

UNDERSTANDING ESCROW DOCUMENTS

ESCROW INSTRUCTIONS EXPLAINED

THE WHO

the escrow officer prepares the instructions and identifies:

- all of the terms and conditions of the escrow
- the escrow holder's general provisions and legal responsibilities and limitations.
- They are usually detailed in nature and prepare the escrow officer for every situation.

THE WHAT

escrow instructions typically identify:

- the escrow holder's contact information
- escrow number
- license number
- important dates: including the date escrow opened, as well as the date it is scheduled to close
- the names of the parties to the escrow
- property address and legal description
- purchase price and terms
- how buyer's title is to vest
- proration adjustments
- matters of record to which buyer is subject when he or she acquires title
- disbursements to be made
- fees and charges and who is responsible for payment
- documents to be signed, delivered, and recorded
- the process and roadmap that must be followed by the escrow holder in handling the escrow.

THE WHY

Escrow Instructions indicate all of the specific steps to be completed and conditions that must be satisfied before the escrow is complete. Because an escrow holder may only act upon specific written and mutual instructions of the principals, the escrow instructions must be clear in content, accurately reflect the intention of the parties and the duties of the escrow holder, and avoid ambiguity. When fully executed by all parties, the instructions become an enforceable contract and the escrow becomes effective.

WHAT YOU NEED TO KNOW

As a consumer, it is important for you to know that an escrow officer may not solicit or accept an escrow instruction, or supplemental escrow instruction, containing any blank that can or is to be filled in after signing or initialing of such escrow instruction. An escrow officer is also prohibited from allowing any person to make any additions, deletions, or alterations to an escrow instruction unless the changes are signed or initialed by all persons who had signed or initialed the original escrow instruction prior to the modification.