

Escrow 101: Information Every Buyer and Seller Should Know

By: Margarita Billings – Margarita Billings, is a Certified Escrow Officer, with over 30 years of experience in the escrow industry, Billings is currently an active member of the **California Escrow Association**, holding the title of President for the year 2004.

Buying or selling a home can easily become a confusing process for Californians. And while most consumers simply leave understanding escrow to the professionals, if you're a buyer or seller, a little knowledge can go a long way in ensuring a smooth home buying or selling process. The **California Escrow Association**, a statewide organization that certifies escrow officers and provides continuing education for its members, offers answers to some key questions about escrow.

Q: What exactly is escrow?

A: Escrow enables the buyer and the seller to transact business and exchange money through a neutral party, thereby minimizing their risk.

Q: What types of transactions go through escrow?

A: Most contracts that involve transferring, leasing or financing real or personal property can be placed in escrow. This may include buying or selling a traditional home, mobile home, business, or even transferring stock. Escrow protection is essential for any transaction of substantial value.

Q: What are a buyer's responsibilities in the escrow process?

A: If the transaction is contingent upon a new loan, it is the buyer's responsibility to arrange this loan. Real estate agents can be most helpful in finding an appropriate lender.

Q: What are a seller's responsibilities in the escrow process?

A: The seller should gather such information as loans, taxes, insurance and, if appropriate, rental data. This information can be found on the original deed or title policy, fire insurance policy and on the year-end statement from the existing lender. A copy of the most recent structural pest control report may be helpful, or in some cases even required, in a real estate transaction.

Q: What is the fee for escrow services?

A: The escrow fee is normally based on the size and complexity of the transaction. Since there are so many types of escrows and every transaction is different, there is no set fee schedule.

Q: How long does escrow take?

A: Escrows average 30-45 days. However, some are shorter and some longer, depending on the length of time the buyer and seller agree upon.

Q: Can escrow agents offer legal or investment advice?

A: An escrow officer is not a legal counselor and cannot offer this kind of advice. If there is a dispute between both parties, it is essential that the escrow officer remain neutral and not become a part of the negotiation process.

Q: Why is it important to work with a certified escrow agent?

A: There are many intricacies and details involved in the escrow process as well as many kinds of escrows. Additionally, laws that affect escrows are changed or created constantly. Escrow agents with the continuing education requirements of a professional designation insure that the escrow professional is current with industry requirements

Drop by the **California Escrow Association** Web site at www.caescrow.org.

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