

What is Payoff?

A Sub-Escrow (loan payoff) is an extremely important service provided by title companies to facilitate the handling of money in the closing of a real estate transaction. The title company's performance of the payoff function, exclusive of escrow services, is unique to Southern California. The majority of title orders require payoff service. The title company's Sub-Escrow department does not draw escrow instructions or documents (i.e. Grant Deeds, Trust Deeds, etc.); it only performs payoff services. The Sub-Escrow Department does not order demands for payoff, escrow does, but the Sub-Escrow Department does make the payoffs at the close of escrow. Sub-Escrow has a language of its own.

The following brief definitions of commonly used terms are intended to answer some of the questions you may have regarding the Sub-Escrow (payoff) function.

PAYOFF

The receipt of funds from the buyer and the payment of the obligations of the seller in conjunction with a real estate transaction. The payoff function is performed by the title company.

PAYOFF FEES

Equity Title Company's fees for handling a payoff vary slightly from county to county. The fee is strictly a processing charge and does not cover special handling charges or potential shortages.

PREFIGURES

Estimated payoff figures are calculated and given to escrow prior to closing upon request. These figures are only valid through the date given and are based on the information received on the lenders demand.

GOOD FUNDS

"Good Funds" are funds that are immediately available to the escrow company upon deposit. Equity Title Company must be in receipt of "Good Funds" prior to disbursing on a payoff.

Types of "Good Funds" include:

1. Funds wired into an Equity Title Sub-Escrow account from an FDIC insured bank
2. A cashier's check issued from a California bank (may take up to four business days to clear)

TAXES

Outstanding property taxes may be paid out of the payoff process by the title company's Sub-Escrow department.

DEMANDS

Demands for payoff are the written request for payment from the lending institution and must include specific payoff information concerning the particular property and must be signed. It is the responsibility of the escrow company to timely order and provide all necessary demands, including any updates or changes.

REFUNDS

Lenders no longer send refunds to title companies; all refunds are sent directly to the borrower, so it is important that the borrowers provide an accurate mailing address to the lender.

SHORTAGES

If there is a shortage of funds necessary to cover the outstanding obligations, the shortage funds must be received prior to closing.

DISBURSEMENT CHECKS

Checks are delivered via next day delivery per the demands instructions.

WIRE TRANSFERS

Funds may be wired into or out of an Equity Title Sub-Escrow account if so instructed.

OUT-OF-COUNTY TRANSACTIONS

Equity Title Company may receive and disburse payoff funds through any of our offices.



EQUITY TITLE[®]
COMPANY

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