



CHICAGO TITLE

THE PARTIES AND PROCESS OF AN ESCROW



What is Escrow?

Escrow is a secure and neutral process that helps ensure a smooth real estate transaction. A third-party professional—known as an Escrow Officer—manages all the essential details, including gathering documents, coordinating with all parties, recording the transaction, and distributing funds according to the buyer's and seller's instructions.

Whether you're buying or selling property, escrow offers **protection and convenience**. Both parties can trust the escrow officer to follow their agreed-upon instructions and to flag any inconsistencies. When instructions are clearly outlined, the escrow officer can act efficiently on behalf of both sides—saving time and helping to close the transaction with confidence.

Typical Roles in the Escrow Process

The Sellers Agent:

- Delivers a fully executed Purchase and Sale Agreement to the escrow company.
- Executes paperwork necessary to close the transaction.
- Deposits evidence of pest inspection and any required repair work, pursuant to the Purchase Agreement.

The Buyers Agent:

- Deposits funds required to close (in addition to the purchase price).
- Approves inspection reports, title insurance commitment, or other items pursuant to the Purchase Agreement.
- Fulfills other conditions specified in the escrow instructions.

The Lender:

- Provides clear and accurate Closing Disclosures.
- Coordination with Escrow/Title – Funding accurately & Balancing numbers with escrow for disclosure purposes.
- Provides loan documents to escrow for signing.
- Funds the loan and wires monies to escrow account.

The Title Company

- Performs a title search for clear title, confirming liens, encumbrances, seller's legal ownership, and more.
- Issues a Preliminary Title Report.
- Helps to resolve any title defects before closing.
- Issues Title Policies to the buyer and lender.

Escrow Officer:

- Orders title insurance.
- Obtains buyer approvals on inspections, title insurance, and any other items specified in the Purchase Agreement.
- Clears title by obtaining payoffs/release documents.
- Receives funds from buyer and/or lender.
- Prepares vesting documents and excise tax affidavit.
- Prorates insurance, taxes, rents, etc.
- Oversees signing of all required documents.
- Prepares all required documents to be recorded at the County Recorder's Office.
- Process and coordinate documents and funds.
- Keep all parties informed.
- Respond to lender requirements.
- Prorate and adjust final financials.
- Confirms final Recording and closes transaction.
- Disburses funds and checks for pertinent parties.
- Prepares final HUD Statement with transaction details for the Buyer and Seller.

Summary

Escrow serves as the central hub of your real estate transaction—gathering, managing, and verifying all necessary documents and funds. The process is complete when the new deed is officially recorded, transferring ownership to the buyer. Your escrow officer acts as a **neutral third party**, ensuring every step follows California's legal and regulatory guidelines, including those set by the Insurance Commissioner.

