



ESCROW ... A PRACTICAL MATTER

WHAT EXACTLY IS AN ESCROW?

An escrow is an independent "Stakeholder" account and is the vehicle by which the interests of all parties to the real estate or loan transaction are protected. The escrow holder is responsible for maintaining the escrow account and managing the escrow process to ensure that the conditions of the sale are properly met.

WHAT DOES AN ESCROW HOLDER DO?

The escrow holder is a neutral third party, taking instructions based on the terms of the purchase agreement and the lender's requirements.

Duties of the escrow holder include:

- Receiving and holding all monies, instructions and documents pertaining to the purchase.
- Serving as the communication link and liaison between parties.
- Requesting a preliminary title search and report to determine the status of title to the property.
- Requesting a beneficiary statement or payoff demand from existing lenders.
- Holding inspection reports, deeds, insurance documents.
- Complying with the lender's requirements in its instructions to escrow.
- Preparing or obtaining the grant deed.
- Prorating taxes, interest, insurance, rents and other costs related to the property.
- Recording the deed and other documents.
- Requesting the title insurance policy.
- Closing the escrow according to the instructions of the buyer, seller and lender.
- Disbursing funds as authorized by the instructions, including charges for real estate commissions, loan payoffs, title insurance, taxes, recording fees and other costs.
- Preparing final statements of disposition of all funds.