fastfacts #15
FIDELITY NATIONAL TITLE INSURANCE COMPANY

What Is Payoff?

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 performance of the payoff function, exclusive of escrow services, is unique to Southern California. This is because the majority of our customers are independent escrow companies, and the majority of our title orders require payoff service.

The sub-escrow department does not draw escrow instructions or documents (i.e. Grant Deeds, Trust Deeds, etc.) They do not order demands for payoff, but do make the payoffs at the close of escrow. Sub-escrow has a language of its own—note the following brief definitions of commonly used terms, 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
Fidelity National Title 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 prior to closing upon request. These figures are only valid through the date given and are based on the information provided at the time.

Good Funds
Fidelity National Title must be in receipt of "Good Funds" prior to disbursing on a pay-off.
Types of "Good Funds" include:

1. Funds wired into Fidelity Title sub-escrow account
2. A cashier's, teller's or certified check will provide next day availability after deposit, to comply with AB512.
3. All other local checks will provide availability of funds two (2) days after deposit.
4. Out of area checks will provide availability of funds five (5) days after deposit.

Taxes
Outstanding property taxes can be paid out of the payoff process.

Demands
Demands must include specific payoff information concerning the particular property and must be signed. It is the responsibility of the escrow to order and provide all necessary demands including any updates or changes on a timely basis.

Refunds
Any overpayments of demands will be refunded to the escrow upon receipt from the lender. Refunds typically take two to six weeks to process.

Shortages
Fidelity National Title will be refunded to the escrow if there is a shortage of the necessary funds to cover the outstanding obligations. The shortages must be received prior to payoff.

Disbursement Checks
Checks are delivered locally to lending institutions by a contracted messenger service. Checks to individuals and to out of area lenders are typically sent via an overnight delivery company.

Wire Transfers
Funds can be wired in to or out of the Fidelity National Title account.

Out of County Transactions
Fidelity National Title offices can receive and disburse payoff funds through any of our Fidelity National Title offices.

Drafts
Fidelity National Title drafts are used to disburse the payoff proceeds to the escrow companies.