

WHAT IS THE ESCROW PROCESS?

Escrow is a procedure in which a neutral third party assumes a fiduciary responsibility to oversee paperwork and the distribution of funds pending the completion of all conditions of a contract in a real estate transaction.

When a buyer and seller have signed a sales contract, the real estate broker will open a file with the escrow agent by delivering the sales contract and funds for earnest money deposit.

Once the escrow agent receives the file, the following steps are taken:

- » Order the title commitment, then review and deliver the title commitment to all parties as authorized in the sales contract
- » Verify status of taxes, and collect at closing (if applicable)
- » Collect documentation to disburse required payoffs/payments
- » Receive and arrange for signing of loan documents
- » Prepare settlement statements and closing documents for buyer and seller to sign at closing

After the buyer and seller sign final documents at closing, the escrow agent will complete the process:

- » Obtain funds from buyers and lender
- » Fund the transaction, and disburse funds as needed
- » Distribute final documents to all parties, and record documents with the appropriate agencies
- » Issue owners and lenders title insurance policies

An escrow agent does NOT:

- » Get involved in the negotiation of the transaction or its terms
- » Offer legal, tax, or investment advice

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT YOUR SETTLEMENT AGENT.