



About The Escrow Process

How Does The Escrow Process Work?

The escrow is a depository for all monies, instructions and documents necessary for the purchase of your home, including your funds for down payment and your lender's funds and documents for the new loan. Generally, the buyer deposits a down payment with the escrow holder and the seller deposits the deed and any other necessary documents with the escrow holder. Prior to the close of escrow the buyer deposits the balance of the funds required and agreed upon by the parties with the escrow holder. The buyer instructs the escrow holder to deliver the monies to the seller when the escrow holder:

- ✓ Forwards the deed to the title company for recording
- ✓ Is notified by the title company that a policy of title insurance can be issued showing title to the property is vested in the name of the buyer
- ✓ The escrow holder thus acts for both parties and protects the interests of each within the authority of the escrow instructions. Escrow cannot be completed until the terms and conditions of the instructions have been satisfied and all parties have signed escrow documents. The escrow holder takes instructions based on the terms of the purchase agreement and the lender's requirements

Escrow Duties

The Escrow Officer's duties typically include the following:

- Receive signed Purchase Agreement;
- Receive and deposit buyer's earnest money into an escrow account
- Serve as the neutral agent and liaison/communication link to all parties to the transaction
- Order Preliminary Report to determine status of title to property
- Request beneficiary's statement or pay-off demand related to existing financing
- Comply with lender's requirements as specified in the lender's closing instructions
- Secure releases of all escrow contingencies or other conditions required
- Prorate taxes, interest, insurance and rents
- Prepare/secure the transfer deed or other documents necessary to consummate the transaction
- Arrange appointments for buyer/seller to sign documents
- Request and receive purchase funds from the buyer and loan funds from new lender
- Close escrow pursuant to instructions provided by seller, buyer, and lender.
- Arrange for recording of deeds and any other documents as instructed
- Request issuance of the title insurance policies
- Disburse funds as authorized, including charges for title insurance, recording fees, commissions and loan payoffs
- Disposition of all funds held in escrow account
- Prepare final accounting statements for the parties

Communication Tips for Escrow

- ✓ When calling the escrow officer, have the escrow number and buyer/seller's names handy.
- ✓ Keep the escrow officer informed on any matters that may affect the transaction.
- ✓ Direct your questions to the proper representative, such as:
 - Real Estate Agent:** Physical aspects of property, conflicts, and terms of sale.
 - Lender:** Loan terms, credit report issues, etc.
 - Escrow Officer:** Escrow instructions, documents and forms to be filled out.