

LAWYERS LINK



ESCROW DELAYS

The escrow process can be stressful for both buyers and sellers. Buyers go through a complex and sometimes unfamiliar process with many moving parts. Inspections and mortgage applications give buyers long to-do lists with short deadlines, while sellers are busy making repairs and preparing to close on their new home.

Some delays in escrow can have serious consequences. For example, if the delay is due to a contingency, the buyer

may lose their earnest money deposit if the contingency has already been released or removed. Sellers may also elect to charge the buyer a per diem fee until the transaction closes, if they decide to extend escrow rather than cancel.

It's best to take the time to familiarize yourself with the escrow process and its potential delays well in advance. Here are some common problems that could slow or stop a real estate transaction.

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Buyer

1. Financing falls through.
2. Buyer doesn't have additional funds needed to close the transaction.
3. The buyer brings a personal check to closing.
4. The spouse comes to sign without the other spouse.
5. Escrow Officer was not aware of marriage, separation, divorce, sole and separate property, death of a joint tenant, etc., resulting in all documents needing revision.
6. Buyer signs loan papers incorrectly.
7. Judgment arises during escrow period.
8. Buyer does not have proper identification for notary.
9. Buyer makes a major purchase on credit.
10. There are disparities in the closing figures.

Seller

1. Appraisal comes in lower than purchase price.
2. There are clouds on the title (lien or claim against the property).
3. Home inspection shows defects.
4. Demands on existing loans are not yet in escrow.

5. Releases are not yet in escrow.
6. Judgments arise during the escrow period.
7. Seller fails to disclose to REALTOR® that homeowners dues are due on the property.
8. Seller does not have proper identification for notary.
9. Seller has a glitch with financing their new home

Fire Insurance

1. The policy wasn't ordered soon enough. Escrow cannot order without lender's instructions.
2. The policy reads incorrectly – addresses, names, etc.
3. The coverage is not for the correct amount.
4. The buyer used an out-of-town (State) insurance agent.

Termite & Pest Control

1. No report, inspection, or clearance has been received in escrow.
2. The clearance was not completed.
3. The addresses are incorrect – the lender will not accept.
4. Certain areas were not checked but a clear report was issued – the lender will not accept.

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Lender

1. Points or interest rate goes up – parties are not notified.
2. Miscellaneous charges were made and not disclosed to parties.
3. The lender has called for additional conditions.

Helpful Tips for a Smooth Closing

- Stay local during the transaction (being out of town can cause a delay).
- Request weekly communication with your agent.
- Complete and return the Statement of Information as quickly as possible (California).
- Be sure that all paperwork is 100% complete, signed, initialed, and notarized (if required).
- Disclose all potential problems in advance.
- Keep contact information for all parties handy.
- Examine your closing disclosure.
- Bring all required documentation to closing.

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MONTHLY INDUSTRY TERMS

Earnest Money

A deposit of funds made by a buyer of real estate as evidence of good faith.

Easement

A non-possessory right to use all or part of the land owned by another for a specific purpose.

Realtor®

A real estate broker or an associate holding active membership in a local real estate board affiliated with the National Association of Realtors.