

COALINGA RECORD

COALINGA, CA
WEEKLY 9,000
NOV 29 2006



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Why a real estate transaction won't work without escrow

By Irene Genders

Buying a home is one of the single most important decisions you will make in your life.

Whether you are a first-time buyer or an old pro, it is easy to get confused and overwhelmed by all of the inspections, reports and legal and financial documents to be signed before the transaction is complete.

Get it right, and you move into your dream house. Get it wrong, and you could end up with nothing.

Enter the certified escrow officer

They are a "neutral third party" with no interest in the property or affiliation with the buyer or the seller.

It is their job to hold documents and funds until everyone has complied with the

conditions of the sale and then to disburse those funds and record those documents as previously agreed.

An escrow officer ensures that documents are prepared and transferred correctly, title is verified, fees are paid and loan conditions are followed.

Could you close your own real estate transaction without escrow?

Currently, under California state law, the answer is yes. But most of the time title companies will not handle a title without an escrow company involved.

When you are dealing with a half-million dollar property (the state average), do you really want to take the chance that a seemingly insignificant detail, such as an IRS lien against the property with no

release filed, could ruin the deal and cause you to lose a significant amount of time and money? Probably not.

Escrow officers are the hub of the real estate wheel

They perform a variety of tasks from calculating and making adjustments between the buyer and seller for property taxes and homeowner's association dues to checking on the status of the purchase.

The buyer's agent, seller's agent, building inspector, lending officer and others, all submit information and documentation to the escrow officer at various times during the transactions.

Often times, a good escrow officer will spot a potential problem that neither the buyer or seller (or their agents) have noticed.

A good escrow officer can

help walk all parties through the deal in a timely manner and keep that tiny hiccup in the paperwork from becoming an insurmountable hill.

Escrow officers help guide buyers and sellers alike through a maze of documents and to ensure the safe disbursements of their funds.

And, while buyers and sellers could theoretically negotiate that maze and disburse those funds without a certified escrow officer, they would be risking hundreds of thousands and perhaps even millions of dollars to do so.

Escrow officers can and often do make the difference between closing or not.

Irene Genders is a certified senior escrow officer with more than 34 years of experience in the escrow industry.

Genders is the California Escrow Association President for 2006