

Home Equity Line of Credit (HELOC)

What is a HELOC?

A home equity line of credit, sometimes called a HELOC, is a loan in which the lender agrees to lend using a borrower's home equity as collateral. There is maximum amount and an agreed period of time (term) involved and this varies from lender to lender. Many homeowners will use home equity lines of credit for large expenses such as education, home repairs, or medical bills.

HELOC's & your Title Transaction

Often during a title transaction, the (Seller or Borrower) will have an open Equity Line of Credit. Prior to closing any file where there is an Equity Line of Credit involved the line of credit must be FROZEN. If the account is not frozen the title company will hold the available credit until they are able to verify the account has been paid and closed or frozen. It normally takes two days to verify if the account has been paid and closed. Once this has been done, title will release the hold (available credit) to escrow.

In the case where we have a zero-demand meaning there is no money owed and no fees on the LOC (Line of Credit) then the account must be CLOSED. Title will hold the LOC amount until they get a letter stating the account has been closed or title can verify on the phone the account has been closed. The reason for holding the LOC amount is because the account can be unfrozen at any time by the borrower.

If the demand title receives requires a signature to CLOSE the account, title must have the demand signed. If title does not have a signed demand and the file closes, title will not wire any proceeds to escrow until they are in receipt of the signed demand.