



What is Sub Escrow?

Sub Escrow is a service provided by the title company that includes receiving the loan proceeds from the buyer or borrower's lender and making the required payoffs of existing liens and encumbrances against the property.

The new lender sends the loan proceeds to the title company when the transaction is ready to close escrow. The sub escrow staff then calculates the amount needed to pay off prior mortgages, property tax liens that may be due, and any other monetary liens and encumbrances against the property. The remaining funds are then disbursed to the escrow holder for disbursement.

A sub escrow fee is charged for the performance of the above services. As with all other title charges, it is a rate that is filed with the California Department of Insurance.

TIME LINE OF PAYOFF

- Good and sufficient funds are received and deposited
- File is set up for recording
- Title forwards payoff instructions, along with demands, to Payoff
- Verification of demand(s) (Expiration, signatures if necessary, other conditions)
- Payoff calculations
- Escrow is provided with copy of Payoff Worksheet
- Recording is confirmed
- Same day disbursement via wire or overnight check until 2:30pm

Note: Short sale payoffs require additional steps, and can extend this time frame