



# INFORMATION ABOUT YOUR NEW HOME ESCROW AT FIRST AMERICAN



*The information in this brochure will help you become more comfortable with the Escrow Process you are about to begin.*

*We hope to answer your questions in advance and provide you with step-by-step information that will clarify your part in this process.*

*We welcome any questions you may still have after reading this information. Please feel free to call us.*



*First American  
Title Company*



# QUESTIONS EVERY HOME BUYER ASKS

## What exactly is an Escrow?

An escrow is an independent “stake-holder” account and is the method by which the interests of all parties to the transaction are protected.

Your escrow was created shortly after you executed your contract to purchase your new home. The escrow becomes the depository for all monies, instructions and documents pertaining to the purchase of your new home. Any questions or requirements you may have concerning the home itself, such as appliances and repairs, are not a part of the escrow, but rather, matters between you and your homebuilder.

Escrow services in California are generally provided by title companies.



## Opening Escrow...

### How does the escrow process work?

The escrow officer prepares escrow instructions based on the terms of your purchase agreement and your lender’s requirements. Other elements of the escrow include hazard insurance, title insurance and the grant deed from the seller to you. Escrow cannot be completed until all the requirements set forth in the instructions have been satisfied.

### How do I open an escrow?

You will not have to open the escrow; it will be done for you. As soon as you execute your purchase agreement, your homebuilder will deposit your initial down payment into your escrow account at First American (or into a trust account with your homebuilder).

### How will I know where my deposit money has gone?

Written evidence of your deposit is generally included in the copy of your purchase contract. Your funds will then be deposited into a separate escrow or trust account.

I’ve selected my home, executed my purchase agreement, made my purchase deposit and an escrow has been opened.

### What do I do next?

Unless you are paying all cash, the next step will be to apply for a mortgage loan. Your sales agent will be able to assist you in selecting a lender.

## The Loan Process...

### How does the loan process work?

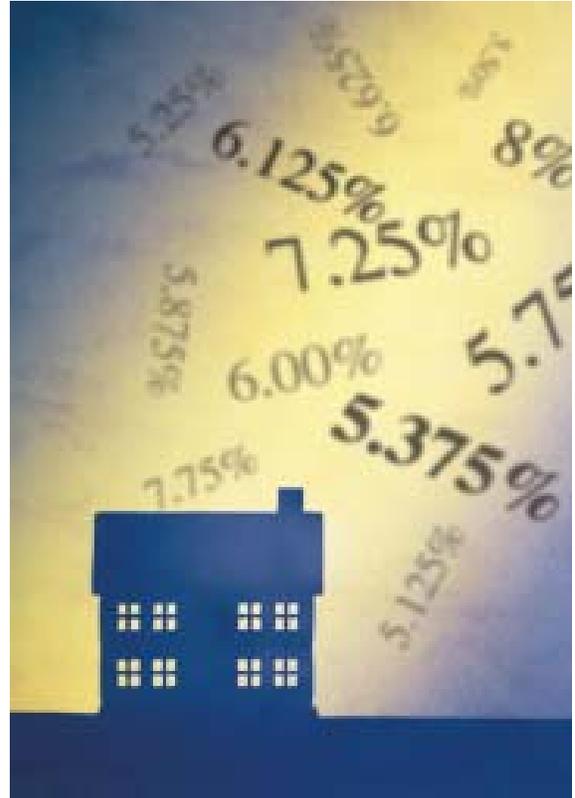
Often the homebuilder will arrange a lending source for favorable financing for you. If not, you will select a lender.

You will be required to complete a loan application which will require personal and financial information.

### What happens after I submit the loan application?

The lender will issue you a “good faith” statement, which will estimate your total costs for the purchase of your new home.

The lender will require that you obtain hazard/fire insurance if you are purchasing a detached home. However, if you are buying an attached home, there may



already be a master hazard policy. Check with your sales person on this. The lender will also require that you obtain title insurance and may have other requirements that will need your attention prior to the close of escrow.

### When the loan is approved, what's next?

When your loan is approved and the loan documents are sent to our New Home Center, your “escrow instructions” will be prepared.

## Escrow Instructions... Your Appointment...

### What are escrow instructions?

Escrow instructions define all the conditions that must occur before the transaction can be finalized. Your escrow instructions, prepared by First American, represent your written statement to the escrow holder (First American Title) protecting your interests. Your escrow instructions specify, in a debit and credit format, the disposition of your purchase funds. They also provide for title protection for your home.

### When and where do I sign escrow instructions?

Your escrow officer will contact you to make an appointment for you to sign your escrow instructions and final loan papers. At this time, the escrow officer will also tell you the amount of money you will need (in addition to your loan funds) to purchase your new home. Your loan funds will be sent directly to the escrow by the lender. Typically, you will sign your escrow instructions and loan documents at one of the First American Title's New Homes Escrow Centers, (unless otherwise notified). **A directional map is included with this folder.**



### What do I need to do before my appointment to sign the escrow papers?

#### Cashier's Check

Obtain a cashier's check or certified check issued by a California institution made payable to First American Title in the amount indicated to you by your escrow officer or escrow assistant. You may, of course, wire these funds to us and your account will be credited immediately upon our receipt. A personal check may delay the closing since First American is required by law to have "good funds" (check has cleared) before disbursing funds from escrow. Similarly, an out of state check could cause a delay in closing due to delays in clearing the check.

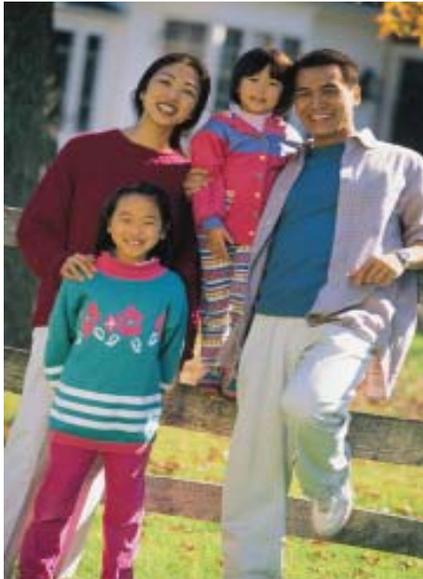
#### Lender's Requirements

Make sure you are aware of your lender's requirements and that you have satisfied those requirements before you sign escrow instructions.

#### Hazard/Fire Insurance

If you are purchasing a single family, detached home (or in some cases, a townhome), be sure to order your hazard/fire insurance once your loan has been approved. We will be happy to assist you in obtaining an insurance quote from First American Property and Casualty Insurance Company. (There is a form included within this folder). Call your escrow officer with the insurance agent's name and phone number so that he or she can make sure the policy complies with your lender's requirements.

You must have your insurance in place before the lender will send money to escrow.



### **Identification**

Please bring either your valid driver's license or passport with you to your escrow appointment. This is needed so that your identity can be verified by a notary public. It's a routine, but necessary step for your protection.

### **Title to Home**

Decide how you wish to hold title to your new home. You will need to make this decision prior to your escrow appointment. You may want to consult a real estate expert before you decide. A list of the common types of property ownership is included for your information on a separate sheet accompanying this brochure. Merely bring your decision on this matter to your escrow appointment.

## **After the Sign-Off...**

### **What's the next step after I've completed my sign-off?**

After you have signed all the necessary instructions and documents, the escrow officer will return them to the lender for a final review. This review usually occurs within a couple of days and upon completion, the lender is ready to fund your loan and advises the escrow officer.

### **What is an "escrow closing"?**

It's the culmination of the transaction.

Usually a **Grant Deed** and **Deed of Trust** are recorded within one working day of the escrow's receipt of loan funds. This completes the transaction.

### **When will I receive the deed?**

The original deed to your home will be mailed directly to you at your new home by the County Recorder's office. This usually takes several weeks, sometimes longer, depending on their volume. Your policy of Title Insurance will also be mailed to you from First American Title.





## The following is a brief list of the best sources for assistance for certain common questions:

- 1) Details of your purchase agreement: Sales Representative
- 2) Final amounts needed to close escrow (after receipt of loan papers): Escrow Officer or Escrow Assistant
- 3) Possession and key to home: Sales Representative
- 4) Hazard / Fire Insurance: Insurance Agent, or refer to the First American Property and Casualty Insurance Company form included with this folder.
- 5) Loan requirements and financial matters: Lender or Mortgage Company
- 6) Escrow Instructions (review at title company on sign-off day): Escrow Officer or Escrow Assistant
- 7) How to take title or ownership: Real Estate Expert
- 8) Questions regarding property tax impounds: Lender or Mortgage Company



**First American Title Company**  
[www.firstam.com](http://www.firstam.com)





*First American  
Title Company*

[www.firstam.com](http://www.firstam.com)

