

title and escrow

Seller's title and escrow resource guide



Table of Contents

Title Information

Title and escrow terms you should know	4-5
Three main parts of the title commitment	7
Title companies and property inspections	8-9
10 key items on the title commitment	10-11
Terms you may find on the title commitment	12-13
Issues to watch for on the commitment	14-15
Condominium Resale Certificates	16-17

Escrow Information

What is escrow?	18-19
What you can do to ensure a smooth closing	20-21
What to expect on signing day/closing day	22-23
Who pays what at closing?	24-25

Additional Moving Resources

Moving checklist	26
Change of address checklist	28
Online resources for updating your info	29
2019 calendar	30-31

CW locations and contact information (back cover)





Greetings

Thank you for entrusting CW Title and Escrow with the sale of your home.

There are a number of steps between when you list your property and when you pass along the keys. To help you navigate the title and escrow portion of your selling journey, we've compiled this booklet of information that explains the process.

We are here for you each step of the way, so please let us know if you have any questions or concerns.

Best wishes,

Your CW Title and Escrow Team

title and escrow terms you should know

Affidavit A written statement made under oath before a notary public or other judicial officer.

Appraisal A report from an independent third party detailing the estimated value of real estate.

Closing A Purchase and Sale Agreement defines closing as when recording numbers have been provided by the county and funds are available to the seller.

Consummation The point when the buyer becomes contractually obligated to the creditor on the home loan (not when the buyer becomes contractually obligated to the seller on a real estate transaction).

Deed A document through which a conveyance of property is effected. This is the document the seller will sign.

Deed of Trust This is the document that makes the home collateral for a loan. It discloses the original loan amount, other terms and conditions for the loan set by the lender. When recorded, it provides public notice of the debt.

Disbursement Date The date funds are paid out to each party involved in the purchase and sale of a home.

Earnest Money A deposit of funds by the purchaser as evidence of good faith in the contract (Purchase and Sale Agreement).

Easement A right to use all or part of the land owned by another for a specific purpose. An easement may, for example, entitle its holder to install and maintain. sewer or utility lines.

Encroachment Any building, improvement or structure located on one property (such as a wall, fence or driveway) that intrudes upon the property of another.

Exception Exceptions on a title report are information that a future homeowner will need to know about their rights and responsibilities as owner of that property. Examples are covenants, agreements, easements and other items that run with the land (i.e., are in perpetuity). Other exceptions are items that must be cleared to close. That includes loans or liens that need to be paid off, estate or divorce info that needs to be cleared and legal matters that need to be resolved.

Excise tax In Washington state, the cities and counties collect excise tax from the seller based on the sales price of the home. The typical rate is 1.78 percent of the sales price, but this can vary by city.

Judgment The determination of a court regarding the rights of parties in an action. A judgment on a property owner can create a lien on all of that owner's land within a certain jurisdiction.

Legal Description The legal way to describe a property based on the location as recorded in the official plat maps of the county in which it's located.

Lien A monetary charge imposed on a property, usually arising from some debt or obligation.

Loan Estimate A form that provides the buyer with important information, including the estimated interest rate, monthly payment and total closing costs for the loan. The lender must provide a Loan Estimate within three business days of receiving an application.

Recording The noting in a public office

of the details of a legal document (such as a deed or mortgage) affecting the title to real estate. When such an instrument is properly recorded, it is considered to be a matter of public record. Legally, that means that all subsequent purchasers are deemed to have constructive knowledge of that information.

Title Commitment Also called the title report, this is a document issued by a title insurance company that contains the conditions under which a policy of title insurance will be issued.

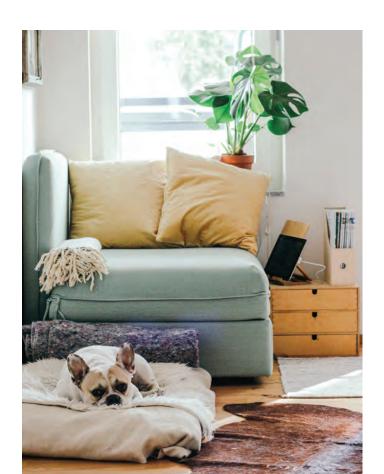
Title Insurance Policy A contract of title insurance under which the insurer, in keeping with the terms of the policy, agrees to indemnify the insured against loss arising from claims against the insured's interest in the property.



The title commitment comprises three main parts

Schedule A

This section includes the parties vested in title—who legally owns the property. It will also display who the proposed insureds are—specifically the buyer(s) going into title. You'll also find the purchase price, loan amount and lender name on the first page of Schedule A. The second page shows the legal description. This is how we identify the property (rather than using the property address).



Schedule B

This section includes both standard and special exceptions. It lists tax information, mortgages, liens, judgments, easements, encumbrances, agreements and other information. You'll receive our emailed Title Snapshot, which has hyperlinks to these recorded documents so you can open them up for further information.

The CC&Rs (Covenants, Conditions and Restrictions) that may apply to the property are also located in Schedule B. It is important to read through the entire commitment carefully and call your title officer with any questions you may have.

There may be items where we request further information such as an ID Affidavit. An ID Affidavit is necessary when a party to the transaction has a common name (i.e., John Smith). For example, if we run the name John Smith in King County, we would come up with around 5,000 complex issues that affect the property of parties with the name John Smith. So the information provided in the affidavit allows us to more accurately determine which items do and do not affect the subject party and/or property.

Commitment Jacket

This contains the conditions and general exclusions of coverage.



Did you know title companies inspect properties?

This is the case for less than 50 percent of the time when we are asked to issue title insurance. When you see the following title special exception on your title commitment, you should know that an inspector will be coming to take a look at your property:

"Matters relating to the questions of survey, rights of parties in possession, and unrecorded lien rights for labor and material, if any, the disposition of which will be furnished by supplemental report."

Some of the things the inspector looks for:

- Recent improvements on the property
- Encroachments
- Rights of parties in possession
- Other matters that would disclose a title defect that aren't disclosed in public records

The inspection is usually "triggered" if:

- Tax values jump significantly or the home has a high assessed value
- The property has not been insured in many years
- There is an encroachment/potential encroachment
- There is a recorded survey disclosing potential matters listed above
- It involves new construction or a new subdivision

What to expect if your property will be inspected:

- Title will contact you prior to sending out an inspector to let you know this is needed.
- The inspector does NOT need access to your home; they will only walk around the outside of the property.
- The inspector may knock on your door, just to introduce themselves and let you know who they are.
- The results of the inspection are sent to the title team. They will update the title commitment and send out a supplemental report with the results.

The inspection cost is covered by CW and is not passed on to any other party. It is not a survey, but it is a pretty accurate snapshot of the above issues.



key items to look for on the title commitment

1	Is your name as the seller the same as your actual name? If not, it might be because of a marriage, divorce, death, trust, LLC, POA, etc. Let the title team know the situation right away, and we'll work with you on next steps.
2	Is the legal description correct? Check the last deed (hyperlinked in the title report), and if there are any differences, contact us to find out why.
3	Are there any items that need to be disclosed on Form 17, such as CC&Rs, maintenance agreements or encroachments?
4	Are the correct number of loans reflected on the report? Review carefully to see if something is missing or if something is on the title commitment that shouldn't be.
5	Are there any restrictions that could impact the sales price (height restriction, low-income housing restriction, etc.)?
6	Are the tax payments up to date?
7	Are there any liens, judgments or lawsuits that could impact the timing of closing or even your ability to list the property? NOTE: Some of those could be a mistaken identity, in which case an ID affidavit will be provided for you to fill out.
8	Are the address and property type correct?
9	Has there been recent work (major remodel, new construction)? If so, we need to work with you on getting proof that contractors and suppliers have been paid.
10	If you have questions on any items (surveys, easements, agreements, housing code violations, landslide covenants, geo-hazard warnings, bankruptcies, divorces, probates, on-site inspections, septic systems, etc.), just contact us to ask. That's what we are here for.
	$\mathbf{c}_{\mathbf{W}+\mathbf{n}}$

IMPORTANT ITEMS YOU MAY FIND ON

While a broad variety of items may be included in a title report, here are some of the most common, along with descriptions of what they mean.

VESTING — On the front page of a title report, you'll see the name of who is vested in title. In the majority of cases, this will be the seller. Typically it's an individual person, a combination of people, a trust or a business. This usually tells you who can sign the contract on behalf of the sale. Sometimes a title company will need to gather more details to verify who can sign, such as information on an estate, divorce or marriage, or documents from a trust or business.

LEGAL DESCRIPTION – This is the legal way to describe the property as approved by the county. All legal documents use the legal description (whereas the post office would use the mailing address). It's used on the deed transferring title to the new owner, on the deed of trust if there's a loan on the property, and in other official documents to describe the location and legal parameters of the property.

PROPERTY TAXES AND ASSESSMENT – The assessed value is the value the county places on the property for taxation purposes. This is often different from the market value. The annual tax obligation is based on the approved tax rate for that area (varying by county, city, school district) as applied to the assessed value. For detailed information, you can go to the website of the tax assessor for the county in which the property is located.

EASEMENTS – Easements are the rights granted to others to use the property for specific purposes. Typically the homeowner cannot block access to the person who's been granted the easement, so it's important to understand where the easements are if there are plans to expand the property. Typical easements are for utilities and shared sewers, but they may also be for a driveway shared with a neighbor, a view easement or other reasons.

MAINTENANCE AGREEMENT – You may see this on an easement or other shared amenity (private road, sewer or driveway, for example). This will outline the financial or other obligations for maintenance.

DEED OF TRUST — A deed of trust is the document that makes the home collateral for a loan. It does not show the current balance of the loan; it just reflects the original loan amount. There can be more than one loan on a home. If a home is paid off or was purchased without a loan, typically there will be no deed of trust on the title report.

PROBATE – If a seller has passed away, there may be a probate on the title report. This is a court case to take care of the financial affairs of the deceased. The probate info will typically say who can sign on behalf of the estate. An estate may choose not to go through the probate process, in which case the title company will work with the heirs to determine who can sign on behalf of the deceased party's estate. (See related "Lack of Probate" section on page 14.)

JUDGMENTS AND LIENS – These are monetary items that attach to the subject property. These can include federal tax liens, DSHS liens, labor liens (for work done on the property), divorce judgments and more. These can often be taken care of out of the proceeds of the sale. If there is a dispute about a payoff, it needs to be taken care of prior to closing. NOTE: In some cases, the judgment or lien is for someone else with the same common name. This is usually cleared up with an ID Affidavit, a form that is filled out to correctly identify the person in question.

CC&Rs — This stands for "covenants, conditions and restrictions." They can range from dozens of pages or more for a condominium to a mention of a small item on an old deed. CC&Rs are not necessarily red flags on a title report, but if there is anything in them that interferes with the way a buyer intends to use a property, then that would be important for them to know up front.

PLAT OR SHORT PLAT - A plat is the way a larger piece of property is broken into smaller lots for development. A plat can be very old (such as older neighborhoods in the area) or very new (such as a new town house development). It is basic information the developer recorded with the county in order to get the plat approved. Sometimes those plats contain CC&Rs, easements, parking information and other important details.

your title commitment

COMMON RED FLAGS ON TITLE

IDENTITY MATTERS — Judgments and liens may be eliminated with an Identity Affidavit if they do not affect the vested owner, or purchaser. If they do affect our party but have been paid and not satisfied, a release may be recorded or filed to eliminate these matters from the record. (See related "ID" Affidavit section on page 15.)

PENDING LEGAL ACTIONS — A civil action affecting real property will generally need to be dismissed or settled before title to the land can be insured without showing the action as an exception. A pending divorce may not need to be finalized for a sale or loan to close; however, there may be special requirements.

JOINT USE MATTERS — If it is not already recorded, the lender may require a joint maintenance agreement for driveways, party walls and access easements. The preliminary commitment will show an exception for a maintenance agreement if one is recorded.

Often a signed and notarized statement from all parties involved is required to satisfy title.

EXTENDED COVERAGE – If an extended coverage owner's policy is requested, an ALTA/ ACSM survey of the property is required on most sales.



watch for these issues on the road to a

clear title

LACK OF PROBATE

If a person on title has passed away without a filed probate, oftentimes title companies are willing to accept the signatures on the deed of all heirs upon receipt and review of the following:

- Lack of Probate Affidavit (filled out by a surviving spouse or heir)
- A copy of the death certificate
- A copy of the will, if there is one
- Community Property Agreement, if available

Note: This must be sent to a title officer for review prior to closing.



POWER OF ATTORNEY

A power of attorney is necessary when a seller is unable to sign closing documents. Here is a list of the most common powers of attorney available, to help you decide which type is best for your situation:

Special power of attorney for a sale:

This type of power of attorney is used for the sale of a specific piece of property. It must include the legal description of that property, have all signatures notarized and be recorded. This type of power of attorney typically has a six-month (or less) expiration date.

Special power of attorney for a purchase/encumber:

This is used for the purchase of a specific piece of property. With lender approval, it can also be used to financially encumber the property with a security instrument. It must contain the legal description of the property, have all signatures notarized and be recorded. It is valid only for that the particular designated property and cannot be used to sign a Purchase and Sale Agreement for a different property. This type of power of attorney typically has a six-month (or less) expiration date.

General durable power of attorney:

This is typically a more broad-based document created by an individual giving power of attorney to a representative for a broad array of activities (medical, financial, etc). It needs to specifically include the right to convey (sell) or purchase/encumber property in order to be valid for title insurance purposes. A general durable power of attorney needs to be recorded.

ID AFFIDAVITS

When we search title on a sale, we search public records on both the sellers and buyers. We look for judgments, liens or other complex issues that may affect the property.

We often need to have an ID Affidavit when a buyer or seller has a common name (i.e., John Smith). For example, if we run the name John Smith in King County, we would come up with around 5,000 complex issues that affect the property of parties with the name John Smith. The information provided in the affidavit allows us to determine which items do and do not affect the subject party and/or property.

It's important to return the completed affidavit as soon as possible so title will have more time to work on any issues that may arise. It is a confidential affidavit, so you can rest assured that the information is private and secure.



AUTOMATIC HOMESTEAD

If a home is being sold and the home belonged to one spouse before marriage, both spouses need to sign the deed at closing even if the new spouse was not added to the title. Washington State Homestead Statute requires the signature of both spouses, to protect the non-owning spouse from being left homeless without their knowledge or consent.

The following exception appears in any title commitment in which the property is vested:

Jane Doe, as her separate estate

The land described in this commitment appears to be residential in nature and may be subject to the provision of R.C.W.6.13.060 (Washington Homestead Statute) if the land is occupied as a primary residence. If the land is occupied as a primary residence, all instruments conveying or encumbering the land must be executed by each spouse or domestic partner, individually, or by an attorney-in-fact. In the event the company receives instruments that are not joined by the non-owning spouse or domestic partner with possible homestead rights, the company may be unable to record or to insure the transaction.

Example

You purchase a home as a single person, as your separate estate, and then you get married. If you both live at the property and decide to sell, your spouse will be required, pursuant to the automatic homestead law, to sign the deed at closing. The legislation protects the spouse who does not have a vested interest in the property, since they have to vacate the premises as well if there is a foreclosure or sale. If the spouse signs they are acknowledging this fact.



If you're selling a condo, you need to know about

CONDOMINIUM RESALE CERTIFICATES

To protect the buyer, Washington state law (RCW 64.34.425) requires the seller of a condominium to pay for, and furnish the buyer with, a detailed disclosure called the Condominium Resale Certificate. This certificate is provided by the Homeowner Association (HOA) or the association's management company. The certificate is a collection of documents that together provide the buyer with everything they need to know about the governing and finances of the property and the building itself, in order to make a sound purchasing decision.

Upon the buyer's receipt of the resale certificate, the clock starts ticking and the buyer has five days to review the certificate. This is the time for any questions or concerns to be addressed. If this is not done to the buyer's satisfaction, the transaction can be terminated (and state law allows for full recovery of earnest money).

We encourage you to be in touch with the listing agent early in the process to ensure that the resale certificate has been requested and to avoid any delays. Many lenders will not approve a loan without a resale certificate, and some lenders may require information from the HOA that's not included on the following list.

The resale certificate must be provided within 10 days of the seller's request to the HOA. It can include, but is not limited to, the following:

- Community rules, bylaws and CC&Rs
- Expected association dues and fees, late charges, penalties, due dates, and any fees that may be due connected to the resale of the condo.
- Is the seller up to date or behind on payments? (Escrow needs to know for payoff at closing.)
- The condo's financial health, annual operating budget, last year's audit report, and if there are any liens on the property
- The building's condition, any health or building code violations or anticipated repairs
- Results of reserve studies that have been conducted
- Association meeting minutes and complaints
- Any litigation involving the property (plaintiff or defendant)
- Insurance coverage, which may include level of liability
- Warranty for the condominium (if there is one) and information about any claims made under the warranty

what is escrow?

and how does it work?



What is escrow?

Escrow is an impartial third-party process in which documents and funds are deposited by buyers, sellers and lenders to facilitate the closing for a real estate transaction. Escrow is required to follow mutual written instructions from all parties. We cannot follow transaction instructions that have been provided by only one party.

Escrow will coordinate with you (the seller), the buyer and lenders to obtain required signatures on all documents. Escrow works closely with the title officer to clear liens and encumbrances against the property, and record the documents with the county.

Why do I need escrow?

Escrow assures all parties to a transaction that no funds are delivered and no documents are recorded until all conditions in the transaction have been met.

How do I open escrow?

Opening escrow is the first step in the closing process. Generally, to open escrow, the parties to a transaction deliver to an escrow company the earnest money check and the Purchase and Sale Agreement, which outlines the transaction and provides the closing date, contingencies and financing details. Anyone involved in a transaction can "open escrow," but generally your real estate agent will do so. In the case of a for-sale-by-owner (FSBO), the buyer, the seller or both may open escrow.



Who sets the closing date?

The buyer or seller may select the closing date, but both must agree to it. The Purchase and Sale Agreement may state the closing date as "Closing to occur on or before October 20th, 2018." In most cases, closing occurs 30, 60 or 90 days from the date a Purchase and Sale Agreement is signed.

What do closing costs include?

The closing costs will include title search fees, taxes, notary fees, loan fees, escrow fees, recording fees, reconveyance fees, the real estate sales commission and other charges.

Who selects the escrow company?

The parties involved in the transaction decide which escrow company will close the transaction. Although it is very common for your real estate agent to recommend an escrow closer, the parties have the right to choose an escrow closer they feel is competent and experienced. The law prohibits escrow companies from paying referral fees to real estate agents, to protect the parties' right to select their own escrow closer.

what you can do to ensure a smooth closing

Setting up escrow

To expedite the processing your transaction, CW Escrow will send you, via email, documents and forms critical to closing on your home. These forms provides the escrow team with information about you and your home and get the ball rolling on many parts of your transaction.

Please carefully read and complete all forms before signing and returning them to CW Escrow. It is extremely important for us to get these forms back as soon as possible to keep the transaction moving forward and avoid miscommunication as we near closing.

After the offer

When the Purchase and Sale Agreement comes in with an offer on your property, CW Escrow will send the remaining seller information forms to you. Again, it is important to fill out all forms and return them as quickly as possible to keep your transaction on track.

Title commitment review

A copy of the Preliminary Commitment for Title Insurance will be sent to you under separate cover for your review. (Please see pages 10-15 of this booklet for what you should look for when reviewing your title commitment.) The premiums shown are costs which will be paid by the appropriate party through escrow.

If proceeds are to be wired to you (the seller)

If you are expecting the sale proceeds to be wired to your financial institution, it's important to keep in mind the Federal Reserve wire cutoff is 2 p.m. Pacific Time. As we don't usually get recording numbers until after that time, you will likely receive your funds the next business day after closing. For example, if closing is on a Wednesday, you will likely receive your funds on Thursday. If closing is on the Friday before a three-day weekend, you will likely receive your funds the following Tuesday.

Collected funds at closing

Per paragraph F of MLS Form 21, "Closing" means the date on which all documents are recorded and the sale proceeds are available to the seller.

Buyer's funds will be deposited into escrow per the Collected Funds Law of Washington state. Their funds are typically deposited into escrow 24 hours prior to recording.

In most cases, if the buyer is working with a lender for the balance of the sale funds, the lender will wire the loan funds into escrow on the day of recording. When CW Escrow is in receipt of all funds, the deed will be released for recording with the county.

Upon receipt of recording numbers, escrow is authorized to disburse funds to pay the seller's costs, such as commissions, mortgage payoffs and taxes. Escrow is also authorized to disburse the proceeds of the sale to the seller.

Proceeds can be disbursed as follows:

- An escrow check can be issued by 5 p.m. the day of recording.
- Proceeds can be wired to the seller's bank on the next business day following recording.





Next steps:

- When closing documents are ready for you to sign, we will contact you to schedule an appointment that best works for your schedule. Documents are usually executed a day or more before the actual disbursement of funds.
- For your convenience, our mobile notaries allow us to be flexible and accommodate you where and when it is best for you on signing day.

Please bring the following with you:

- Photo identification Since some of the closing documents may require Notary acknowledgment, it will be necessary for you to provide picture identification (such as a valid driver's license or passport).
- Any additional supporting documents CW Escrow has requested.

2-3 DAYS PRIOR TO SIGNING

CW Escrow works closely with the lender to get numbers for the final closing statements.

CW Escrow will call you to schedule the signing appointment.

AFTERNOON OF CLOSING DAY

Recording numbers are provided to CW Escrow from the county office.

Now the transaction is officially closed.

CW Escrow contacts all parties with recording numbers. This happens between afternoon and evening on the day of closing.

THE NEXT BUSINESS DAY

Distribution of funds: payoff to your lender, certain utilities, HOA, taxes, listing and selling firms, etc.

Proceeds are released to you!

DAYS/WEEKS FOLLOWING

As soon as the CW
Escrow team has the final
invoices from the utilities,
refunds are processed
and issued to you.

Refund of excess utility funds to you may happen at any time within a few weeks of closing.



The typical fees paid by a buyer and seller in a real estate transaction:

Seller is responsible for:	Buyer is responsible for:
Owner's title insurance policy*	Lender's title insurance policy*
1/2 escrow fee*	1/2 escrow fee*
Excise tax*	Recording fees
Real estate commissions*	Surveys
Utility payoffs	1st year fire insurance
Loan balances	1st year flood insurance (if applicable)
Doc preparation fees—power of attorney, etc.	Doc preparation fees—quit claim deed, etc.
Misc. fees (i.e., wire, courier, signing fees)	Misc. fees (i.e., wire, courier, signing fees)
Prorated property taxes	Prorated property taxes
Home warranty (depends on contract)	Home warranty (depends on contract)
Homeowners Association Fees including: Prorated association duesResale certificate / miscellaneous fees	Homeowner's Association Fees including: • Prorated association dues • Resale certificate/miscellaneous fees
FHA/VA financing other seller fees may apply	Property inspection
	Pest inspection
	Lender fees including: appraisal credit report loan origination fee* loan interest* private mortgage insurance*

^{*}Fees determined by sales price and/or loan amount.
Payment of fees above can be negotiated within contract.

the CW Title and Escrow Difference

Founded in 2001, we are a Northwest-based title and escrow company serving King, Pierce and Snohomish counties. We also work with our affiliates to service out-of-county title needs, and we offer escrow services for all counties in the State of Washington.

We pride ourselves on providing the best service available while ensuring the experience is seamless and timely.

We are headquartered in Bellevue, Washington, so our decisions are made locally. Our in-house underwriting, legal counsel and title examiners are experts in Puget Sound properties. Because there is little delay, CW Title is able to quickly respond to underwriting concerns.

CW Escrow offers courtesy mobile signings on all escrow closings at a time and location most convenient for you.

Our team is fun and energetic; we believe in doing what's right and we are serious about providing the highest level of customer service to you.

we are
thankful
for each
opportunity
to work with you!

BELLEVUE | HEADOUARTERS

11201 SE 8th St, Suite 200 | Bellevue, WA 98004 p. 425.451.7301 | f. 888.484.2358

SEATTLE | BALLARD

8746 Mary Ave NW | Seattle, WA 98117 p. 206.781.1002 | f. 206.781.1025

SEATTLE I NORTHGATE

301 NE 100th St, Ste 100 | Seattle, WA 98125 p. 206.639.6500 | f. 206.639.6598

SOUTH KING COUNTY | KENT

841 Central Ave N, Ste 109 | Kent, WA 98032 p. 253.246.4900 | f. 253.246.4950

PIERCE COUNTY | PUYALLUP

1002 39th Ave SW, Ste 101 | Puyallup, WA 98373 p. 253.200.2700 | f. 877.346.3402

PIERCE COUNTY I TACOMA

3315 S 23rd St, Suite 104 | Tacoma, WA 98405 p. 253.284.5959 | f. 253.284.5969

SNOHOMISH COUNTY | LYNNWOOD

19401 40th Ave W, Ste 140 | Lynnwood, WA 98036 p. 425.563.1600 | f. 425.672.1020

