

THE ESCROW PROCESS AT T.S.A

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 title to the property is clear and all written instructions in the contract have been met. Then the company transfers the ownership of the property to the Buyer through recordation and pays the Seller. This process protects all parties involved.

The State of Arizona licenses and regulates all escrow companies. The Insurance Commissioner and the State Banking Department can inspect a company's records at any time, providing further oversight of the company's management and position as an impartial third party to the transaction.

In Arizona, escrow services are generally provided by a title insurance company instead of an attorney. The stability, reliability and performance of your title and escrow company are vital to protect the interests of all parties to the transaction.

HOW IS AN ESCROW OPENED? Once the completed contract (or Purchase Agreement) is fully signed and executed, and the Seller has accepted the offer, the Buyer's Agent will open the escrow. The earnest money deposit and the contract are placed in escrow. As a neutral party to the transaction, Title Security can respond only to those written instructions agreed to mutually by all "interested" parties (Seller and Buyer); Title Security cannot otherwise alter the contract or create instructions, and that protects all interested parties.

HOW TO HOLD TITLE. The Buyer should inform the escrow officer and lender as soon as possible of how they wish to hold title of their home and **exactly** how their name(s) will appear on all documents. This allows the lender and title company to prepare all documents correctly. **(Changes later, such as adding or deleting an initial in your name, can delay your closing.)** Buyers may wish to consult an attorney, accountant or other professional before deciding how to hold title.

WHAT HAPPENS AT TITLE SECURITY? During the escrow period, 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 the buyer for review.

The escrow officer follows instructions on the 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.

AS PART OF OUR SERVICE, TITLE SECURITY WILL DO THE FOLLOWING:

OPEN escrow and deposit Buyer's "good faith" funds 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 to delete or record items to provide clear title to the property.

CONFIRM that the lender has determined the Buyer is qualified for a new loan.

ASK you to complete a beneficiary's statement if you are assuming the Seller's 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: The Seller will sign documents; the Buyer will sign documents and deposit funds.

REVIEW documents ensuring all conditions and legal requirements are fulfilled; request funds from lender.

RECORD documents at the County Recorder to transfer the subject property from the Seller to the Buyer once all funds are deposited.

CLOSE escrow and disburse funds after recordation is confirmed, including Seller's proceeds, loan payoffs, Realtors® commissions, related fees for recording, etc.

PREPARE and send final documents to parties involved.