

# SELLERS GUIDE

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CA. DRE # 01446222  
Berkshire Hathaway HomeServices California Properties  
5973 Avenida Encinas Suite #110, Carlsbad, Ca 92008  
760-685-0482



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## Quick Reference

Your Escrow Number	
Your New Address	
City/State/Zip	

Title Contacts			
Title Officer		Email	
Assistant		Email	
Company		Phone	
Address		Fax	
City/State/Zip			

Escrow Contacts			
Escrow Officer		Email	
Escrow Assistant		Email	
Address		Phone	
City/State/Zip		Fax	



# Terms You Should KNOW

## Appraisal

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

## Annual Percentage Rate (APR)

The borrower's costs of the loan term expressed as a rate. This is not their interest rate.

## Beneficiary

The recipient of benefits, often from a deed of trust, usually the lender.

## Closing Disclosures (CD)

Closing Disclosures form designed to provide disclosures that will be helpful to borrowers in understanding all of the costs of the transaction. This form will be given to the consumer three (3) business days before closing.

## Close of Escrow

Generally the 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".

## Consummation

Occurs when the borrower becomes contractually obligated to the creditor on the loan, not, for example, when the borrower becomes contractually obligated to a seller on a real estate transaction. The point in time when a borrower becomes contractually obligated to the creditor on the loan depends on applicable State law. Consummation is not the same as close of escrow or settlement.

## 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 not be made of the real property.

## Disbursement Date

the date the amounts are to be disbursed to a buyer and seller in a purchase transaction of the date funds are to be paid to the borrower or a third party in a transaction that is not a purchase transaction

## 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.

## Endorsement

as to title insurance policy, a rider or attachment forming a part of the insurance policy expanding or limiting coverage.

## 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.

## Lien

A form 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; judgments, taxes, mortgages, deeds of trust.

## Loan Estimate (LE)

Form designed to provide disclosures that will be helpful to borrowers in understanding the key features, costs and risks of the mortgage loan for which they are applying initial disclosures to be given to the borrower three (3) business days after application

## Mortgage

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

## PITI

A payment that includes Principal, Interest, Taxes and Insurance.

## Power of Attorney

A written instrument whereby a principal gives authority to an agent. The agent acting under such a grant is sometimes called an "Attorney-in-Fact".

## Recording

Filing documents affecting real property with the appropriate government agency as a matter of public record.

## Settlement Statement

Provides a complete breakdown of costs involved in a real estate transaction.

## TRID

TILA - RESPA Integrated Disclosures

A modern house with a large pool and palm trees at sunset. The house has a white exterior and a dark roof. The pool is in the foreground, and there are two lounge chairs on the deck. The background shows a sunset over a body of water with mountains in the distance.

# Key Professionals INVOLVED IN YOUR TRANSACTION

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## REALTOR

A REALTOR is a licensed real estate agent and a 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

A real estate agent is 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 homeowners to sell the property and place the property in the Multiple Listing Service.

## BUYERS AGENT

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

## MULTIPLE LISTING SERVICE (MLS)

The MLS is 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.

## 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.

## ESCROW OFFICER

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



# Understanding TITLE INSURANCE

Prior to the development of the title industry in the late 1800's, a home-buyer 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, home-buyers 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 you, the buyer, for as long as you or your heirs (in certain policies) own the real property.

## WHEN IS THE PREMIUM 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 Home Warranty

A home warranty plan covers a variety of mechanical, electrical, and plumbing items, as well as some appliances. Optional coverage may be 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.

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# 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 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 into 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.



# The Life of an ESCROW



The Buyer	The Seller	The Escrow Officer	The Lender
Chooses a Real Estate Agent	Chooses a Real Estate Agent	Upon receipt of order and earnest money deposit, orders title examination.	Accepts Buyer's application and begins the qualification process. Provides Buyer with Loan Estimate.
Gets pre-approval letter from Lender and provides to Real Estate Agent.	Accepts Buyer's offer to purchase.	Requests necessary information from buyers and sellers via opening packages.	Orders and reviews title commitment/preliminary report, property appraisal, credit report, employment and funds verification.
Makes offer to purchase. Upon acceptance, opens escrow and deposits earnest money.	Completes and returns opening package from First American Title. Including information such as forwarding address, payoff lender contact information and loan numbers	Reviews title commitment/preliminary report.	Collects information such as title commitment/ preliminary report, appraisal, credit report, employment and funds verification. Reviews and requests additional information for final loan approval.
Finalizes loan application with Lender. Receives a Loan Estimate from Lender.	Orders any work for inspection and/or repairs to be done as required by the purchase agreement.	Upon receipt of opening packages, orders demands for payoffs. Contacts buyer or seller when additional information is required for the title commitment preliminary report.	Underwriting reviews loan package for approval.
Completes and returns opening package from First American Title.	Escrow officer or real estate agent contacts the seller to schedule signing appointment.	All demands, invoices, and fees must be collected and sent to lender at least 10 days prior to loan consummation.	Coordinates with Escrow Officer on the preparation of the Closing Disclosure, which is delivered to Buyer at least 3 days prior to loan consummation.
Schedules inspections and findings. Reviews title commitment/preliminary report.	Documents are recorded and all proceeds from sale are received.	Coordinate with the lender on the preparation of the CD.	Delivers loan documents to escrow.
Provides all requested paperwork to Lender (bank statements, tax returns, etc.) All invoices and final approvals should be to the lender no later than 10 days prior to loan consummation.		Reviews all documents, demands and instructions and prepares settlement statements and any other required documents	Upon review of signed loan documents, authorizes loan funding.
Lender (or Escrow Officer) prepares CD and delivers to Buyer at least 3 days prior to loan consummation.		Schedules signing appointment and informs buyer of funds due at settlement	
Escrow officer or real estate agent contacts the buyer to schedule signing appointment.		Once loan is consummated. sends funding package to lender for review.	
Buyer consummates loan, executes settlement documents, & deposits funds via wire transfer.		Prepares recording instructions and submits docs for recording.	
Documents are recorded and the keys are delivered		Documents are recorded and funds are disbursed. Issues final settlement statement.	





# Your Escrow PROFESSIONAL MAY:

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- Open escrow and, if instructed to do so, deposit your good faith funds in a separate escrow account.
- Order a title search to determine ownership and status of the subject real property
- Issue a preliminary report and begin the process of eliminating the title exception you and your lender are not willing to take title subject to
- Request payoff information for the seller's loans, other liens, homeowner's association fees, etc.
- Coordinate with the buyer's lender on the preparation of the Closing Disclosure (CD)
- Prorate fees, such as real property taxes, per the contract, and prepare the settlement statement
- Set separate appointments allowing the seller and you to sign documents and deposit 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 you
- 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





# THE CLOSING OF SIGNING APPOINTMENT

The escrow holder will contact you or your agent to schedule a closing or signing appointment. You will have a chance to review the settlement statement and supporting documentation. This is your chance 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. It's better to bring any issues to his or her attention before the closing has been completed.

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 officer 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, along with 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 the buyer's loan documents are satisfactory, the lender will send the funds directly to the escrow holder. When the loan funds are received, the escrow holder will verify that all necessary funds are in. Escrow funds will be disbursed to you and other appropriate payees. The keys to the property are then given to the buyer.







# Consider This

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One escrow transaction could involve more than 20 individuals, including real estate agents, buyers, sellers, attorneys, 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. Your experienced escrow team can't prevent unforeseen problems from arising; however, they can help smooth out the process.



Your NOTES:







DRE #01446222

Cell: 760.685.0482



Carole@thecaroledowninggroup.com

www.TheCaroleDowningGroup.com

**BERKSHIRE  
HATHAWAY**  
HOMESERVICES

**CALIFORNIA  
PROPERTIES**

5973 Avenida Encinas, Suite 110 | Carlsbad, CA 92008



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