



Escrow Essentials

How to get a real estate transaction closed

by

Natalie Danielson

This 3 clock hour course will cover the escrow process, the breakdown on the settlement statement, and challenges that can delay closing of residential real estate transactions.

PROFESSIONAL *Direction* INC

WWW.CLOCKHOURS.COM

email: clockhours@gmail.com

A Washington State Approved Real Estate School under R.C.W. 18.85.

Escrow Essentials

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Curriculum

Session Hours	Major Topics	Method of Instruction
1 1 hour	What is Escrow? Who can close transactions? Can the seller require a certain escrow/title Who does escrow represent The Escrow Process Purchase and Sale agreement Escrow Instructions Creating instructions from the Purchase and Sale agreement	Lecture Discussion Quiz
2 1 hour	Title insurance What is a cloud? Coordinating with the lender Where are the docs? The Settlement Statement Closing documents Loan estimate and closing documents Who is on title	Lecture Discussion Quiz
3 1 hour	Getting ready for Closing Recording transactions Disbursement of funds Real Estate Agent responsibilities Making Closing happen more Effectively Problems that occur during escrow	Lecture Discussion Quiz

Escrow Essentials

READY.... SET...CLOSE!

When a seller and a purchaser come together to transfer ownership of real property in Washington state most often the transaction is closed with the services of escrow. As a real estate licensee, it is important to understand the process of closing a transaction and the services provided by a neutral third party. It is also important to know the responsibilities of all the parties. The vocabulary helps clarify the process.

Course Objectives

As a result of taking this class the real estate licensee shall be able to:

- Define “Escrow” in Washington State.
- Understand the escrow process and a typical schedule.
- Identify the information that is necessary to create escrow instructions.
- Know some of the problems that can occur during escrow.

What is Escrow?

An escrow is a method of closing in which **a neutral third party** is authorized to act as escrow agent and coordinate the closing activities. The escrow agent holds monies and legal documents on behalf of the buyer and seller and handles them according to their instructions in order to close or complete the sale.

Under the Washington Escrow Agent Registration Act, escrow is formally defined as:

"Any transaction wherein any person(s), for the purpose of effecting and closing the sale, purchase, exchange, transfer, encumbrance or lease of real or personal property to another person(s), delivers any written instrument, money, evidence of title to real or personal property, or other thing of value to a third person to be held by such third person until the happening of a specified event or the performance of a prescribed condition(s), when it is then to be delivered by such third person in compliance with instruction under which he is to act, to a grantee, grantor, promisee, promisor, obligee, obligor, lessee, lessor, bailee, bailor, or any agent or employee thereof."

The word "Escrow"

The word "escrow" has three basic meanings.

1. Closing... as in closing a real estate transaction
2. It can also refer to long term seller financing.
3. It can also refer to a reserve account.

Who can close transactions in Washington?

Washington's Escrow Agent Registration Act RCW 18.44 requires escrow agents to be licensed and registered with the Department of Financial Institutions (D.F.I.). There are a number of exemptions from these requirements, however. Attorneys, title companies, banks, savings and loans, credit unions, insurance companies, and federally approved lenders are allowed to perform escrow services without being licensed or registered under the act. In addition, those acting under the supervision of a court such as receivers, trustees in bankruptcy, guardians, executors, and probate administrators can close transactions.

Can a real estate broker close one of their transactions?

In Washington State a broker handling escrow for their own transactions is exempt from licensing, provided they do not charge a fee for their escrow services. Very few brokers would EVER close real estate transactions because of liability issues.

The **Certified Escrow Agent** to engage in the escrow business under the Registration Act must have a partner or corporate officer:

- pass an escrow agent examination,
- pay a fee,
- submit affidavits of good character,
- present a good credit report, and
- obtain a fidelity bond.

Escrow Officers are employed by the Certified Escrow Agent to close transactions. Escrow Officers must be licensed in Washington State

A "**Closer**" is someone who works for an escrow agent.

Limited Practice Officer is a person who has been authorized to prepare certain closing documents and perform routine closing functions under rules approved by the Supreme Court of Washington. A closer may or may not be an LPO. Different laws govern the conduct of different classes of Escrow Agent.

What is the Real Estate Settlement and Procedures Act?

The Real Estate Settlement and Procedures Act "RESPA" is administered by US Department of Housing and Development known as "HUD." RESPA seeks to reduce unnecessarily high settlement costs by requiring disclosures to homebuyers and sellers, and by prohibiting abusive practices in the real estate settlement process. All borrowers must be given information about real estate transactions, settlement services, and relevant consumer protection laws, as well as the possibility of mortgage servicing being transferred. Borrowers are entitled to initial and annual escrow account statements, as well as itemized statements of actual settlement costs. RESPA outlaws kickbacks, referral fees, and unearned fees, prohibits sellers from requiring borrowers to purchase title insurance from specific companies, and does not allow loan servicers to require excessively large escrow accounts.

Can the Seller require the Buyer to use a particular Closing Agent?

According to the RESPA, a seller is prohibited from requiring the home buyer to use a particular title insurance company, either directly or indirectly, as a condition of sale. Buyers may sue a seller who violates this provision for an amount equal to three times all charges made for the title insurance.

Can the listing agent for the seller require that the Buyer use a certain title or escrow company because they ordered the preliminary title and have communicated with the title company prior to the sale?

No. According to RESPA the seller cannot require a buyer to use a designated title or escrow company as a condition of the sale.

Who does the Escrow Officer Represent as an agent?

The escrow agent is a special agent for both parties and acts in accordance with the escrow instructions given by both. **The escrow agent is a neutral third party** who does not represent anyone in the transaction. If a party has a question about any aspect of the transaction, he or she should consult his or her own attorney for advice. Because of the escrow's limited duties of disclosure and the confidentiality of the escrow in general, facts known to the escrow holder are normally not imputed or implied to the other party. The escrow agent is a limited agent for both parties. Once the conditions to the escrow transaction have been performed, the nature of the dual agency changes. Escrow then becomes the agent for the seller for the money and the buyer for the deed. Escrow acts as the "clearing house" for the details of the transaction. These are the most frequently asked questions by real estate agents!

Can the Closing Agent prepare an addendum to extend the closing date?

No, the Closing Agent is a Neutral Third Party and cannot prepare addendums to the transaction. The Closing Agent takes instructions to prepare closing documents from the Purchase and Sale Agreement.

Can an L.P.O. prepare addendums because they are considered Limited Practice Officers and pass a test and are licensed?

No, the L.P.O. license does not give them the authority to prepare documents for a purchase and sale.

Who does the Escrow Office answer to?

The purchase and sale agreement serves as the primary escrow instructions for both the seller and the buyer. It should contain the agreement of the parties as to who pays for what expenses, proration dates, closing dates, etc. Escrow cannot be bilaterally revoked. In the event of a disagreement, the escrow can only be amended, changed, or revoked by mutual agreement of the parties to the escrow.

The escrow agent is not authorized to comply with any instructions or demands of any third person that is not a party to the escrow. Real estate brokers are not one of the parties to the escrow. Brokers are not to get involved with the closing process except to forward all pertaining documents and receipts that pertain to the transaction.

Can a broker demand that the escrow agent release his commission?

The escrow agent can only close the transaction according to the instructions given.

A broker is a third party and not a party to the escrow, so he, therefore cannot give instructions to the escrow agent.

The Escrow Process

After a purchase and sale agreement is signed escrow is opened. The escrow agent gathers the information necessary to execute escrow instructions.

Preliminary title report is ordered which will identify the property and any clouds on the title. Often it is ordered in advance.

The escrow agent holds monetary deposits for the buyers in a trust or escrow account. The real estate selling office can also hold funds for the buyers in a trust account.

Buyer and seller deposit all pertinent documents and other items with the escrow agent before the specified date of closing.

The escrow agent examines the title to determine whether there is marketable title and to identify liens that must be paid from closing funds.

Upon the escrow agent receiving lender docs, the escrow agent prepares their documents, such as the deed for closing.

The escrow agent prepares Closing Document and determines how the funds are allocated based on the agreements and the liens. The Settlement statement must be approved by the lender before appointments are made.

The escrow agent meets with the buyers and the sellers for signing the documents. Typically the buyers appointment is about 45 minutes. The sellers meet for about 15 minutes.

The borrowers have three days to review the documents.

After the lender balances with the closer, the escrow agent sends the documents to the title company for recording.

The escrow agent then can disperse the funds once the funds are available to the seller and they have recording numbers.

The Purchase and Sale Agreement

The escrow agent is bound by the terms of the Purchase and Sale agreement and may only carry out the terms of the contract to close the transaction. Incomplete or incorrect information on the Purchase and Sale Agreement can delay the closing or jeopardize the transaction. With paperless transactions and online forms the agreement is more often legible and complete. Handwritten documents the agreements are sometimes completely illegible!

The following items are necessary in order to close transactions.

Copy of the entire Purchase and Sale Agreement including all addendum's

The name of all of the parties including the real estate brokers and their license numbers.

Property address AND Legal description. The full legal description is required to have a valid purchase and sale agreement.

Purchase price including any counteroffers

Method of payment

This can include cash, or financing.

If there is seller financing a form note and deed of trust and form 22C must be included.

This is required so that the closer can create the documents as requested.

Assumptions- is the underlying loan assumable? Most loans have "Due on Sale" clauses so they are not assumable.

Leased fixtures which can include the hot water tank or solar panels, for example.

List of any personal property as a part of the sale

Closing date

Make sure that it is definable

Include all extensions (roughly about 75% of all agreement require extensions)

Earnest money deposit and where it is deposited

All conditions and repairs must be addressed

Signature of all parties

Escrow Instructions

Escrow takes the information from the Purchase and Sale agreement and creates the Escrow Instructions. The instructions must include the following:

- Identification of all documents placed into escrow
- Identification of the source of the documents
- Tell what steps or actions are required to be taken
- Tell who is supposed to take such steps or actions
- Notice to the escrow agent when actions are completed
- Identification of what is to happen if required steps or actions are not completed by specified date

The escrow instructions should be able to answer the following questions

- What** are the documents being used?
Who is the source of those documents?
What is to be done?
Who is supposed to do whatever is to be done?
When is to be done?
What is to happen if things are not done when they are supposed to be done?

Can the escrow instructions modify or amend the Purchase and Sale Agreement?

No. The escrow instructions are not to change the agreement. The agreement is what the escrow instructions follow.

Can escrow draw up addendums at closing for all parties to sign because they will all be at the escrow office and there isn't time for the agent to prepare and get agreements signed?

No. Escrow cannot draw up even simple agreements or addendums to the purchase and sale agreement. Agents ask regularly putting the escrow/closer in a bad situation. Agents are not to have escrow draw up or get signed parts of the agreement including closing date extensions or get any signatures.

Can escrow make changes to the purchase and sale agreement or addendums and get clients signatures?

No. Escrow cannot prepare or make changes to the real estate agent's purchase and sale agreement or addendums.

Title Insurance

The closing agent orders the Preliminary Commitment for Title Insurance. The type of insurance coverage is specified in the Purchase and Sale Agreement. The default is the “Homeowners Policy of Title Insurance.” If you check #2 then you are asking for a policy that covers less. If you check #3 it will cost the buyer more and often require a survey.

With a title insurance policy, the title insurance company agrees to indemnify the policy holder against any loss caused by defects in the title, except for any defects specifically excluded from coverage.

What is an example of a defect that might be excluded from coverage?

Losses that a homeowner might incur due to a zoning change or an environmental issue.

What is an example of a defect that might be included in the coverage?

An undisclosed heir that might claim that they have an interest in the property.

Clouds may appear on Title

The escrow agent coordinates the clearing of clouds on the title. Clouds are problems or issues on the title report. They must be cleared in order for the title insurance company to issue a policy on the property for the buyer and the lender. The problems can include:

Problems with the Parties	Problems with the Property
The seller or buyer have a common name which can require signature on an Identity Affidavit Judgments or tax liens against the seller or the property Judgments or tax liens against the buyers Judgments against the buyers don't have to be cleared to close a property. But lender may require any judgments or liens cleared before a loan can be made.	There may be a missing link in the chain of title. Discrepancies in the legal description. Unplatted lots or Pending short plat Encroachments. An encroachment could be a deck that encroaches on the next neighbor. Easements. An easement could be, for example, a driveway over a neighbors lot. Restrictive covenants. There may be restrictions that may not be covered by the policy. Ingress and egress problems. A property must be accessible. Right of first refusal. There may be a buyer that has a right to purchase over another offer. Restrictions on the right of sale. A due on sale clause, for example, on underlying loan. Reservations and Mineral, water rights may not be an issue but still on title Adverse possession rights. Land use and zoning restrictions and environmental issues. Existing assessments on the property

Coordinating Closing with the Lender

The lender often sends copies of the Purchase and Sale Agreement to the escrow agent who opens escrow. Often the real estate agents do also. Many times the escrow office will contact the lender to find out who the contact is and when to expect the documents for signing. Also, escrow will need to know which title company has been chosen.

Where are the DOC's?

This is the most common question and concern during the Escrow Process. The Closing Agent waits for the documents "DOC's" from the lender and then prepares the sale documents including the Settlement Closing Document and Deed.

This calls for quite a discussion!!!! Agents need to understand who has and prepares the docs!

The Closing Document

For each transaction, the escrow agent prepares a Closing Document. (used to be called a HUD 1 settlement statement) It sets forth all the financial aspects of the transaction in detail. It shows exactly how much the buyer will have to pay at closing, and exactly how much the seller will take away from closing.

The items listed on Closing Document are either debits or credits. A debit is a charge payable by a particular party. Credits are items payable to a party.

Who supplies the following figures for the Closing Document?

Real estate commissions	<i>Purchase and Sale Agreement</i>
New loan charges	<i>Lender</i>
Reserve deposits	<i>Lender</i>
Title charges	<i>Title Company</i>
Excise Tax	<i>County</i>
Recording fees	<i>County</i>
Additional settlement charges	<i>Lender</i>
Taxes-real estate	<i>Title Company/Lender</i>
Assessments	<i>Local Municipality</i>
Rents	<i>Seller, managing agent</i>
Loan payoffs	<i>Lender</i>
Assumption charges	<i>Lender</i>
Security Deposits from tenants	<i>Seller</i>
Deposits made by the purchaser	<i>Agent/lender</i>
Earnest money deposits	<i>Purchase agreement, lender, broker</i>
Escrow fee	<i>Escrow Agent</i>
Holdbacks	<i>Agent, Lender</i>

The Closing Documents

New Documents and Regulations that affect Closing

The Dodd Frank Act required the Consumer Financial Protection Bureau (CFPB) to publish rules and forms that combine certain disclosures that consumers receive in connection with applying for and closing on a mortgage loan under the Truth in Lending Act (Regulation Z) and the Real Estate Settlement Procedures Act (Regulation X).

Effect August 1, 2015, the regulations, disclosures, forms, and documents will change for real property transactions with financing. It will not apply to home equity lines of credit, reverse mortgages, Mobile homes not attached to real property and a creditor that makes 5 or fewer mortgage loans in one year.

The **Loan Estimate** and **Closing Documents** will replace the Good Faith Estimate, Truth in Lending, and the HUD1.

The benefits of the new forms include:

- This will reduce paperwork by combining forms.
- Clear language will help consumers understand mortgage loans and real estate transactions.
- Information will be highlighted that is most important to consumers.
- More information about the costs of taxes and insurance is listed. How the interest rate and payments may change in the future will be listed.
- Warnings for consumers about features they may want to avoid like prepayment penalties.
- Cost estimates for services required to close will be more reliable.
- Requirement that the consumers receive the Closing Disclosure at least three business days before closing.

All the new forms and the regulations are available at the ConsumerFinance.Gov website.

Loan Estimate

This new form replaces the Good Faith Estimate and the initial Truth in Lending Disclosure. It must be provided to the consumer within 3 business days of applying for the loan. "Application" means the submission of a consumer's financial information for purposes of obtaining an extension of credit. The LE provides a summary of key loan terms and estimate of costs for the consumer.

Who is on Title

Sometimes one spouse has less than stellar credit and the lender requests that the one spouse in a married situation sign on the title to the property. Some escrow agents will not agree to this because it affects the legal rights of the parties and will require a separation agreement.

Closing Disclosure 3 day review

The consumer will have the right to review the terms of the transaction on new easier to use disclosure statements 3 days prior to closing.

If there are changes in the days leading up to closing that affect the basic terms of the transaction then the new regulations require an **additional** 3 day review. According to the CFPB on their website, the three changes that would trigger the additional three days include:

- a. The APR increases by more than 1/8 % for fixed rate loans or more than ¼% for adjustable loans. A decrease in APR will not require a new 3 day review if it is based on changes to interest rate or other fees.
- b. A prepayment penalty is added making it expensive to refinance or sell.
- c. The basic loan product changes, such as a switch from fixed rate to adjustable interest rate or to a loan with interest only payments.

There has been much misinformation and mistaken commentary around this point, according to the CFPB. Any other changes in the days leading up to closing do not require a new 3 day review, although the lender will still have to provide an updated disclosure. For example, the following circumstances do not require a new 3 day review:

- a. Unexpected discoveries on a walk through such as a broken refrigerator or missing stove, even if they require seller credits to the buyer.
- b. Most changes to payments made at closing including the amount of the real estate commission, taxes and utilities proration, and the amount paid into escrow.
- c. Typos found at the closing table.

For more information on the 3 day review visit the ConsumerFinance.Gov website.

Documents Escrow Prepares

Escrow prepares the documents that the seller and the buyer will sign to complete the transaction. This includes the deed that transfers the ownership.

- The Warranty Deed
- Final Escrow Instructions
- The Excise Tax Affidavit
- Loan Documents
- Lien Release Documents
- Holdback Agreements
- The Closing Document

Getting Ready for Closing

Find out how the buyer will receive your Closing Disclosure

By law, the homebuyer must receive a copy of the Closing Disclosure three business days prior to closing.

- The buyer should contact the lender or closing agent (title company, escrow officer, or attorney) at least a week before closing to find out how they will receive the Closing Disclosure.
- The Closing Disclosure may come from the lender or your closing agent. Find out who will send it.
- Find out if your Closing Disclosure will come via email, postal mail, or if the buyer will have to download it from a website.
- Make sure that the funds to close are available and accessible.
- The buyers must have property identification in order to sign the closing documents.

Find the most recent Loan Estimate from the Lender

Review it and compare to the Closing Disclosure

Request a copy of the other closing documents in advance

In addition to the Closing Disclosure, there are other important documents to review. Ask the lender or closing agent to send these documents in advance, at the same time as the Closing Disclosure. Key documents include:

- Promissory Note
- Mortgage (also known as the Security Instrument or Deed of Trust)
- Deed

The seller should contact the closing agent a week prior to closing to make sure the proceeds from the sale are as agreed. Analyze the closing costs.

Signing Documents

The Parties make appointments with the closing agent for time to sign documents. Most often the sellers and the buyers sign separately. Escrow is a neutral third party. If a broker goes to closing, it is important to not get in the middle of the closing process.

Recording

The Title Company records the documents in the county.

Many real estate agents have the misconception that the Title Company just emails documents to the county for the recording number. In fact, there is a runner that takes the paperwork to the county and waits in line. Typically, title companies take documents three times a day to the courthouse.

Closing occurs when the transaction is RECORDED AND FUNDS ARE AVAILABLE TO THE SELLER.

Disbursement of Funds

- Receive loan proceeds from lender
- Payoffs on underlying liens
- Payment of real estate commissions
- Payment of seller's proceeds
- Payment of title insurance and recording charges
- Payment of any funds to the buyer
- Payment of any other charges or holding funds in reserve for final bills
- Payment of escrow fee
- Disbursement of any holdbacks to holdback accounts

Real Estate Agent Responsibilities

- Prepare a legible purchase and sale agreement
- Forward copies of all addendum's, extensions, and changes to escrow
- Handle promptly all problems that occur that involve the agent, including work orders and inspections
- Include all costs or credits on the purchase and sale agreement
- Provide escrow with commission instructions that are in writing and detailed.
- Communicate in a timely manner with all parties including escrow.

Make Closings happen more Effectively

Communication

The importance of maintaining good communication between the real estate agent and the clients, lender, closer cannot be stressed enough. The biggest complaint from clients is that the agent did not keep them informed.

Possession

So many clients think that when they sign the papers, the closing agent will hand them the key. It is so important to discuss possession including the key with the clients. All parties need to coordinate the projected disbursement date with the closing agent and then arrange for the possession date that will accommodate all parties.

Early Possession Agreements

Make sure the closer has a copy of the early possession agreement at the time you have it signed so they can take into account the daily rates and include it in the estimated closing statement. Early possession agreements put the seller into a landlord position. The pre-possession falls under the 2021 Landlord tenant act. If the buyer fails to close and then fails to move, it can be a long and very expensive process before an unlawful detainer is even able to be filed!

Rent Back Agreements

If the seller intends to rent back the property, advise the closer ahead of time so that the Rent Back Agreement can be prepared and the figures accounted for in the closing statement. Also, bear in mind that since the seller is renting back the property, his homeowners insurance could be a problem in the event of a loss. The seller needs to arrange adequate insurance coverage. But, most importantly, in 2021 rent backs under the provisions of the changes to the Landlord Tenant Act in WA state puts a burden on the new buyer as a Landlord. If the seller refuses (the next property not available) or cannot move (becomes ill, for example) the buyer now landlord must adhere to the provisions in the law which will make it extremely difficult to evict the past sellers. Do not take this lightly!

Proceeds check to Seller

Sellers often come to the closing table thinking that they will walk out with a check for their proceeds. Many times these funds are needed for another closing or purchase. The closer is limited as to the exact time the seller's proceeds check will be ready because the transaction must record and funds must be wired funds. Wiring funds is not as instantaneous as it sounds. Wire fraud has been rampant in the past several years.

Rental Properties

The real estate closer cannot tell by the address whether the property is income property or not. Normally, they find out at closing when the purchaser mentions, "Where is the credit for rents and damage deposits?" If you know the information, please put this on the purchase and Sale agreement. If no, just use the words "damage deposits to be transferred to the purchaser at closing." And "Rent to be prorated at closing."

Addendums

If there are any addendums to the purchase and sale agreement, the closer must have a copy as soon as it is signed! Anything that is part of the agreement must be reviewed by the closer.

Common Driveways

If there is a common driveway, the closer must be advised and make sure there are no issues with the title company. They may require a road maintenance agreement.

Free and clear

If the seller discloses to the agent that the property is owned “free and clear,” make sure to write that where you’d normally write the lien holders name.

Common Problems to AVOID at the Closing Table

The purchaser needs to bring more money to closing than what is estimated. There may be fees that are higher or that the purchaser didn’t realize would happen at closing. Funds must be in the form discussed with the closing agent.

Seller’s proceeds amount is short based on the estimate they were given. It could also be because of fees not taken into consideration.

Seller or Purchaser “forget” to bring spouse to closing. There have been cases where the purchaser has a “girlfriend” for example that the property is being bought for under a spouse’s name with fake or no ID! All those on the deed must sign and have proper ID.

Closing occurs when the transaction is Recorded in the county AND Funds available to the seller.

Attempting to signing closing documents with a power of attorney that is not reviewed prior to closing and it is not a specific one that will be recognized.

Addendums to the purchase and sale agreement should not be signed at closing table by closing agent. This can include closing date extensions.

Quit claim deeds required by lender by spouse to qualify for the loan... LLC’s... Trusts....

Conclusion

The most important part of creating a smooth closing on a real estate transaction is communication. Make sure everyone is informed and paperwork is handled properly. Cheers for your next closing!!!!



Quiz for Escrow Essentials

Complete answers on this form. Mail or scan with evaluation to Professional Direction. It is important to make sure the agent participated in the course material for clockhours.

1. Escrow is defined as _____
2. The law that governs Washington State Escrow is called _____

The word "escrow" has three main meanings. List them.

3. _____
4. _____
5. _____
6. The acronym RESPA stands for _____
7. Can a seller require a buyer to use a certain escrow to close a transaction? Yes / No
8. The acronym LPO stands for _____
9. A closer is someone who works for _____
10. An LPO is authorized to prepare documents under rules approved by the _____ of Washington.
11. Escrow acts as the _____ for the details of the transaction.

In order to be certified as an escrow agent, the following is required.

- 12. _____
- 13. _____
- 14. _____
- 15. _____
- 16. _____

- 17. The _____ agreement serves as the primary escrow instructions.

- 18. A real estate agent **is/ is not** (circle one) a party to the transaction.

- 19. Escrow is not authorized to comply with demands from a third party. **True / False** (circle one)

- 20. A real estate agent cannot give instructions to escrow beyond the purchase and sale agreement. **True / False** (circle one)

- 21. The final statement from escrow is called the _____.

- 22. The borrower has _____ days to review the closing document.

- 23. If there is a major change to the closing document, for example, a 1% change in the APR. the borrower has an additional _____ days review.

- 24. A purchase and sale agreement is not valid without the full _____.

- 25. The street address is not a substitute for a legal description because it will not include, for example, _____.

- 26. Escrow can draw up addendums for a purchase and sale agreement **True / False** (circle one)... Make sure you know the right answer!

- 27. If an agent draws up an addendum, the escrow closer can meet with the clients to have them sign it. **True / False** (circle one)

- 28. What is an example of a defect that would typically not be covered by title insurance? _____.

- 29. If a relative of the seller knocks on the door of the new buyer claiming to have ownership, would title insurance typically cover this issue? **Yes / No**

- 30. When a preliminary title policy identifies problems on the property ownership, they are typically called _____.

- 31. When the buyer has a common name, like "John Smith", escrow will require the buyer to sign an _____.

- 32. A driveway would be an example of an _____ if it crossed the property of a neighbor

33. The Lender provides _____ (name one) to the escrow in order to draw documents
34. The HUD 1 settlement statement is now called the _____.
35. When signing the closing documents, all parties must provide _____ including a photo.
36. The title company records the documents in the.... **State / County / City** (circle one)

What are three examples of disbursements of funds at closing.

37. _____
38. _____
39. _____

40. A real estate agent is responsible to prepare a legible _____ agreement to escrow.

What are the three examples that can make closings happen more effectively?

41. _____
42. _____
43. _____

44. When does closing occur? When the _____

45. The most important part of creating a smooth closing on a real estate transaction is _____.

Name _____ Signature _____

Date Completed _____

You must attach to the Evaluation along with tuition to get clockhours.

**Professional Direction, Inc
Email to clockhours@gmail.com**

Thanks, Natalie Danielson



Mandatory Evaluation

Did you read the material in the booklet on this date? YES / NO
 Did you complete the quiz and attach answer sheet? YES / NO
 Did you enclose Tuition (\$30 for 3 clockhours) YES / NO PayPal processes credit cards avail on website.
 Did you fill out and sign this form? YES / NO
 Why did you choose to take this course? Topic? Time? Cost? Ease? Other?
 A "clock hour" is 50 minutes. This 3 hour class should take about 2 hrs 30 min. How long did it take to complete the course? _____

Will the material you learned improve your performance?	
Were the course materials easy to follow?	
Were the course materials relevant to your profession?	
Were your objectives met by attending the class?	

What are 3 things that you learned from the course?

1. _____ 2. _____ 3. _____

Escrow Essentials

Print Name CLEARLY	Signature	Company
Address	City Zip Code	Phone
Email		
License Renewal Date		Date class taken

Thanks for taking this class! I really appreciate the agents that take clockhours from my school! I am always working on my classes and writing new ones!

Professional Direction, Inc
email: clockhours@gmail.com
www.clockhours.com