

Buying Process

The Escrow Process When Purchasing a Home?

What is the definition of an escrow?

The definition of an escrow can be defined as in the keeping of a third person for delivery to a given party upon the fulfillment of some condition. Escrow acts as a third party between a seller and a buyer during the entire process. Escrow is opened after an executed contract between a seller and buyer to purchase a home. The title escrow officer acts as the third party to ensure both sides are treated equally. Furthermore, the title escrow officer brings all the documents together to be signed by both parties to have a successful closing. What are the mechanics of the escrow process? All monies, instructions and documents necessary to close the transaction flow through escrow. These funds do include escrow monies, down payment, closing costs and any other necessary monies to have a successful transaction. The escrow officer enforces the terms of the purchase contract and lender's requirements at escrow. Other duties at escrow include title insurance, hazard insurance, and grant deed from seller to buyer. All parties involved in the transaction must sign ALL necessary documents along with proper funding to have a successful closed and funded transaction. How does one open an escrow?

The real estate agent opens escrow for the buyer. Personally, I obtain a check from my buyer to open escrow within 24 hours of an executed contract to show the seller that we are serious. It is vital to have a seasoned title escrow officer on your Team. Finally, I obtain a receipt to show proof to the seller and buyer that escrow has been opened. What information will one have to provide?

The title escrow officer will ask for one's driver's license or passport for as personal identification. This is called a statement of identity. The escrow officer acts as a Notary during this transaction to confirm all documents have been legally executed by both parties. This is a normal process in all transaction. How long does it take to complete the escrow process?

The average number of days is between 30 to 45 days. Currently, the banks are taking longer in underwriting because there is a refinance and purchase boom going on at the current moment. That means it is taking longer to process the loan in underwriting. Both sides must be patient and know that the transaction will close in due time. Steps to applying for a mortgage.

A buyer obtains a preapproval letter from a mortgage professional showing the amount one can spend on a home. This allows a real estate agent to start shopping for a home and put in offers on behalf of the buyer. Once an offer has been accepted by both sides, then escrow is opened. Now, the buyer must go through underwriting to obtain the official approval with no conditions when it comes to a mortgage. What documentation do I need when applying for a mortgage?

Currently, all lenders are requiring all buyers to be full documents in order to show that they can afford the mortgage. The mortgage professional will ask for the following information from a buyer: Last 2 years of Tax Returns Last 2 months of bank statements Last 2 pay stubs Copy of Driver's license and Social Security Card All this documentation is packaged to be submitted to the underwriter for further investigation. They must verify all information before granting a mortgage. The lender will require one to obtain hazard insurance. When and where do I sign loan docs?

The real estate agent representing the buyer will notify his/her client that loan docs are prepared for signing. An appointment is made that is convenient for the buyer and escrow title officer. The escrow title officer will notify the buyer if funds are needed to close the transaction. A cashier's check from one's bank is always preferred. Otherwise, the title company must wait until the check clears to close and fund. The loan docs are sent back to the financial institution funding the loan. Then, the rest of the funds are sent to title by the lender. How to take Title to Home? The escrow title officer will explain to the buyer the different way to take title to the property. One can make this decision at the signing. One must consult with their lawyer and/or tax consultant to ensure accuracy on one's best interest. It is always better to be informed since this is one of the biggest transactions in one's life. The Real Estate and Beyond Network is always available. How does an escrow close? This is a great day for both sides because it involves the legal transfer of title from the seller to the buyer. The Grant Deed and Deed of Trust are recorded within one working day of the escrow's receipt of loan funds. This signifies the "close of escrow." The escrow title officer takes care of all the details. The original deed to one's home will be mailed directly to one's new home address. This process can take two to four weeks. Conclusion Personally, I have closed hundreds of escrows over my real estate career. The Real Estate and Beyond Network is a complete one stop shop for buyers and sellers when doing real estate in the Greater Phoenix Metropolitan area. Please visit the following web site at www.deliteam.com or listen to the weekly Real Estate and Beyond Radio Show heard each Saturday from 12-2PM Phoenix Time on KKNT 960 AM. Make the Call, Set the Plan and Do the Deal\$.

