertaining to the subject property. Barring any unusual circumstances, a commitment for title insurance is issued, indicating a clear title or listing any items which must be cleared prior to closing. The commitment is sent to you for review.

Your Escrow Officer follows instructions on your contract, coordinates deadlines, and gathers all necessary paperwork. For example, written requests for payoff information (called "demands") are sent to the Seller's mortgage company and any other lien holders.



CAS Escrow Process:

- ▶ **OPEN** escrow and deposit your earnest money in a separate escrow account.
- ▶ **CONDUCT** a title search to determine ownership and status of the subject property.
- ▶ **ISSUE** a title commitment and begin the process of clearing title to the property.
- ▶ Per contract, **CONFIRM** that the Lender has determined you, the Buyer, are qualified for a new loan.
- ▶ **MEET** all deadlines as specified in the contract.
- ▶ **REQUEST** payoff information for the Seller's loans, other liens, homeowners association fees, etc.
- ▶ **PRORATE** fees, such as property taxes, per the contract, and prepare the settlement statement.
- ▶ **SET** separate appointments: Seller will sign documents; you will sign documents and deposit funds.
- ▶ **REVIEW** documents ensuring all conditions and requirements are fulfilled; request funds from Lender.
- ▶ When all funds are deposited, **RECORD** documents at the County Recorder to transfer the subject property to you.
- ▶ After recordation is confirmed, **CLOSE** escrow and disburse funds, including Seller's proceeds, loan payoffs, real estate agent/broker commissions, related fees for recording, etc.
- ▶ **PREPARE** and send final documents and title policies to parties involved.