

What is *Escrow?*

An escrow is an arrangement on which a neutral third party, called an escrow holder, holds legal documentation and funds on behalf of a buyer and seller. The escrow agent works closely with you, your realtor and lender to assure that the sale conditions are complied within the time period called for in the Residential Purchase Agreement and joint Escrow instructions.



After all parties have executed these documents, escrow prepares an Addendum to the Residential Purchase Agreement and Joint Escrow Instructions. Escrow then distributes them according to the buyers and sellers instructions. Both the buyer and the seller rely on the escrow holder to carry out faithfully their mutually consistent instructions relating to the transaction. Escrow holder is bound by law to notify both parties if the instructions given are not mutually consistent or cannot be carried out. These instructions are drawn by escrow officer, and signed by the buyer and seller. Since the escrow instructions are not as detailed as the purchase Contract, the information contained in the instructions is intended to direct the Escrow officer in the specific steps that are to be completed through the escrow instruction.

- If the seller has an FHA loan to pay off, plan to close by the 25th to avoid paying another month's interest.
- If your escrow period encompasses the property tax due date, consult your Escrow Officer as to the best method of tax payment.
- Funds for closing must be in the form of a wire transfer or cashier's check drawn on a California Bank. An "official check" will delay your closing.
- Always check with the Lender when your client wants to take title as a trust, most will not lend to a trust. The transfer to a trust will have to occur after the close of Escrow.
- Married persons acquiring property separately must obtain interspousal transfer deed from their spouse prior to close of escrow.
- Homeowners must supply Home owners Association (HOA) information to escrow. This information is not of public record.
- If the property is in a condominium complex, be sure to check with the Home Owners Association before ordering the termite inspection. Some associations cover this expense.
- All information provided to Escrow is strictly confidential. All third party inquiries must be authorized by the principal's involved.
- Supplemental Taxes are not prorated unless specific instructions are provided by the Seller or Buyer.
- You do not have a valid Escrow without signed escrow instructions by all parties.

