



**Southwest Escrow  
CORPORATION**

*Serving The Community Since 1935*

# **Escrow 101**

## **A Simple Guide For Understanding Escrow**

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# 10 Step Guide To Escrow

**UMM, I'M GONNA NEED YOU TO CLOSE ESCROW TOMORROW**

**SO, IF YOU COULD BE HERE AROUND... 9:00  
THAT WOULD BE GREEAT... MMM'KAY?**

1. Choosing The Best Escrow Company
2. Choosing The Best Escrow Officer
3. Best Methods To Closing Your Escrows
4. The VIP's In An Escrow
5. What To Do With An Accepted Offer
6. The Timeline Of An Escrow
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8. Questions And Answers
9. Things To Avoid In Escrow
10. Turning It Up A Few Notches



# Choosing The Best Escrow Company



Choosing an Escrow Company you can partner with for the long run is the goal. At ***Southwest Escrow Corporation***, we believe you should work with people you like, know, and trust.

***Southwest Escrow Corporation*** is a licensed and independent Escrow Company. That means we are a true NEUTRAL third party.

## Why Choose An Independent Company?

- They represent the most secure form of Escrow Holder in the state of California
- They are subject to the most stringent consumer protections in the industry
- They are not owned by or affiliated with any title company, real estate company, or any other real estate-related business

## How Well Do You Know Your Escrow Company?

As a licensed Independent escrow company, ***Southwest Escrow Corporation***, is required by the Department of Business Oversight to maintain a fidelity bond. In order to comply, ***Southwest Escrow Corporation*** is a member of the Escrow Agent's Fidelity Corporation.

# Choosing The Best Escrow Company

Continued



## Is Your Escrow Company Educated?

*Southwest Escrow Corporation's* staff regularly attends Escrow Association meetings and educational industry conferences to stay current on all things relative to escrow.

*Southwest Escrow Corporation* specializes in the handling of single family residences, multiple units and commercial properties, business opportunities and the sale of liquor licenses.

*Southwest Escrow Corporation* is immensely experienced with large scale contracts. Just to name one, Los Angeles World Airports has been handling their acquisitions and re-locations with *Southwest Escrow Corporation* since 1999.

## Is Your Escrow Company Experienced and Reputable?

*Southwest Escrow Corporation* has been in business since 1935. Our longstanding history, secure practices, and reputation for superior service is proof that you can trust us to be your escrow company for life.

The owner, Lyn Kerby, maintains the concept, "Safe, Efficient and Confidential". In all aspects of Escrow, She provides the highest level of integrity and has the right safeguards in place to protect the interests of all parties involved in the real estate transaction. She will stay beside you from beginning to end.





# Choosing The Best Escrow Officer



Finding the right person to work with can be almost as daunting as dating. This is because you are essentially looking for "the one." One who is trustworthy, reputable, and communicates in a similar pattern to you.

For starters, find an Escrow Officer who works for an independent escrow company, for they are a TRUE NEUTRAL 3rd party. Try googling, "independent escrow companies in Los Angeles" and see what you find.

You can also find a good Officer by connecting with an Escrow Sales Rep. You might see them at caravans, realtor associations, or events.

Talk to a Sales Rep and get their input on who would be a good fit for you. It's their job to facilitate a relationship, make sure you're taken care of and that your questions are answered.

# Best Methods To Closing Your Escrows

As a Real Estate Agent, nothing compares to the feeling of opening escrow. You've endured hours of showings, dealt with canceled appointments, wrote numerous offers, negotiated day and night, and now your hard work is finally paying off.

It's safe to say the name of the game is closing deals AND closing escrow. But before you can successfully close escrow, you need to understand the process.



The excitement of informing your clients you are opening escrow can be fleeting due to the uncertainty of what problems may arise. No two transactions are the same, which can make the process tricky to navigate.

This is where we come in. We are going to ease any anxiety you may have about the escrow process and help you get through your escrow like the PRO you are.

So settle in and get ready for a quick read that will arm you with all the tools you need to succeed.



# The VIP's In An Escrow

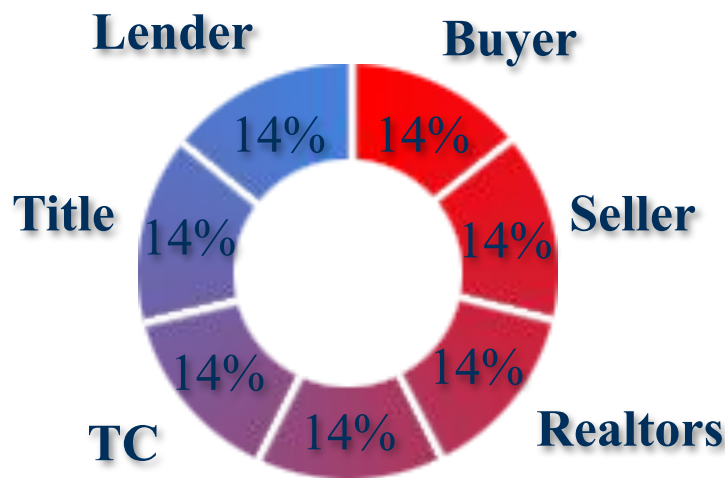


**Lender-** An individual or financial institution that makes funds available to the buyer with the exception that the funds will be repaid

**Buyer-** Provides documents as required and the means to make the purchase

**Title-** Title Officer makes sure that the title to the property is legitimate and issues title insurance

**Seller-** Provides documents as required per the contract and facilitates access to the property



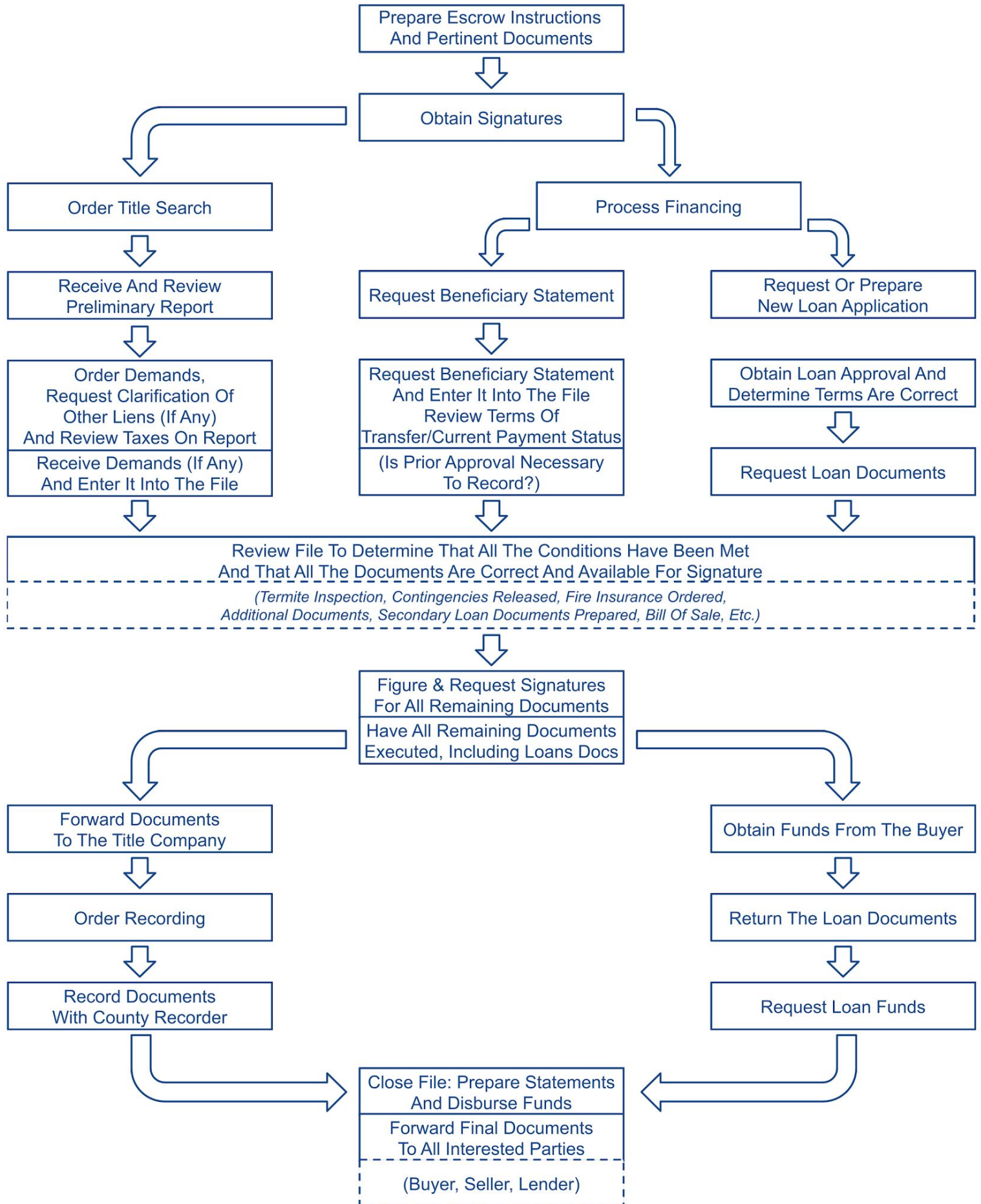
**TC {Transaction Coordinator}-** The TC assists the Real Estate Agent with paperwork and coordinating docs with Escrow

**Realtors-** The Listing Agent represents the seller(s) and the Selling Agent represents the buyer(s)

**Escrow Officer-** Processes the escrow according to the escrow instructions, and when all required conditions are met, the escrow can be "closed"

# The VIP's In An Escrow

## Continued





# What To Do With An Accepted Offer

Congrats! You have an accepted offer. No doubt this is an exciting time for all parties involved. However, you need to properly open escrow and get the ball rolling.



In most cases, the Listing Agent will be responsible for opening escrow. This is typically done by sending the contractually agreed upon Escrow Officer an "opening email."

The opening email introduces all parties involved (Listing Agent, Selling Agent, Assistants (if applicable), Transaction Coordinator) and provides the confirmed offer along with information needed for the transaction.

See "The Escrow Checklist" on the following pages for a full list of items your Escrow Officer will need for your transaction.

# What To Do With An Accepted Offer

## Continued

If you are the one emailing your Escrow Officer and are including confidential information, make sure you are sending your email from a secure email server as you are dealing with non-public personal info (NNPI).

**Escrow scams have grown by \$950M in 2017- Inman News. Most breaches are due to human error, and inadequate security systems, experts say.**



It is also good practice to call and make sure your Escrow Officer received your email.

Additionally, make sure your buyer knows escrow will call them and go over wiring instructions if the contract calls for that.

While your Escrow Officer prepares their escrow instructions, you will need to prepare yourself for what is next to come.

Onto the next queue page “The Timeline of An Escrow”.



# The Timeline Of An Escrow

Once you have opened escrow the real fun begins.  
Here is a general outline of what you can expect next:



**Transfer Initial Deposit-** The buyer has to transfer their earnest money deposit into escrow



**Complete All Inspections-** The buyers and their agent will coordinate inspecting the home for issues



**Appraisal Deadline-** An appraiser will evaluate the property



**Loan Approval Deadline-** The buyer's loan will either be approved or declined by the lender based on whether the buyers have adequate financing to afford the purchase



**Final Walkthrough-** Agents and buyers will perform a final walkthrough to make sure the home is in the same condition as earlier



**Sign and Transfer Funds-** Loan docs and closing docs are signed, and the rest of the down payment is transferred into the escrow account



**Closing and Recording-** The County Clerk processes the property deed and is the final step of legally transferring the property



**Escrow Closed-** After all these steps have been completed, the keys to the home are handed over

# The Escrow Checklist

When opening escrow with Southwest Escrow Corporation,  
please provide the following items:



**Fully executed contract, counters and/or addendums**



**Commission amounts**



**Copy of Listing Agreement and MLS**



**Acceptance date and close of escrow date**



**Transaction Coordinator information and their fee  
(If you have a Transaction Coordinator)**



**Title Company/Title Rep information**



**Your client's contact info:  
Name, Address, Phone Number and Email Address**



**Buyer's lender/ loan broker information:  
Name, Address, Phone Number and Email Address**



**If there is a Homeowner's Association, and if there is MORE  
than one association. (Prepare your seller for upfront fees  
that most HOA's require)**



**Client's marital status**



# The Escrow Checklist

## Continued



**Does the Seller hold title in their Trust?** If so, the Representative Capacity Signature Addendum should be included. (The Seller may need to provide a copy of their Trust Agreement, especially if any of the parties are deceased)



**Does the Buyer intend to hold title in their Trust?** If so, the Representative Capacity Signature Addendum should be included



**Does the Seller or Buyer hold title in an LLC, Partnership, or Corporation?** If so, they need to sign the contract with the correct name and title, and the Representative Capacity Signature Addendum should be included



**Are any parties signing with Power of Attorney?** Escrow, Title Company, and the buyer's lender must review and approve the Power of Attorney



# Questions And Answers

## **WHAT DOES ESCROW DO EXACTLY?**

The escrow company will safeguard the funds and/or documents while those funds and documents are in their possession and will disburse funds, and/or convey title only when all provisions of the escrow have been complied with.

## **WHAT FEES AND COSTS WILL BE CHARGED?**

Escrow companies will charge fees that are commensurate with the costs of producing the service, the liability undertaken, and the overhead expenses. Escrow fees are not regulated by the state, therefore, the fees will vary between companies and from county to county. In addition, escrow companies do not have control over the costs of other services, such as the title insurance policy, the lender's charges, insurance, recording charges, etc.

## **WHAT IF MY BUYER HAS A NEW LOAN?**

Your Escrow Officer will be in touch with the lender who will need copies of the escrow instructions, the Preliminary Title Report, and any other documents escrow can supply. Your Escrow Officer will coordinate with the lender the receipt of the loan documents, schedule the loan signing appointment, and assist with any funding/closing conditions that relate to escrow.

## **WHAT ABOUT TITLE INSURANCE?**

Title insurance insures the owner and/or the lender of ownership or lien priority of the property. There are various types of coverage, but a basic policy insures that the buyer is the owner and that any lender shown on the policy is an "insured" lender. The title insurance policy fee is a one-time fee, paid at the close of escrow.



# Questions And Answers

Continued

## **WHAT IS A CLOSING STATEMENT?**

A closing statement is a written accounting document prepared at the close of escrow. The closing statement is provided in the closing package with a breakdown of the purchase price, the funds deposited or credited, payoffs on existing encumbrances and/or liens, the costs for all services, and a determination of the funds due at the close of the escrow.

## **WHAT HAPPENS WHEN THERE IS A CANCELLATION?**

If a contingency cannot be met or if parties disagree during the escrow, a cancellation can occur. A cancellation must be delivered to your Escrow Officer in writing and must be signed by all parties.

## **IS THERE A CANCELLATION FEE?**

Sometimes a cancellation fee will be charged, as this is a charge for professional services rendered and often for several "out of pocket" expenses that have been incurred on the client's behalf. These fees can vary from company to company depending upon their policies.

## **THE PERFECT ESCROW - DOES IT EXIST?**

No two escrows are the same and perfection can be difficult to achieve when dealing with the complexities of escrow. Sometimes desires of the parties and other matters are beyond the Escrow Officer's control. However, your Escrow Officer has the background, training, education, support, and systems in place necessary in order to accomplish the objectives of the escrow instructions.

# Things To Avoid In Escrow

## **Skipping Town**

Are you or your clients going out of town? Let your Escrow Officer know as soon as possible



## **Switching Lenders**

Switching lenders mid-transaction can cause major delays in the close of escrow



## **Not Returning Paperwork**

Encourage your clients to return paperwork ASAP. The contract states when the paperwork is due. Typically docs are due 5 days from receipt of paperwork



## **Not Completing Paperwork**

Some documents can be redundant and ask for the same information, but this does not mean they can be left incomplete





# Things To Avoid In Escrow

Continued

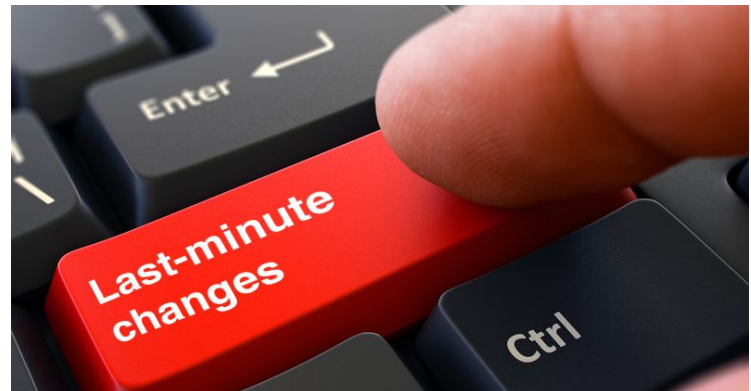
## Changing Names

Make sure your clients name on their I.D matches how they want to hold title



## Last Minute Changes

Last minute credits, invoices, or a need for reports may cause delays for the buyer's lender



## Sending Confidential Information

Be mindful that you are not currently at risk of any unsecured connection, hack, or breach when information you are sending and forwarding on the internet is confidential



## Charging Large Items

Advise your clients not to make any big purchases during the escrow period



# “Happiness Is A Closed Escrow”



## Southwest Escrow CORPORATION

*Serving The Community Since 1935*

### An Experienced, Reputable, And Trustworthy Escrow Service

We hope you enjoyed this eBook and are prepared to open your next escrow! Our method is simple, share our knowledge about escrow and make the process easier for all parties involved.

*Southwest Escrow Corporation's* commitment is to provide escrow services with integrity, accuracy, and superior customer service. It is our goal that you will use our services for life and feel confident referring your friends, family, and clients to us.

We invite you to open your next transaction with *Southwest Escrow Corporation*. Experience the difference of our dedicated, dependable, and distinguished services unlike other firms in the industry.



**Open Escrow Today**

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