

LAWYERS LINK



KEEPING YOUR ESCROW ON TRACK

Why Closings Hit Speed Bumps

Nothing derails excitement faster than a delayed closing. Most setbacks aren't mysterious – they

are caused by avoidable missteps or last-minute surprises. Knowing the common culprits is the first step in steering clear of them.

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Top Escrow Roadblocks

- **Paperwork Pitfalls:** An unsigned document, a missing disclosure or inaccurate information can hit the brakes on progress. Escrow depends on complete and accurate documentation.
- **Title Troubles:** Hidden liens, disputes over property boundaries, or ownership questions must be cleared before you can cross the finish line.
- **Financing Fumbles:** Loan hiccups, missing lender documents, or sudden credit changes often stall momentum.
- **Inspection or Repair Disputes:** Big repair findings can spark negotiations that slow everything down.
- **Poor Communication:** Miscommunication among buyers, sellers, agents, lenders, and escrow officers can result in overlooked steps.
- **Last-Minute Curveballs:** New conditions, added agreements, or timeline adjustments introduced late in the process can throw escrow off track.



What Happens During the Escrow Period

Escrow is a structured process with built-in flexibility to accommodate the unique needs of each transaction. Here's what typically happens once you enter escrow:

1. **Opening Escrow:** The buyer and seller agree on the sale terms, and an escrow officer steps in as a neutral coordinator.
2. **Document Collection and Review:** All agreements, disclosures, and contingencies are reviewed. Missing or unclear paperwork at this stage can cause early delays.
3. **Title Search and Insurance:** A thorough title search identifies any liens, claims, or restrictions. Title insurance is then prepared to protect both the buyer and lender.
4. **Funds and Instructions Handling:** Deposits, down payments, and loan funds are collected and held securely until all conditions are met.
5. **Condition Fulfillment:** Repairs, inspections, and agreed-upon requirements are verified as completed.
6. **Closing Coordination:** Once everything checks out, documents are signed, funds are distributed, and ownership officially transfers.

How Buyers Can Keep Things Moving

- **Respond Fast:** Promptly provide requested documents or signatures.
- **Avoid Major Financial Changes:** Don't open new credit lines or make large purchases during escrow.
- **Schedule Inspections Early:** Address issues before they impact closing timelines.

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- **Double-Check Documentation:** Ensure names and details match across all paperwork.
- **Stay Connected:** Regular updates with your agent help prevent surprises.

How Sellers Can Stay Ahead

- **Prepare for Inspections and Appraisals:** Make the property accessible and complete repairs promptly.
- **Disclose Early:** Transparency reduces last-minute disputes.
- **Resolve Title Issues Before Listing:** Clear liens or ownership questions upfront.
- **Organize Required Documents:** HOA paperwork, warranties, and receipts should be ready.
- **Stay Flexible:** Minor schedule adjustments can keep the process on time.

Preparation is your secret weapon. It prevents costly delays, keeps confidence high, and ensures a smooth handoff of keys.

Need expert guidance? Your Lawyers Title Representative is here to support you every step of the way.

This information does not and is not intended to constitute legal advice; instead, all information is for general information purposes only.



MONTHLY INDUSTRY TERMS

Caps

Consumer safeguards that limit the amount the interest rate on an adjustable rate mortgage can change at each adjustment or over the life of the loan.

Lien

A claim upon a piece of property for the payment or satisfaction of a debt or obligation.

Negative Amortization

Occurs when your monthly payments are not large enough to pay all the interest due on the loan. This unpaid interest is added to the unpaid balance of the loan. The danger of negative amortization is that the home buyer ends up owing more than the original amount of the loan.