

# Typical Steps of a Home Purchase Transaction in an Escrow Closing Jurisdiction\*



## OPENING

### Receive Purchase Contract

1. Examine contract and addendum(s)
2. Clarify questionable contract provisions (illegibility, etc.)
3. Procure legal description and ownership/vesting
4. Determine items required for supplemental instructions
5. Acknowledge contract and agree to act as escrow holder
6. Assemble and organize information necessary to facilitate communication and coordination with all parties

### Initiate Title Order

7. Confirm identity of properties to be searched and insured
8. Confirm legal description and ownership/vesting
9. Determine Assessor's Parcel Number (APN)
10. Identify transaction type
11. Determine the types of title policies to be issued
12. Run names of buyer and seller in compliance with the United States Patriot Act

### Procure Property Disclosure Report (PDR)

13. Order statutorily required PDR
14. Deliver PDR to real estate broker for delivery to principals

### Create Trust Account Depository For Transaction Funds

15. Document all deposits
16. Verify amounts pursuant to contract terms
17. Conduct good funds verification
18. Determine compliance with IRS cash reporting laws

### Establish Interest-Bearing Account

19. Obtain and file IRS W-9 form with financial institution

### Store Transaction Information Electronically

20. Create electronic file which includes all data entry, scanned images of outside documents, file notes, preliminary report/commitment and all other information and documents that would otherwise be maintained in a hard-copy file

### Compile Opening Packages For All Parties To Transaction, Including:

21. Opening amendment
22. General provisions
23. Buyer and seller information forms
24. Homeowner's insurance quote

25. Statement of information form
26. Rent statement form
27. Vesting form
28. Privacy notice
29. Opportunity to earn interest notice
30. Federal withholding form (FIRPTA)
31. State withholding forms
32. 1099 IRS form
33. Preliminary report

### Deliver Opening Packages To All Parties Involved In The Transaction

34. Schedule and conduct signing of documents contained in opening package

## TITLE SEARCH

### Perform Geographical Title Search

35. Research historical title and determine prior owners and others having some right of interest in the properties, as well as the effect each has had on the title during their period of ownership
36. Create chain of ownership and right of interest in the properties, and identify documents that support that chain, over a sufficient period of time, to satisfy acceptable risk parameters established by title insurance underwriter based upon type of transaction, type of policy requested, amount of insurance to be given, and other data available

### Perform Individual Name Title Search (General Index)

37. Identify documents found in public records over many years that affect parties and the property owned by them, but do not describe any particular property, including pending litigation, bankruptcy, dissolution of marriage, name changes, probate proceedings, guardianship and conservatorship actions, judgment liens, state tax liens, federal tax liens, powers of attorney, and partnership documents

### Procure Images

38. Compile images of geographical chain of title documents
39. Identify and create images of General Index documents
40. Gather images of recorded maps

### Conduct Property Tax Search

41. Compare assessor's maps with legal description and confirm APN

42. Determine primary real estate tax installments, payment status, and other related tax information
43. Determine supplemental real estate tax installments and payment status
44. Determine whether special bonds or assessments affect the properties, and obtain lien amounts

### Prepare And Assemble Search Package

45. Summarize tax information
46. Organize all procured images from geographical and General Index search
47. Review search package and determine preliminary title status
48. Review legal description and compare with existing maps

## TITLE EXAMINATION

### Examine Title

49. Review and analyze all work prepared by title searcher
50. Make necessary amendments to preliminary title status determination
51. Order land inspections, when deemed necessary
52. Order court case examinations, when deemed necessary
53. Confirm that document images requested by customer are filed
54. Place order for easements to be plotted on property maps
55. Determine title status to be reflected in preliminary report and submit file to word processing for creation of preliminary report

## PRELIMINARY REPORT

### Prepare Preliminary Report/Commitment

56. Prepare report from title search write-up
57. Proofread preliminary report/commitments
58. Deliver finished report, privacy policy, wiring instructions, requested document images, maps, and plotted easements to title department
59. Send finished report, privacy policy, wiring instructions, requested document images, maps, and plotted easements to your closing officer, principals to the transaction, and real estate representatives

## TITLE CURATIVE WORK

### Coordinate Title Curative Work With Clients, and Attorneys

60. Establish requirements for title curative work for various title issues, such as foreclosure, probate, bankruptcy, outstanding marital property rights, trusts, child support orders, tax liens, judgments, pending lawsuits, boundary disputes, easement and access rights, and unreleased deeds of trust
61. Provide underwriting support to your closing officer

## PROCESSING

### Review And Analyze Preliminary Report/Commitment

62. Order payoff information for monetary encumbrances
63. Obtain and send borrower's authorization
64. Procure homeowners' association documents, including CC&Rs, budget, minutes, articles, and bylaws
65. Obtain current owner's authorization and fee check
66. Procure transfer information

### Receive Inspection Report(S) Required Under The Contract For Roof, Septic, And Pest

67. Send to buyer and seller for approval
68. Send copies to real estate professional/attorneys

### Review Deed

69. Verify city and county transfer tax
70. Verify parties, vesting, and legal description
71. Review Preliminary Change of Ownership Report for completeness
72. Verify notary acknowledgment
73. Order home warranty contract
74. Verify premium of home warranty contract
75. Verify required coverages

### Compile Closing Instruction Amendment(S)

76. Include vesting, legal description, lender rate and term, sale price terms, and purchase contract terms/adjustments in instruction amendment(s)

### Prepare Pre-Loan Documentation Written Estimates (Preliminary Hud-1)

77. Prepare itemized estimate that includes fees and charges anticipated in final HUD-1 closing statement (e.g., prorations, deposits, adjustments, fees, premiums, commissions, and charges)
78. Conduct review official closing instructions and estimated HUD-1 with all parties
79. Obtain all final signatures

## LOAN DOCUMENTS

80. Order loan documents
81. Store loan documentation
82. Include receipt of document packages and assembly/verification of component parts, all prior to making borrower packages
83. Conduct review of all lender instructions
84. Schedule loan documentation signing either in-house or with an outside service
85. Receive and examine executed package and verify compliance with lender instructions
86. Return lender package to lender
87. Order homeowner's insurance

## CLOSING

### Receive Closing Package And Instructions

88. Negotiate policy coverages, including type of policy and endorsements
89. Review dosing package and instructions for compliance and acceptability of underwriting guidelines
90. Review form of the deed for proper signature, notary, APN, grantor and grantee information, return addresses, and legal description
91. Review deed of trust for proper signature, notary, APN, trustor, beneficiary, return addresses, and legal description
92. Review curative documents to clean up the title

### Order Title Date Downs

93. Order tax status date down
94. Order title status date down
95. Report any issues disclosed by tax status and title status date downs
96. Prepare and send recording package to County Recorder's office for recording
97. Confirm recordation
98. Notify all interested parties
99. Obtain and deliver confirmed, certified copies of various transaction documents
100. Prepare statement for policy premium and recording fees to send to your closing officer

## TITLE POLICY

101. Prepare policy and endorsement write-ups
102. Prepare policy and endorsements from title write-up
103. Proofread policy and endorsements
104. Deliver finished policies and endorsements to title officer
105. Deliver finished policies and endorsements to your closing officer

### Order Funding

106. Order borrower's dosing funds
107. Order lender's closing funds

### Pre-balance HUD-1

108. Perform preliminary calculation of disbursements
109. Run all names of principals, depositors, and payees (including realtors and lenders) in compliance with United States Patriot Act
110. Order tax status date down
111. Resolve any issues disclosed by tax status and title status date downs
112. Authorize recording of documents at County Recorder's office
113. Confirm recording with all parties

## Balance File And Prepare Final Hud-1 Closing Statement

114. Perform final calculation of all disbursements
115. Verify amount due with each payee
116. Provide required instructions to close loan
117. Pay monetary encumbrances by check
118. Prepare and send suspension/close letters for equity loans
119. Pay all tax encumbrances by check
120. Prepare and release seller's proceeds and buyer's refund
121. Prepare and disburse all broker's commissions
122. Comply with broker's Commission Disbursement Instructions (CDI)
123. Prepare and send out new lender disbursements
124. Prepare and send out miscellaneous checks
125. Include homeowners' association disbursements, credit card payments, inspections, homeowner's insurance, etc., on closing statement

### Prepare And Send Out Closing Packages To Seller, Buyer, And Brokers

126. Include certified copies of all closing instructions, amendments, and deeds.
127. Prepare state and federal Withholding disbursements
128. Process state and federal withholding forms and remit funds

## POST-CLOSING

### Perform Post-Dosing Maintenance

129. Process reconveyance documents
130. Process other release documentation
131. Process release of obligation, if necessary

### Perform Final Accounting Audit Of File

132. Clear trial balance
133. Follow up on stale-dated checks not cleared within six months
134. Comply with state escheat laws
135. Prepare and distribute year-end 1099 IRS forms to all parties required by law

**\* NOTE:** *This list reflects the collective services of steps to provide title insurance and close a residential real estate transaction in escrow closing states in much of the western U.S. Particular activities may be somewhat different but similar in purpose in non-escrow closing states in the eastern U.S.*