

COMMON ESCROW QUESTIONS AND ANSWERS

Q: WHICH PARTY SELECTS THE ESCROW COMPANY?

Answer: The market traditionally dictates who requests Escrow Services. In today's market, the Seller is generally responsible for choosing the escrow company. The buyer can agree to the seller's selection or counter with another choice. This is liable to change depending on the current market.

Although the buyer generally acquiesces to the seller's suggestion, the selection of the escrow company is negotiable. If the buyer and seller can't agree on the escrow company, the negotiations to purchase the property can fail.

Q: DOES THE BUYER OR SELLER PAY THE COST OF ESCROW?

A: Nearly all closing costs, including the costs of escrow, are negotiable. In Southern California (practices differ elsewhere), the buyer and seller customarily split the cost of escrow services.

The seller typically pays for the title policy and the realty agents' commissions, as well as a hefty documentary transfer tax. (The tax can range from \$1.10 per thousand to more than \$8 per thousand, depending on where in California the property is located.)

Q: WHAT CAN A BUYER AND SELLER DO TO ENSURE THAT THEIR ESCROW PROCEEDS SMOOTHLY?

A: The single most important thing that the buyer and seller can do is to read the escrow instructions.

The escrow instructions, contained in the real estate purchase agreement, identify which party must do what and when.

As soon as you have consummated a deal to purchase or sell a home, make a list of the relevant events that need to be completed, making sure to identify the relevant period of time for completion.

Always check all documents to make sure that names, including middle names and initials, are spelled correctly. If you notice a mistake, notify the escrow officer in writing immediately.

It is wise for you or your broker to contact your escrow agent regularly throughout the escrow period to ensure that everything is proceeding on schedule.

SOURCE: LA TIMES | WENDY JAFFE