

# UNDERSTANDING THE ESCROW PROCESS:

## ESCROW | A NEUTRAL THIRD PARTY

During the course of an Escrow Transaction, parties may need to address issues that require advice from a legal professional. To clarify what issues Escrow is able to provide advice on, read the below clarifications:

### **A NEUTRAL THIRD PARTY:**

An Escrow Officer must act as a neutral third party and not favor any one side of a real estate transaction. Because of this, the escrow agent should never be involved in client negotiations, or advise either side about a resolution to a dispute. Escrow agents must only adhere to the general instructions and proceed only when both parties have mutually agreed to any contract changes. Unless the person handling the escrow is an attorney, an escrow officer cannot give or offer legal advice under California law.

### **CONFIDENTIALITY:**

Escrow transactions should be kept confidential by all agents of the provider. Information about the escrow details should never be given out to third parties without the approval of the principals to the escrow. However, escrow officers have a duty to disclose new or material information revealed during the transaction that might affect either side. Additionally, escrow officers must maintain a professional relationship and a high level of trust with parties to the escrow.