

All about ESCROW

WHAT IS AN ESCROW?

An escrow is something of value, such as a deed, stock or money that is put into the custody of a third person by its owner to be retained until the occurrence of a contingency or performance of a condition.

WHY DO I NEED AN ESCROW?

If you are the buyer, seller, lender or borrower, you will want to ensure that your currency or real estate will not change hands until all of the stipulations in the transaction have been followed.

The escrow holder has the obligation to safeguard the funds and/or documents while they are in their possession, and to disburse funds and/or convey title only when all provisions of the escrow have been complied with.

WHO CHOOSES THE ESCROW?

The selection of the escrow holder is normally done by agreement between the principals. If a real estate broker is involved in the transaction, the broker sometimes recommends an escrow holder. However, it is the right of the principals to use an escrow holder of their choosing and who is competent and experienced in handling the type of escrow at hand.

HOW DOES IT WORK?

The buyer, seller, lender and borrower will usually have the escrow instructions created, usually in writing, and then signed and delivered to the Escrow Officer. If a broker is involved, s/he will normally provide the Escrow Officer with the information necessary for the preparation of the documents.

The Escrow Officer will then process the escrow, according to the instructions, and when all of the required terms have been met, the escrow will be “closed”. Although each escrow will follow a similar pattern, each one is different as it deals with the property and the transaction at hand.

The duties of an escrow holder include: following the instructions given by the principals and parties to the transaction in a timely manner, handling the funds and/or documents, paying all approved bills, responding to authorized requests from the principals and closing the escrow only when all terms have been met.



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