Arizona

SELLER'S GUIDE

PALO VERDE

TITLE & ESCROW AGENCY

Selling your home is more than accepting an offer—it's navigating a legal and financial transaction with many moving parts. Our role is to provide a smooth, secure closing while protecting everyone involved.

This guide explains what to expect throughout the Arizona escrow process so you can avoid surprises and close with confidence.

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All About
Title and Escrow

For people planning to buy a home, there is one word that often determines how successfully those plans are carried out: **ESCROW**.

Escrow is an arrangement in which a disinterested third party, usually called an escrow officer, holds and distributes legal documents and funds on behalf of the buyers and sellers. Ideally, escrow takes the confusion out of the process for all parties.

Opening escrow provides convenience and protection. Buyers can instruct the escrow holder to disburse the purchase price only when certain conditions are met. Sellers can instruct the escrow holder to retain possession of the deed to the buyer until the seller's requirements are met. Both parties rely on the escrow holder to carry out their transaction instructions and advise them if any of their instructions are not consistent with each other or cannot be carried out.

Escrow allows buyers and sellers to move forward separately but simultaneously in executing the sale transaction process (providing inspections reports, loan commitments and funds, deeds and many other required items).

If instructions from all parties to an escrow are clearly drafted, fully detailed and consistent with each other, the escrow holder can take many actions on their behalf without further consultation. This saves the buyers and sellers valuable time and facilitates the transaction closing, making this easier and less confusing.

Lender functions *(if applicable)*

- Deposits proceeds of the loan to escrow holder
- Directs the escrow holder on the conditions under which the loan funds may be used

Escrow officer *(Holder)* **Functions**

- Acts as the impartial stakeholder, or depository of documents and funds
- Processes and coordinates the flow of documents and funds
- Keeps all parties informed of progress of the escrow
- Responds to the lender's requirements
- Secures a title insurance policy
- Obtains approvals of reports and documents from the parties as required
- Pro-rates and adjusts insurance, property taxes, rents, etc.
- Records the deeds and loan documents
- Maintains security and accountability of monies owed and owing

Documents Sellers May Need

- Documents Sellers May Need
- Photo ID
- Mortgage Information
- Trust Documents (if property is in a trust)
- Power of Attorney (if applicable)
- Death Certificate (if inherited property)
- Divorce Decree (if applicable)
- LLC or Corporate Documents
- Forwarding Address
- Wiring Instructions (if requesting wire proceeds)

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UNDER CONTRACT

- Escrow Opens
- Order Title Search
- Buyer Deposits Earnest Money
- HOA Information Ordered
- Payoff Requested
- Inspection Period
- Appraisal
- Loan Approval

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You Are in Escrow

So Now What?

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1. Purchase agreement is provided to escrow and reviewed by the escrow team.

2. Buyer's deposit is received. Preliminary report/title commitment is requested.

3. Preliminary report/title commitment is received, reviewed and distributed.

4. Escrow instructions and documents are prepared and distributed as per local practice.

5. Information and signatures from principal(s) are requested. This includes payoff of underlying loans and statements of information from sellers.

6. Demands are requested and received.

7. Data entries are made for payoffs, commissions, etc.

8. If financing is involved, loan approval is received, and loan documents arrive from the lender.

9. Escrow prepares estimated closing statements for buyer and seller review and approval, together with seller's CD, if required.

10. Buyer's signing appointment is scheduled, documents are prepped for signing. Escrow paperwork is added. Appointment with seller is made, if required.

11. Funds are requested and received from buyer and seller, if required. Upon receipt of buyer and seller funds as may be required, loan funds are requested from lender.

12. Upon receipt of all funds required to close, recordable documents are forwarded to county recorders office with authorization to record.

13. Disbursements are made and closing packages are released.

Contract to closing

There's a lot that happens between the time you find a house and the day you own it.
To help you better understand what happens after the sold sign is posted, we've listed the seven basic steps of transferring a land title.

1 **Earnest Money**
An escrow contract (an agreement to close) starts the process.

2 **Title Search**
Copies of documents (surveys, deeds, encroachments, restrictions, assessments, liens, wills, divorce settlements, etc.) are gathered from various public records.

3 **Examination**
Legal owner, debts owed and encumbrances on the land are verified.

4 **Nonpublic Record Check**
Taxes, assessments, liens, bills and other nonpublic information are reviewed.

5 **Document Preparation**
Forms are prepared for settlement and transfer of title.

6 **Settlement or Closing**
Either an escrow officer or a closer will oversee the closing of the transaction. Seller signs the deed; buyer signs note and new mortgage. Old loan is paid off; new loan is recorded. Seller, real estate agents, attorneys, title company and others are paid. Owner's and lender's policies are issued.

7 **Recording of Legal Documents**
Documents are recorded with the county to show transfer of ownership.

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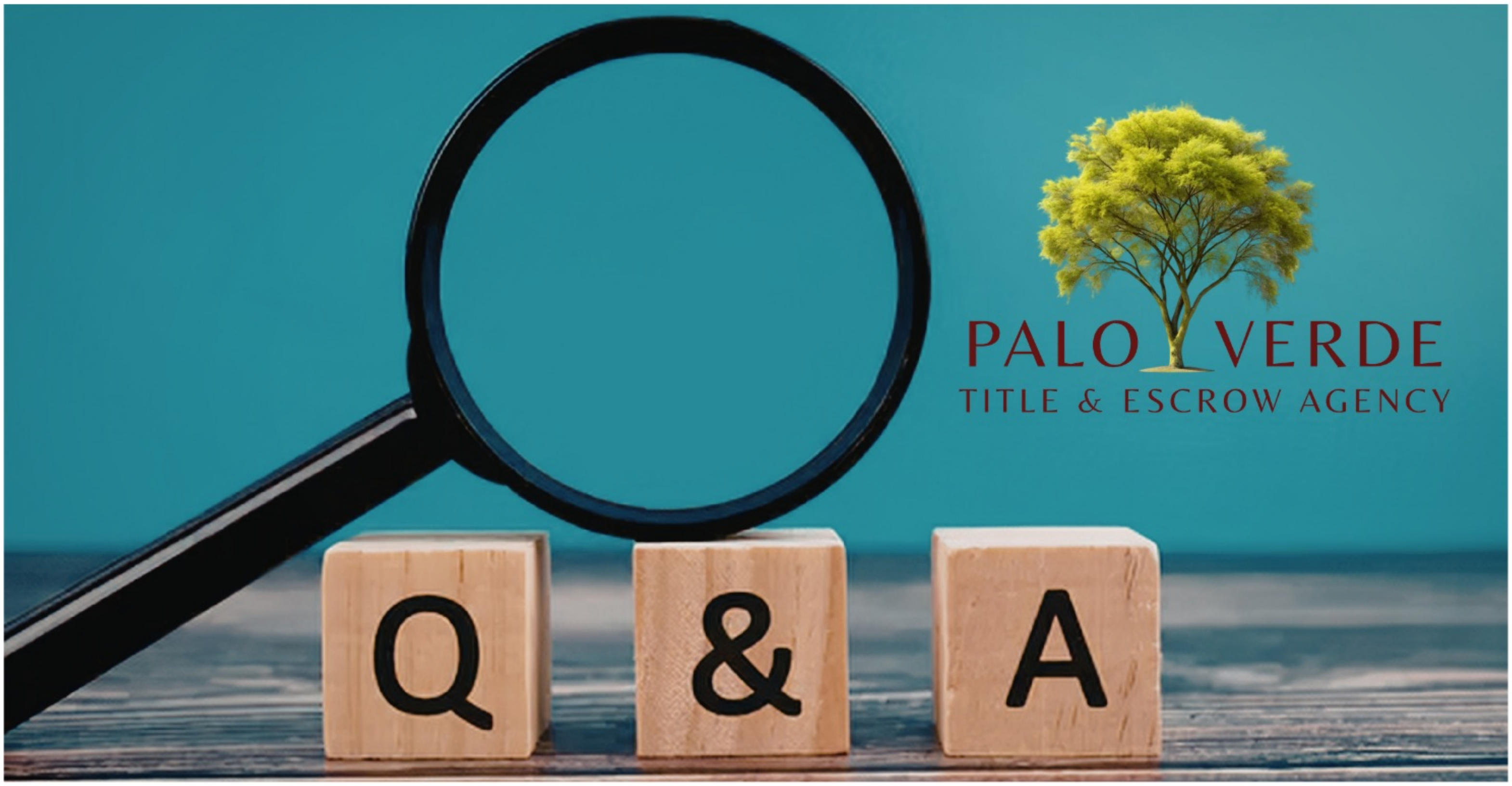


Frequently Asked Questions

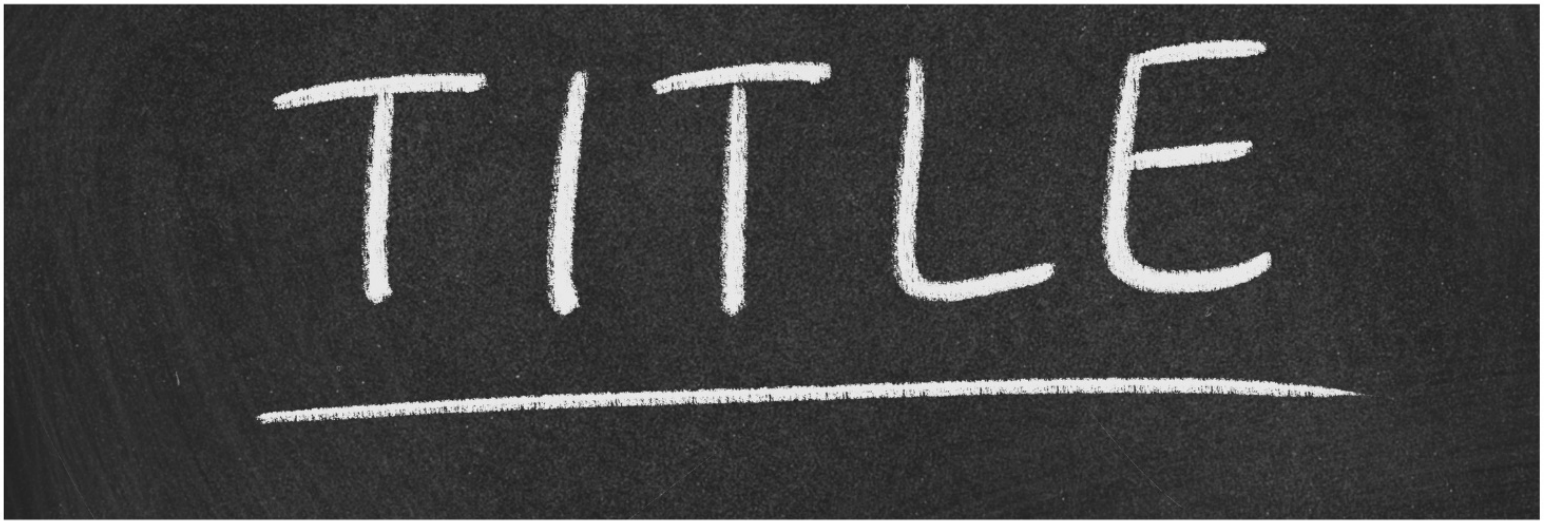
When do I receive my proceeds?
Typically the same day the transaction records, depending on your bank's processing times.

Can I sign early?
Usually, yes. Ask your escrow officer about early signing options.

Do I need to attend closing?
Not always. Remote, mail-away, or mobile signing options may be available.

When do I move out?
According to your purchase contract unless another arrangement has been negotiated.

What if I'm selling property held in a trust?
Additional documentation will likely be required. Notify escrow as early as possible.



Why Choose Palo Verde Title & Escrow?

At Palo Verde Title & Escrow Agency, we're committed to delivering:

Local expertise

Personalized service

Clear communication

Secure transactions

Experienced escrow professionals

A smooth closing from contract to recording

Whether you're selling your first home or your fifth, we're here to guide you every step of the way.

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Closing Cost
Guide

The SELLER can generally expect to pay for:

- X Owner's title insurance premiums
- X Real estate commissions
- X Half of the escrow fee (except VA)
- X Any loan fees required by the buyer's lender (according to contract)
- X Payoff of all outstanding loans
- X Interest accrued to lender being paid off, statement fee, reconveyance fees and any prepayment penalties.
- X Termite work
- X HOA transfer fee (according to contract)
- X Home warranty (according to contract)
- X Any judgments, tax liens, etc. against the seller.
- X Half of recording service fee
- X Tax proration (for any taxes unpaid at time of transfer of title)
- X Any unpaid HOA dues
- X Any bonds or assessments (according to contract)

The BUYER can generally expect to pay for:

- X Lender's title insurance premiums
- X Half of the escrow fee (except VA)
- X Document preparation (according to contract)
- X Notary fees (if applicable)
- X Half of recording service fee
- X HOA transfer fee (according to contract)
- X Termite inspection
- X All new loan charges, except those required by the lender for the seller to pay
- X Interest on new loan from the date of funding to 30 days prior to first payment due
- X Assumption – change of records fees for taking over existing loan.
- X Home warranty (according to contract)
- X Fire insurance premiums for first year.
- X All required pre-paids (according to contract)

All fees and prodesses are subject to local real estate practices. For specific information a bout your transaction, please consult your real estate agent, loan officer or escrow officer.

The costs identified here are not necessarily all-inclusive and all of the services for which payment may be allowable or non-allowable may not be identified herein.

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Preparing for Closing

- Government-issued photo ID
- House keys
- Garage door openers
- Alarm codes
- Mailbox keys
- Any agreed-upon warranties or manuals
- Make sure utilities remain on until after recording unless instructed otherwise.

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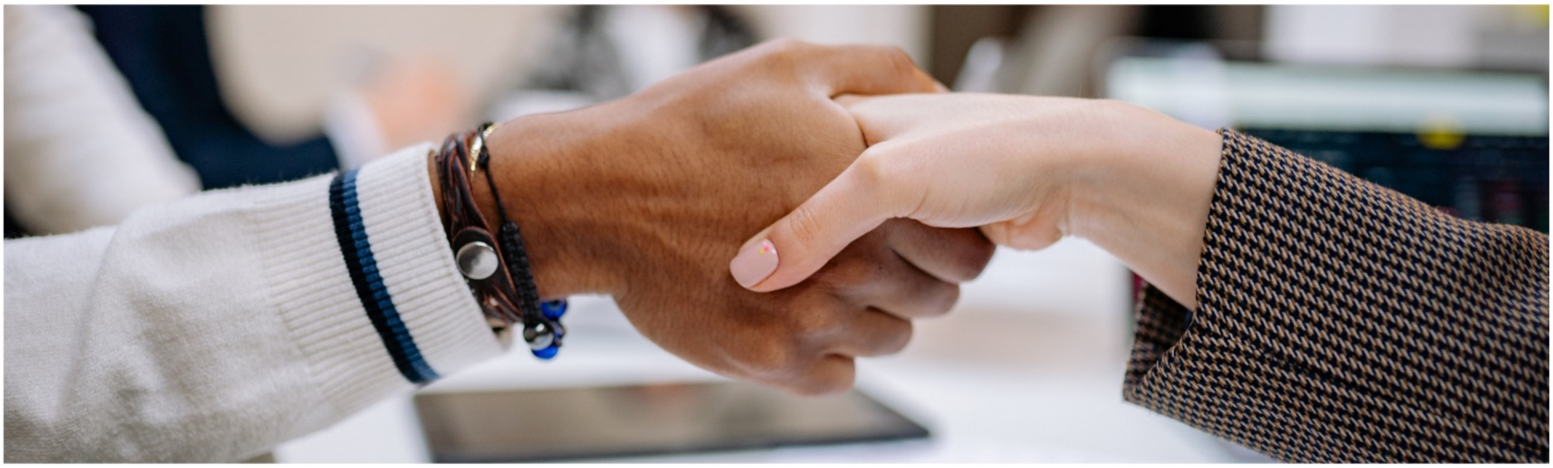

Closing

- Documents Signed
- Funds Received
- Documents Recorded
- Ownership Transfers
- Keys Delivered

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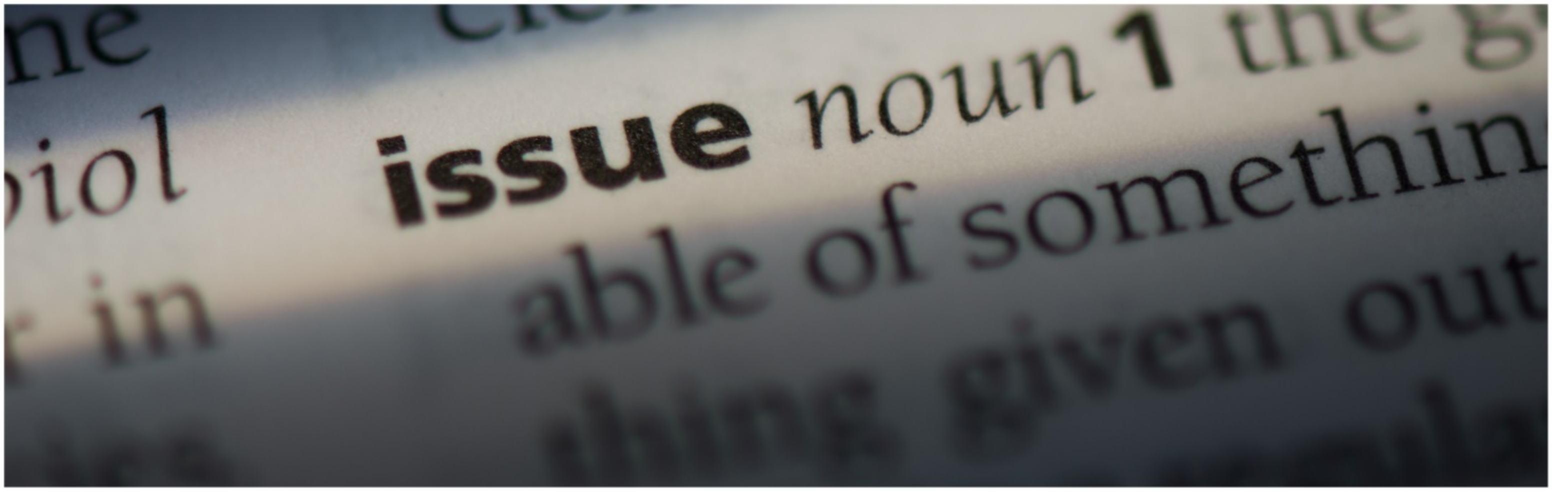

Common Title Issues That Can Delay Closing

- Outstanding liens
- Unpaid property taxes
- Judgments
- Probate issues
- Trust documentation
- Incorrect legal descriptions
- Undisclosed heirs
- Boundary disputes
- Recording errors
- Open permits
- Unknown easements
- Many title issues can be resolved—but identifying them early helps prevent delays.

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Seller Timeline

Before Listing

- Locate HOA information
- Gather mortgage information
- Find trust documents (if applicable)
- Locate survey or permits if available
- Discuss repairs with your Realtor

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Why you need
Title Insurance

Most types of insurance focus on possible future events and charge an annual premium. Flood, home and auto insurance are just a few such examples. Title insurance, by contrast, protects against hidden defects in the title and, unlike other forms of insurance, is paid only once.

Why title insurance?

Title insurance was first issued in 1871 to enable speed and efficiency when property is conveyed or legally transferred from one owner to another. Because of title insurance, real estate is more marketable and thus more valuable. Over the years, title insurance has proven effective in protecting buyers and lenders against defects in a property's title, and today its use has spread around the world. Palo Verde Title has played a major role in fostering that growth.

How does the process of getting a title policy begin?

Insuring a home's title begins with a search of the public land records associated with the property. The title company examines all documents in the public records – deeds, wills and trusts are just a few of the many – in order to determine the status of the title.

Should title problems appear during the search process, the title company will correct them whenever possible so as to avoid future claims. According to surveys done by the American Land Title Association® (ALTA®), title problems consistently arise in one out of three real estate transactions (36%). That's all the more reason to have a title insurance policy.

What is the cost of not having a title policy?

The process of performing title searches and curing title problems does not come cheaply. Industry studies find that title insurers spend an average of 92 cents out of every dollar paid toward a premium as their cost of doing business. The most common actions taken to cure title defects include:

- X Releases or payoffs for liens
- X Releases or payoffs for deeds or mortgages needing typographical corrections (e.g., names, addresses, legal descriptions)
- X Clearing of estate-related issues
- X Clearing of physical property issues

What if a problem is hidden or missed?
Despite the search-and-examination process, a title problem may still be hidden or missed. Examples of common problems include:

- X Forged signatures on a deed
- X Unknown heirs who step forward to claim ownership of the property
- X Expired or forged power of attorney used during a prior property transfer
- X Incorrect public records

Should these or other cases arise, a title insurance policy will offer indemnity protection. The title insurer will defend the title and either perfect it or pay valid claims protected by the policy.

What types of title policies are available?
Two types of title insurance policies exist – a lender's policy and an owner's policy. A lender's policy ensures that, should the mortgage not be valid or should the lien priority incorrect – either condition means the mortgage fails to be enforceable – the lender will be indemnified against loss, subject to the terms of the policy.

Lenders require the homeowner to purchase a lender's title policy in order to protect their financial investment in the property. They also need a loan policy when packaging and selling their loans in the secondary mortgage market.

An owner's title policy is separate from the lender's policy and serves to protect homeowners from defects and liens in the chain of title up to the date and time the deed is recorded in the public records. Owner's title insurance lasts as long as the policyholder or his or her heirs have an interest in the property. The policy may be valid even after the homeowner has sold the property.

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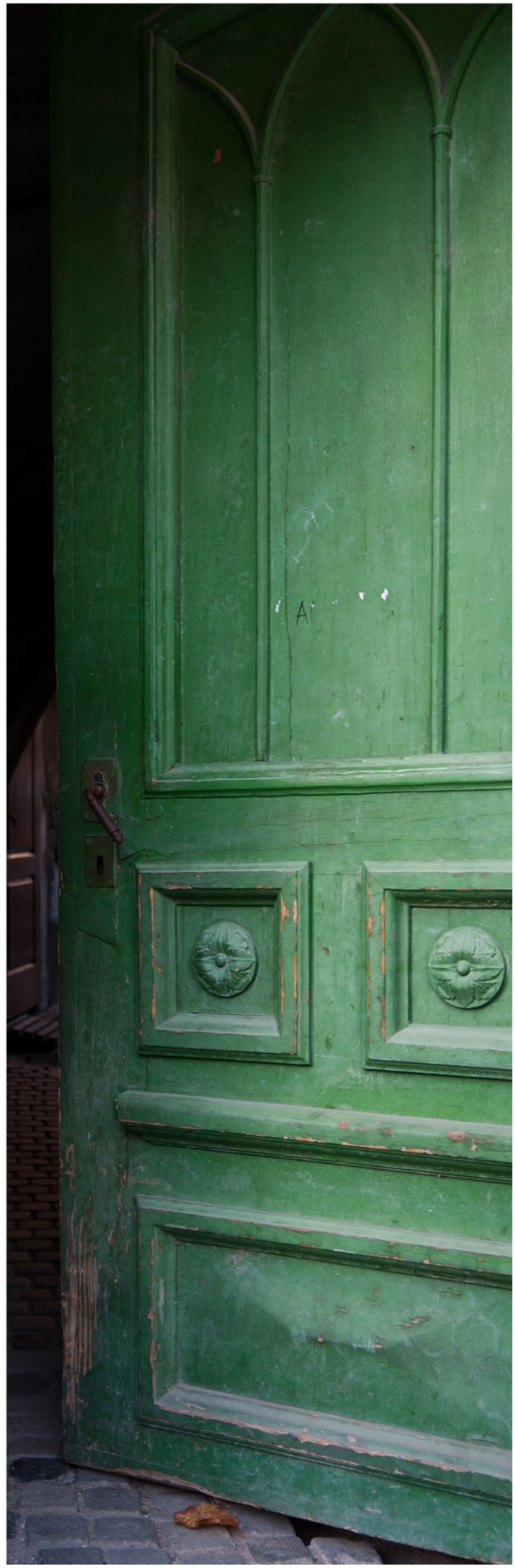

What is
Title Insurance?

So, you're buying a house. It's an exciting time. It can also be a bit confusing. Things feel like they're happening pretty fast and, often, some important things can go unexplained – like title insurance. To help you understand the purpose and importance of title insurance, Palo Verde Title has put together this helpful overview.

What is title?
Simply stated, the title to a piece of property is the evidence that the owner is in lawful possession of that property.

What is title insurance?
Title insurance protects real estate owners and lenders against any property loss or damage they might experience because of liens, encumbrances or defects in the title to the property. Each title insurance policy is subject to specific terms, conditions and exclusions.

How does title insurance differ from other insurance?
Flood, home and auto insurance, for example, protects against potential future events and is paid for with monthly or annual premiums. A title policy insures against events that occurred in the past of the real property and the people who owned it. Title insurance requires only a one-time premium paid at the close of the escrow.

All fees and processes are subject to local real estate practices. For specific information about your transaction, please consult your real estate agent, loan officer or escrow officer.

What does it cover?
Title insurance protects against claims from defects. Defects are things such as another person claiming an ownership interest, improperly recorded documents, fraud, forgery, liens, encroachments, easements and other items that are specified in the actual policy.

Who needs it?
Home buyers and lenders need title insurance in order to be insured against various possible title defects. The buyer, seller and lender all benefit from the issuance of title insurance.

How is a title policy created?
The creation of a title policy begins by searching the public records for defects, such as liens or legal judgments, which could interfere with the transfer of the property's title. Once the title is deemed free and clear of defects, the prospective new owner receives a preliminary report for review and approval. If the prospective buyer approves the "prelim," the escrow officer will record the document after closing and settlement, and the title policy will be created.

What is escrow?
Escrow refers to the process in which the funds of a transaction, such as the sale of a house, are held by a third party, often the title company or an attorney in the case of real estate, pending the fulfillment of the transaction.

What are the policy types?
A standard policy insures the new owner/home buyer and a lender's policy insures the priority of the lender's security interest.