

## The Loan Process in Escrow from start to finish...

By Christopher Dale, Branch Manager Mission Viejo

Dealing with a Lender can be a very stressful event. An Escrow Holder's role is to provide the requested documentation to the Lender and/or Mortgage Broker in a timely manner and await the final Loan Documentation for the Buyer's signature.

**Open Escrow:** Upon the opening of escrow, the Selling Agent will have provided the Lender/Mortgage Broker information to Escrow. Escrow Instructions are sent to Lender/Mortgage Broker for review.

**Escrow to Provide Documents:** Duplicate copies of the Buyer's Vesting and Preliminary Title are sent to Lender/Mortgage Broker for their file. And at this stage the Lender/Mortgage Broker provides a Good Faith Estimate (GFE) for Escrow to prepare a Buyer's Estimated Closing Statement incorporating Title and Escrow Fees with the Lender's charges.

**Lender Review:** The Lender/Mortgage Broker will submit for review a loan package of all items submitted by Escrow, Appraisers, Agents, and Applicant (Buyer) to verify that all "prior-to-doc" or PTD conditions have been met.

**Loan Approval/Drawing Documents:** After approval the loan documents are drawn and sent to Escrow for signing.

**Escrow Receives Loan Documents:** Escrow will make a copy for the Buyer, organize the documents for signature, prepare the Buyer's Estimated Closing Statement using the Lender's Instructions and final Good Faith Estimate; order the Fire Insurance, and schedule an appointment with the Buyer to sign. Escrow will also provide the Buyer with the balance due necessary to close the transaction.

**Buyer Signs Loan Documents:** Typically the signing appointment is will be held in the Escrow Office during office hours, however, an after-hours signing or other arrangements can be made.

**Escrow Packages Documents:** The signed documents are now packaged. Escrow will abstract the Note and Deed of Trust for the Loan Documents, make certified copies per the Lender's requirements, and add all of the "prior-to-funding" or PTF conditions (items including certified copies of the Buyer/Seller signed Escrow Instructions, Seller signed/notarized Grant Deed, Hazard Insurance, Termite Completion [if required], and any other items as required in the Lender's Instructions). This completed loan package is returned to the Lender.

**Lender Review of Loan Package:** The Lender will assign the file to a Funder to review the Package and ultimately fund the loan.

**Funding Conditions:** After the review is completed, a list of any additional "prior-to-funding" or PTF conditions that are still outstanding is prepared for Escrow. Escrow will clear any conditions and if necessary will contact the Buyer or Seller in order to facilitate the funding process.

**Ready to Fund:** The Funder will request confirmation that Escrow is ready to fund. Escrow will confirm with the Agents that the Buyer and Seller are ready to close. Escrow will complete a final audit on the file to assure that no further documentation or funds are required and will contact the Funder to authorize funding. The Lender will send Escrow a breakdown of the wire amount for the Buyer's new loan. These wired funds are sent to the Title Company.

**Recording:** The Title Company will record the Grant Deed and Deed of Trust upon receipt of the Lender's wired funds.



# 4 Homebuyers' New Year's resolutions for 2012

Once again, we're starting a new year with a less than optimal housing market outlook. Still, if you're hoping to buy a home in 2012, here are a few New Year's resolutions you might want to make:

**1.** Pull a copy of your credit history and credit score. Mortgage lenders have become extremely conservative and restrictive in deciding which mortgages will get funded. Lenders will pull credit scores from each of the three credit reporting bureaus (Equifax, Experian and Trans-Union) and then use the middle score to determine your loan's interest rate and terms. You need to know that information ahead of time. Go to AnnualCreditReport.com and receive a free copy of your credit history and then pay for your credit score (about \$9). You can also go to each credit reporting bureau or MyFico.com and purchase a copy of your credit history and score, if you've already used up your freebies.

**2.** Practice good credit behavior. Lenders regard borrowers with credit scores above 780 as their best customers. Unless your credit score is above that level, you should work on eliminating any errors and practicing good credit behavior so that your credit score rises. The best thing you can do? Pay your bills on time and in full each month. The next-best thing you can do is maintain four open and active lines of credit. Each credit reporting bureau offers good credit behavior tips for free on its website, or you can go to MyFico.com. (Full disclosure: I contribute real estate posts to the Equifax Finance Blog, where Equifax's credit experts blog about credit trends and information.)

**3.** Shop around for the best loan. Even though the federal government is backing more than 90 percent of all the loans through Fannie Mae, Freddie Mac, FHA, VA and USDA, it pays to shop around. Make sure you talk to at least four or five lenders before you sign your application, including a "big box" lender, a small local lender, a credit union, a mortgage broker and an online lender. Use the information you glean from each lender to negotiate a great deal for yourself. Yes, you are allowed to negotiate with lenders and ask them to give you a better deal.

**4.** Create a great home buying team. Whether you're buying investment property or a home to live in, you'll want to create a team of real estate professionals who can help you find the right property, at the right price, on the right terms, without any headaches. The team should include a great real estate agent, mortgage lender, real estate attorney, tax preparer (with experience in investment real estate if you plan on buying real estate as an investment) and real estate inspector to start. Residential real estate investors will want to add a 1031 exchange professional and commercial inspector (if appropriate) to the mix.

Having the right team in place will go a long way toward making your dream of homeownership come true.

*Excerpt sourced from [http://www.dailybreeze.com/business/ci\\_19560616](http://www.dailybreeze.com/business/ci_19560616)*

# 2012

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