



WHAT IS ESCROW?

The term “escrow” means any agreement between two or more parties (principals) wherein the delivery of instruments, monies, items of value, or evidence of title to real or personal property are deposited with a 'NEUTRAL' third party, (the escrow agent). This agreement contains specific written instructions executed by all parties to the transaction.

Other parties may be brought into the escrow by virtue of the instructions and requirements of the buyer and seller, i.e., the lender, lien holders, real estate agents, contract vendors, etc. In order for the seller and buyer to complete the transaction it may be necessary to receive money and documents from these other parties. Said parties will deposit their items of value along with their written instructions which confines the items to the escrow until their conditions have been met.

The escrow agent is to remain a neutral third party, and provide:

- A financially responsible and licensed custodian to safeguard funds and documents
- Expertise in handling complicated transactions, especially in today's challenging environment
- A “clearing house” for the payment of all liens and other encumbrances
- A single point of contact for coordinating the flow of documents and funds
- An impartial third party to assume responsibility for the many tasks involved in closing



WHAT EACH PARTY DOES

The Seller

Deposits the executed deed to the buyer with the escrow holder.

Deposits evidence of pest inspection and any required repair work.

Deposits other required documents such as tax receipts, addresses of mortgage holders, insurable policies, equipment warranties or home warranty contracts, etc.

The Buyer

Deposits the funds required, in addition to any borrowed funds, to pay the purchase price with the escrow holder.

Deposits funds sufficient for home and title insurance.

Arranges for any borrowed funds to be delivered to the escrow holder.

Deposits any deed of trust or mortgages necessary to secure loans.

Approves any inspection reports, title insurance commitments, etc. called for by the purchase and sale agreements.

Fulfills any other conditions specified in escrow instructions.

The Lender (If Applicable)

Deposits proceeds of the loan to the purchaser.

Directs the escrow holder on the conditions under which the loan funds may be used.

The Escrow Holder

Opens the order for title insurance.

Obtains approvals from the buyer on title insurance report, pest and other inspections.

Receives funds from the buyer and/or any lender.

Prorates insurance, taxes, rents, etc.

Disburses funds for title insurance, recordation fees, real estate commissions, lien clearance, etc.

Prepares a final statement for each party, indicating amounts to be disbursed for services and any further amounts necessary to close escrow.

Records deed and loan documents, delivers the deed and the buyer loan documents to the lender and funds to the seller, closing the escrow.



KEYS TO A SUCCESSFUL CLOSING

Prior to Closing

Buyers

- Verify with your Loan Officer that all conditions have been met.
- Notify your Escrow Officer who your lender is and your home owner insurance company.

Sellers

- Provide your Escrow Officer with your forwarding address, any existing mortgage information leased equipment, Homeowners Associations, and utilities, if they are to be paid out of escrow.

Buyers & Sellers

- Confirm with your agent that all contingencies have been satisfied.
- Keep your agent informed of any vacation plans or times that you will be unavailable.

Before Your Signing Appointment

- Expect to sign at the escrow company about one or two business days before the closing date.
- If funds are required to close, be prepared to bring the monies in the form of a cashier's check or wired funds at least 24 hours before closing.
- Have a valid photo identification available at your signing appointment:
- Driver's License/State ID, Passport or Green Card.
- Expect the signing to last approximately one hour if you are the buyer and 30 minutes if you are the seller.



GUIDE TO CLOSING COSTS

<i>Normal Seller's Costs</i>	FHA	VA	CONVENTIONAL
Real Estate Commission	●	●	●
Loan Discount	●	●	
Recording Fees	●	●	●
Prepayment Penalties	●	●	●
Title Insurance	●	●	●
Escrow Fee (One Half)	●	Seller Pays Full	●
Tax Prorations	●	●	●
Encumbrances	●	●	●
Tax Registration	●		
Document Prep Fee	●	●	●
<i>Normal Buyer's Costs</i>	FHA	VA	CONVENTIONAL
Appraisal Fee	●	●	●
Loan Fee	●	●	●
Credit Report & Photos	●	●	●
Tax Registration		●	●
Recording Fees	●	●	●
Tax Prorations	●	●	●
Reverse Set -ups	●	●	●
Title Insurance (Mortgage)	●	●	●
ALTA Endorsements	●	●	●
Escrow Fee (One Half)	●	Seller Pays Full	●
Interest Prorations	●	●	●
Mortgage Insurance	●	●	●
Fire Insurance	●	●	●
Flood Insurance	●	●	●
Utility Prorations	●	●	●