

# Learn more about **ESCROW**



## What is an escrow?

An escrow is something of value, such as a deed, stock, or money that is put into the custody of a third person by its owner to be retained until the occurrence of a contingency or performance of a condition.



## Why do I need an escrow?

If you are the buyer, seller, lender or borrower, you will want to ensure that your currency or real estate will not change hands until all of the stipulations in the transaction have been followed. The title agent has the obligation to safeguard the funds and/or documents while they are in their possession and to disburse funds and/or convey title only when all provisions of the escrow have been complied with.



## Who chooses the title agent?

The selection of the title agent is normally done by agreement between the principals. If a real estate broker is involved in the transaction, the broker sometimes recommends an Title agent. However, it is the right of the principals to use a title agent of their choosing and who is competent and experienced in handling the type of escrow at hand.



## HOW DOES IT WORK?

The buyer, seller, lender, and borrower will usually have the escrow instructions created, usually in writing, and then signed and delivered to the Escrow Officer. If a broker is involved, they will normally provide the Escrow Officer with the information necessary for the preparation of the escrow instructions and documents.

The Escrow Officer will then process the escrow, according to the instructions, and when all of the required terms have been met, the escrow will be "closed". Although each escrow will follow a similar pattern, each one is different as it deals with the property and the transaction at hand.

The duties of a title agent include: following the instructions given by the principals and parties to the transaction promptly, handling the funds and/or documents, paying all approved bills, responding to authorized requests from the principals, and closing the escrow only when all terms have been met.



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