

# From Contract to “Close”

What happens after my offer gets accepted?

“Timelines are based on a 30-day escrow”

# Day 1: What is Escrow?

Escrow is a 3rd neutral party holding monies in trust until both sides can fulfill the contract. They work closely with the title company to ensure all pre-existing liens are paid off at the time of close. They also work closely with the lender to help make sure the loan can close on time.

Pro Group Escrow is our in-house escrow company. They strive to provide excellent customer service each and every day. Our escrow manager, Marytza Tortola, has over 37 years of experience in the escrow field. Her team will make your escrow process as smooth as possible and are always very accommodating to you and your clients needs. Please write in Pro Group Escrow as your escrow of choice on your next transaction.



**Marytza Tortola**  
Operations Manager  
Pro Group Escrow

# Day 1: Opening Escrow

- Make sure the Residential Purchase Agreement (RPA), and any counters and addendums have been fully executed.
- If you represent the seller, you will usually be the one to “Open Escrow.”
- It’s usually whoever picked the escrow opens escrow.

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# Day 1: Opening Escrow

- How is escrow opened?
- The escrow company chosen will need the following information to open escrow. You can email these documents to escrow or deliver the documents in person.
- They will need the fully executed RPA, counters (if any), and addendums (if any).
- Escrow will need your client's contact information, such as phones numbers, email address, and home address. They will need the other agent's phone number if not on the RPA in order to keep in contact with them, as well as have them provide their clients contact information.
- What is the commission split? Example: 3% and 3%, 2.5% and 2.5%?
- Escrow to receive the deposit. The wiring instructions can be emailed to the buyer. Please make sure the buyer verifies with escrow first that the account numbers for wiring are correct. They will have to wire, or deliver a check for deposit, to escrow within 3 days of escrow opening. Please refer to the RPA on page 1 to see what was agreed to as far as delivery of deposit.
- How do you want instructions delivered to you and your client? Will they be emailed to the client directly, mailed to their home, or will you deliver them in person?
- Who's the lender? Provide the pre-approval letter to escrow.
- Is there a Homeowners Association? If so, escrow will need to know the name and phone number of the Management Company. This is given to escrow by the listing agent. The sooner escrow gets this information, the better. This way the HOA docs can be ordered in a timely manner. Escrow will also need a check from the seller to pay the HOA management company for those documents and transfer fees.

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# Day 1: Things our escrow will do

- **ORDER A PRELIMINARY TITLE REPORT:** A preliminary title report will be given to all parties. This report will tell all parties things about the property that show up on title that may or may not be an issue for the new buyer. Any liens, easements, encroachments and possible tax issues can be found on this report. Most liens can and will be paid off at close of escrow with proceeds from the sellers' equity but sometimes if there isn't enough equity to pay off these liens, then the seller would have to bring in the money to pay those off or they won't be able to sell the home.
- **ORDER A NATURAL HAZARD DISCLOSURE (NHD):** A NHD is a report that compiles information about the different zones a property falls into and what those zones are. Examples of different zones are Earthquake, flood and high fire zones. I require a NHD in all files. They are usually about \$100 and paid by whoever agrees to pay for it in the contract thru escrow.
- **ORDER A HOME WARRANTY:** A home warranty is a one-year home warranty that covers certain aspects of the home like plumbing, electrical, a/c, heating etc. Cost can range from \$575-\$775 depending on plan selected and upgrades added such as pool/spa or roof coverage.
- Our escrow will always order NHD and Home Warranty for their agents but know that lots of escrows don't so if using another escrow make sure to ask if they will do those two things. Otherwise, you will need to contact the companies and order them yourself.

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# Day 1: Are you going to be using a Transaction Coordinator, or completing the file yourself?

## What is a Transaction Coordinator?

A transaction coordinator will create your file and make sure it has all the correct paperwork and disclosures needed in order to be in compliance with the DRE (Department of Real Estate). The file will be input online for compliance review in Command, our paperless compliance system.

## If using a TC:

- You'll need to fill out their TC Take Sheet. This sheet gives them all the information they need in order to start the file off correctly. This would include all the players, such as other agents' info, lender info, buyers' info, seller info, home warranty, title, termite, NHD (Natural Hazard Disclosure), and your information. The TC will get paid at closing. They do not get paid if the transaction does not close.
- They will need copies of the fully executed RPA, counters, any addendums, lender pre-approval letter, Disclosure Regarding Agency Relationships, Possible Representation of Buyer and Seller, Wire Fraud Advisory, CCPA, BIA, and FAAA.
- They will also ask how you want them to communicate with the buyer/seller, as far as getting disclosures to them to sign. Most buyers/sellers want to sign via electronic signatures. Please ask your clients if they can sign electronically, or if they prefer you to bring them the disclosures to sign in person.
- We have 2 great, full-time, in-house TC's that would love to help you with your file. Tina McKay and Jessica Delano are licensed and very knowledgeable about real estate transactions. They are responsible for creating your file, and uploading everything compliance needs, including your Commission Request. When you don't use them, YOU are responsible for creating your file and Commission Request and making sure you have all the proper disclosures compliance needs in order to pay you when escrow closes.

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# Days 1-3: Setting up the home inspection

- If representing the buyer, you'll need to set up the home inspection. Find out when the buyer will be available to attend and then see if that time works for the seller via their agent. Try to give the buyer at least 3 choices for inspection companies if they ask you for one. They can also choose their own company if they like.
- If representing the seller, make sure to find out from the buyer's agent if they plan on having an inspection at the opening of escrow.
- The buyer pays the home inspector at the time of inspection. Please find out how much that will be before the time of inspection.
- Most inspections are 2 to 4 hours long.
- The buyers' agent should be there at the time of inspection with their buyer, especially if the home is occupied.
- The buyer has 17 days to remove their inspection contingency (unless contractually agreed to be shorter.)
- DO NOT wait until the last minute to get the inspection done.
- As an agent you should always advise your buyer to have a home inspection done, even if the home appears to be in good condition.
- Make sure all utilities are on at the property before your inspection date.
- Time periods are subject to change according to what is agreed upon in the RPA and counters at time of acceptance.



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# Days 1-5: Escrow Instructions

- All parties, buyers, sellers, and agents, will receive their own copy of the escrow instructions. Buyers and sellers need to complete and sign where needed and return to escrow within “5” days. Agents need to return signed commission authorizations, and NHD receipts.
- Escrow instructions are escrow’s way of restating what was agreed upon in the RPA, and counters, but on their own forms.
- Compliance requires copies of the escrow instructions, earnest money deposit, and commission instructions in the file.

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**Pro Group Escrow**  
 4160 Temescal Canyon Road, #510  
 Corona CA 92883  
 Tel: (951) 338-0222 • Fax: (951) 338-0213

**SUPPLEMENTAL INSTRUCTIONS & GENERAL PROVISIONS  
 TO RESIDENTIAL PURCHASE AGREEMENT  
 AND JOINT ESCROW INSTRUCTIONS**

Date: **July 31, 2015**

Escrow Officer: **Guillermo Altamirano & Sonya Vaughn**  
 Senior Escrow Assistant: **Megan Waugh**  
 Escrow Assistant: **Jasmin Martinez**  
 Escrow Manager: **Marytza Tortola**

Escrow Number: **15-5907**

**PRO GROUP ESCROW, also known as Pro Group Corona, Inc., Escrow Division IS LICENSED AS AN ESCROW AGENT BY THE BUREAU OF REAL ESTATE OF THE STATE OF CALIFORNIA, LICENSE #01406566 and is a non-independent broker owned escrow\***

Buyer has/will deposit(ed) into this escrow initial deposit of	\$	<b>3,000.00</b>
<b>FINAL</b> Purchase Price is	\$	<b>269,000.00</b>

**LEGAL DESCRIPTION:**

Lot 7 of Tract 18311-7 in the City of Corona, County of Riverside, State of California, as per map recorded in Book 139, Pages 90 to 93, inclusive of miscellaneous Maps, in the office of the County Recorder of Said County.

PROPERTY ADDRESS: **1632 Windmill Lane #F, Corona, CA, 92879**

TITLE ON GRANT DEED SHALL BE CONVEYED TO: **Gina Reyes, VESTING TO BE DETERMINED and Chris Reyes, VESTING TO BE DETERMINED**

**INSTRUCTIONS/COUNTERS/SUPPLEMENTS/ADDENDUMS:** Escrow Holders responsibility is limited to the items listed in Paragraph 20 of the Residential Purchase Agreement and Joint Escrow Instructions (and Receipt for Deposit). The Residential Purchase Agreement and Joint Escrow Instructions are hereby acknowledged to be made a part of this agreement and the Buyer and Seller agree to be bound by the terms and conditions contained therein. To the extent these instructions are inconsistent or conflict with the Residential Purchase Agreement and Joint Escrow Instructions (and Receipt for Deposit), these instructions will control as to the duties and obligations of Escrow Holder only.

**CONTINGENCY PERIODS:** Escrow Holder shall not be responsible for monitoring contingency time periods between the parties. Escrow Holders responsibility is limited to the items listed in Paragraph 20 of the Residential Purchase Agreement and Joint Escrow Instructions (and Receipt for Deposit).

**CLOSE OF ESCROW DATE CONFIRMATION:** Buyer and Seller herein agree and instruct Escrow Holder that the closing of this escrow is to be on or before the following date: **September 9, 2015**. Should this escrow not be in a position to close by the close of escrow date, Escrow Holder is hereby authorized and instructed to continue this escrow and close as soon as Escrow Holder has been provided the necessary documents and funds to complete this transaction, unless either Buyer or Seller hands Escrow Holder a written notice to quit or cancel. **SHOULD THIS ESCROW BE A SHORT SALE TRANSACTION, THEN THE REQUIRED CLOSING DATE ON THE SHORT SALE APPROVAL SHALL SUPERSEDE THIS DATE.**

**\*DISCLAIMER:** Parties are aware that the escrow holder and real estate broker are the same within this transaction operating under the name of Pro Group Corona, Inc., D.B.A. Keller Williams Corona Market Center and Pro Group Corona, Inc., Escrow Division further doing business as Pro Group Escrow, a non-independent broker owned escrow licensed by the California Bureau of Real Estate, License Number 1406566. As such, the real estate broker is compensated as the listing and/or selling agent and the escrow holder.

**CANCELLATION OF ESCROW:** In the event any party makes written demand to Escrow Holder for the deposit under Paragraph 14.G of RPA-CA, at any time, all such parties are aware that this escrow will not be considered cancelled and no funds will be disbursed to the parties until Escrow Holder has received mutually signed Cancellation Instructions in form satisfactory to Escrow Holder from all such parties (Buyers and Sellers and as may be appreciate, Brokers).

**CLOSING COSTS CREDIT FROM SELLER(s) TO BUYER(s):** Should purchase agreement call for any monetary credits from Seller(s) to Buyer(s), towards Buyer's Closing Costs, Buyer(s) and Seller(s) are herein advised that Buyer's New Lender may or may not allow all or part of said Closing Costs Credit from Seller(s) to Buyer(s). **Should New Lender's Loan Requirements disallow all or any part of said credit, Escrow Holder is hereby authorized and instructed to adjust said credit to comply with New Lender's Loan Requirements. Buyer(s) and Seller(s) are further advised that any disallowed amount shall not be subject to disbursement through this escrow.**

Seller's Initials \_\_\_\_\_

Buyer's Initials \_\_\_\_\_

# Days 1-7: Seller Disclosures

- If representing the seller, you need to make sure disclosures are filled out and sent to the buyer's agent within 7 days of "ACCEPTANCE". These can all be emailed once completed by the sellers to the buyer's agent.
- Time periods begin the day after acceptance, so if everything was agreed to on the 18<sup>th</sup>, then the 19<sup>th</sup> is when the time period starts. Weekends are included in the number of days, except for opening escrow which is business days ONLY.



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# Days 1-7: Appraisal

- Lenders will order the appraisal after the lending initial disclosures have gone out. It takes about 3-5 days to get the results of the appraisal back once it's completed. You will usually have 17 days to remove the appraisal contingency.
- If representing the seller, the appraiser will contact you, the listing agent, to schedule the appraisal time. Appraisals are usually no longer than 30 minutes. It's good to have comps with you when you meet the appraiser if you feel the price may need some help justifying.
- Sometimes appraisals won't come in at the price the home sold for. If it comes back lower than the agreed sales price, 4 things can happen:
  1. The seller comes down to the appraised amount.
  2. The buyer brings in the difference at closing.
  3. The sellers comes down some and the buyer makes up the difference.
  4. The deal dies.



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# Days 1-7: Disclosures to Buyer

- The sooner the buyer's agent gets the seller disclosures to the buyer, the better. These should be signed by the buyer and uploaded to Command no later than the tenth day for review. There are 17 days for review but waiting too long to get them signed could cause problems, especially if something on the disclosures needs further investigation. This could cause an extension to be needed on the 17<sup>th</sup> day contingency period.
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# Days 1-10: Termite Report

- Whatever was agreed upon in the RPA, counters, or request for repair, will determine if the buyers would like a termite report done on the home. The buyers could also request that any current infestation, dry rot, or fungus, which is considered section 1 items of repair, be completed by the seller as well.
- If representing the seller, and agreed upon in the contract, or request for repair, a termite report will need to be ordered. The listing agent, or seller, needs to contact a termite company to come out and inspect the home. Once completed, a copy should be sent to the buyers' agent. If work is needed to be done (section 1 items) in order to give a termite clearance, then that work needs to be completed prior to close of escrow.



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# Days 1-17: Lender Follow-Up

- Buyer's agent should be communicating with the lender 2 times a week once escrow opens to get up to speed on how the loan is progressing. You have 17 days to remove the buyer's loan contingency, so a lot is hanging on whether or not the lender can get the buyer's loan to the point to where the loan contingency can be removed. Buyers should be working hard to supply the lender with paperwork needed in order to get underwriter approval.

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\*Time frames are subject to change in the contract. These time frames can be shortened or lengthened if agreed upon by all parties in the contract, or counters/addendums.

# Day 17: Removal of Contingencies

## **If representing the buyer:**

If all disclosures have been signed and accepted by all parties, inspection reports have been completed and approved, including appraisal, you are now ready to remove your 17-day contingencies in writing. You can also remove each contingency one at a time as they are completed, or approved, but usually everything is removed at the 17<sup>th</sup> day. In 17 days, if OK'd by the lender, you can remove your loan contingency in writing on the 17<sup>th</sup> day, but only if the lender says it's OK.

## **Buyers won't remove their contingencies in writing:**

If the buyer won't remove his contingencies in writing on the Contingency Removal (CR) form within the agreed upon time frame, then the seller could give them a Notice to Perform form which is asking them to remove the contingencies specified within 2 days of receiving the form( or any day after 2 days) or risk the seller cancelling the escrow due to non-performance. Be prepared to ask for an extension of time in writing if needed.

## **If representing seller:**

At 17 days you need to be asking the buyer's agent to release all contingencies. In an ideal situation the contingencies would be removed in writing on a contingency removal form. If this is completed, then you will wait until it gets closer to the close date for the last steps in closing escrow.

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BUYER CONTINGENCY REMOVAL No. 1

(C.A.R. Form CR-B, 6/23)

In accordance with the terms and conditions of the Purchase Agreement, OR  Request For Repair (C.A.R. Form RR),  Response And Reply To Request For Repair (C.A.R. Form RRRR),  Other \_\_\_\_\_

dated \_\_\_\_\_, ("Agreement"), on property known as 29351 WILD LILAC, LAKE ELSINORE, CA 92530 ("Property"), between \_\_\_\_\_ ("Buyer") and \_\_\_\_\_ ("Seller").

Buyer and Seller are referred to as the "Parties."

1. BUYER REMOVAL OF BUYER CONTINGENCIES: With respect to any contingency and cancellation right that Buyer removes, unless Otherwise Agreed in a separate written agreement between Buyer and Seller, Buyer shall conclusively be deemed to have: (i) completed all Buyer Investigations and review of reports and other applicable information and disclosures; (ii) elected to proceed with the transaction; and (iii) assumed all liability, responsibility and, expense, if any, for Repairs, corrections, or for the inability to obtain financing. Waiver of statutory disclosures is prohibited by law.

2. Buyer removes ONLY the following individually checked Buyer contingencies: (Paragraph numbers refer to C.A.R. Form RPA. Applicable paragraph numbers may be different for different forms.)

A.  Loan (Paragraph 3L(1) and 8A)

B.  Appraisal (Paragraph 3L(2) and 8B)

C. Investigation of Property (Paragraph 3L(3), 8C, and 12)

(1)  Entire Buyer's Investigation Contingency (Paragraph 12)

OR (2)  Only the part of the investigation related to inspections concerning physical attributes of the Property (Paragraph 12B(1))

OR (3)  All Buyer Investigations (including insurability) other than the physical attributes (Paragraph 12B(2))

OR (4)  Entire Buyer's Investigation Contingency, EXCEPT: \_\_\_\_\_

- Fire Insurance
 Flood Insurance
 Other: \_\_\_\_\_

D. Review of Seller Documents:

(1)  Review of All Seller Documents (Paragraph 3L(4), 8D, 9B(6), 10A, and 11)

OR (2)  Review of All Seller Documents, EXCEPT:

- Government Reports (Paragraph 10A);
 Statutory and other Disclosures (Paragraph 11);
 Other: \_\_\_\_\_

E.  Preliminary ("Title") Report (Paragraph 3L(5), 8E, and 13)

F.  Common Interest (HOA or OA) Disclosures (Paragraph 3L(6), 8F and 11L)

G.  Review of leased or liened items (Paragraph 3L(7), 8G, and 9B(6))

H. Sale of Buyer's Property (Paragraph 3L(8) and 8J)

Entering into contract for Buyer's Property  Close of Escrow on Buyer's Property

I.  Other: \_\_\_\_\_

3.  ALL Buyer contingencies are removed, EXCEPT:

- Loan Contingency (Paragraph 3L(1) and 8A);
 Appraisal Contingency (Paragraph 3L(2) and 8B);
 Contingency for the Close of Buyer's Property (Paragraph 3L(8) and 8J);
 Condominium/Planned Development (HOA) Disclosures (Paragraph 3L(6), 8F and 11L);
 Other: \_\_\_\_\_

4.  BUYER HEREBY REMOVES ANY AND ALL BUYER CONTINGENCIES.

5. Once all contingencies are removed, whether or not Buyer has satisfied themselves regarding all contingencies or received any information relating to those contingencies, Buyer may not be entitled to a return of Buyer's deposit if Buyer does not close escrow. This could happen even if, for example, Buyer does not approve of some aspect of the Property or lender does not approve Buyer's loan.

NOTE: If this form is attached to a Request for Repairs (C.A.R. Form RR), Seller Response and Buyer Reply to Request for Repairs (C.A.R. Form RRRR), or another form or document such as an addendum (C.A.R. Form ADM) or Amendment to Existing Agreement (C.A.R. Form AEA) it is only valid if Buyer and Seller agree to the requests made on that form or document.

Buyer \_\_\_\_\_ Date \_\_\_\_\_
Buyer \_\_\_\_\_ Date \_\_\_\_\_

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CR-B 6/23 (PAGE 1 OF 1)

BUYER CONTINGENCY REMOVAL (CR PAGE 1 OF 1)

# Day 21-30: Getting close to Close of Escrow

Around this time both agents should be checking to see how the lender is coming along with the loan documents. These loan documents, along with the final walkthrough, are usually the last things a buyer needs to sign prior to close of escrow. Loan docs should be signed about 4 days before close of escrow, and the final walkthrough should be completed about 5 days prior to close. Loan docs are prepared by the lender and then sent to escrow to get signed by the buyer in escrow. Once docs are signed in escrow, escrow will then package the docs up and send them back to the lender for review. This review can take 1-2 days depending on the lender. Escrow will also tell the buyer it's time to bring in their funds to close escrow. This can be wired directly to escrow or given to escrow in the form of a cashiers check. Sometimes there will be extra documents needed in order to fund the loan. The lender and escrow will let the buyer know if anything else is needed from them at this time. The loan will then fund and usually it will record the next day. Sometimes the loan can fund and record on the same day.

- A final walkthrough is done around 5 days prior to close of escrow to make sure the home is in the same condition from the time you made your offer. It is also a time you can check to see if repairs you requested to be done were completed.
- The final walkthrough is a mandatory form needed in your file! This should be signed by both parties.

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# Day 29-30: Escrow Records and Disperses Funds

Escrow disperses money and escrow packages once escrow records. Many times, buyers will have a small refund come back to them, usually due to extra padding of costs from escrow. This will be in the form of a check included in their closing package, along with their closing statement, which is a breakdown of all the buyer's cost. The seller will also get a closing package. Their proceeds are usually refunded to them through wire, but they can choose to have a check as well.

- Agent's closing packages will go out at the same time. In your package will be your commission check, along with the final closing statement. Pro Group Escrow will give your commission check directly to our MCA so that they can process it for you. If using an outside escrow, you need to check with them on how you can receive your closing package and check. You will then have to make sure the MCA receives your check in order to process it.
- All other items in the closing package will need to be uploaded to your Opportunity file in Command.

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# Day 30-?: Possession

If the home is vacant, possession should be given to the buyer at the time the escrow records. If the home is occupied, the time period agreed upon in the contract for occupancy is followed. Usually if the home is occupied, a 3-day grace period to move out is given to the seller. Handing over of the keys is usually worked out between agents. The listing agent should remove the sign, and lockbox, within 3 days of close of escrow.

If given a 3-day grace period, it is a good idea to let your buyers and sellers know they need to inform their insurance company that a 3-day grace period will be in affect after close of escrow. This will protect both parties if something should happen to the home during this time. ie: fire, burglary, flood damage, etc...



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# Our KW Staff is Always here to help!



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