THE **ESCROW** PROCESS

WHAT IS AN ESCROW

An escrow is a process wherein the Buyer and Seller deposit written instructions, documents, and funds with a neutral third party until certain conditions are fulfilled. In a real estate transaction, the Buyer does not pay the Seller directly for the property. The Buyer gives the funds to an escrow company who, acting as an intermediary, verifies that title to the property is clear and all written instructions in the contract have been met. Then the company transfers the ownership of the property to the Buyer through recordation and pays the Seller. This process protects all parties involved.

The State of Arizona licenses and regulates all title and escrow companies. The Department of Insurance and the Department of Financial Institutions can inspect a company's records at any time, providing further oversight of the company's management and qualification to act as an impartial third party to the transaction.

In Arizona, escrow services are generally provided by a title insurance company instead of an attorney. The stability, reliability and performance of your title and escrow company are vital to protect the interests of all parties to the transaction.

HOW IS AN ESCROW OPENED?

Once you have completed the contract (or Purchase Agreement), and the Seller has accepted the offer, your REALTOR® will open escrow. The earnest money deposit and the contract are placed in escrow. As a neutral party to the transaction, Security Title can respond only to those written instructions agreed to mutually by all "interested" parties (Seller and Buyer); Security Title cannot otherwise alter the contract or create instructions, and that protects all parties to the transaction.

HOW TO HOLD TITLE

You should inform your escrow officer and lender as soon as possible of how you wish to hold title to your home and exactly how your name(s) will appear on all documents. This allows your lender and Security Title to prepare all documents correctly. Changes later, such as adding or deleting an initial in your name, can delay your closing. You may wish to consult an attorney, accountant or other professional before deciding how to hold title.

WHAT HAPPENS AT SECURITY TITLE

During the escrow period, our title department begins researching and examining all historical records pertaining to the subject property. Barring any unusual circumstances, a commitment for title insurance is issued, indicating a clear title or listing any items which must be cleared prior to closing. The commitment is sent to you for review.

Your escrow officer follows the instructions on your contract, coordinates deadlines, and gathers all necessary paperwork. For example, written requests for payoff information (called "demands") are sent to the Seller's mortgage company and any other lien holders.

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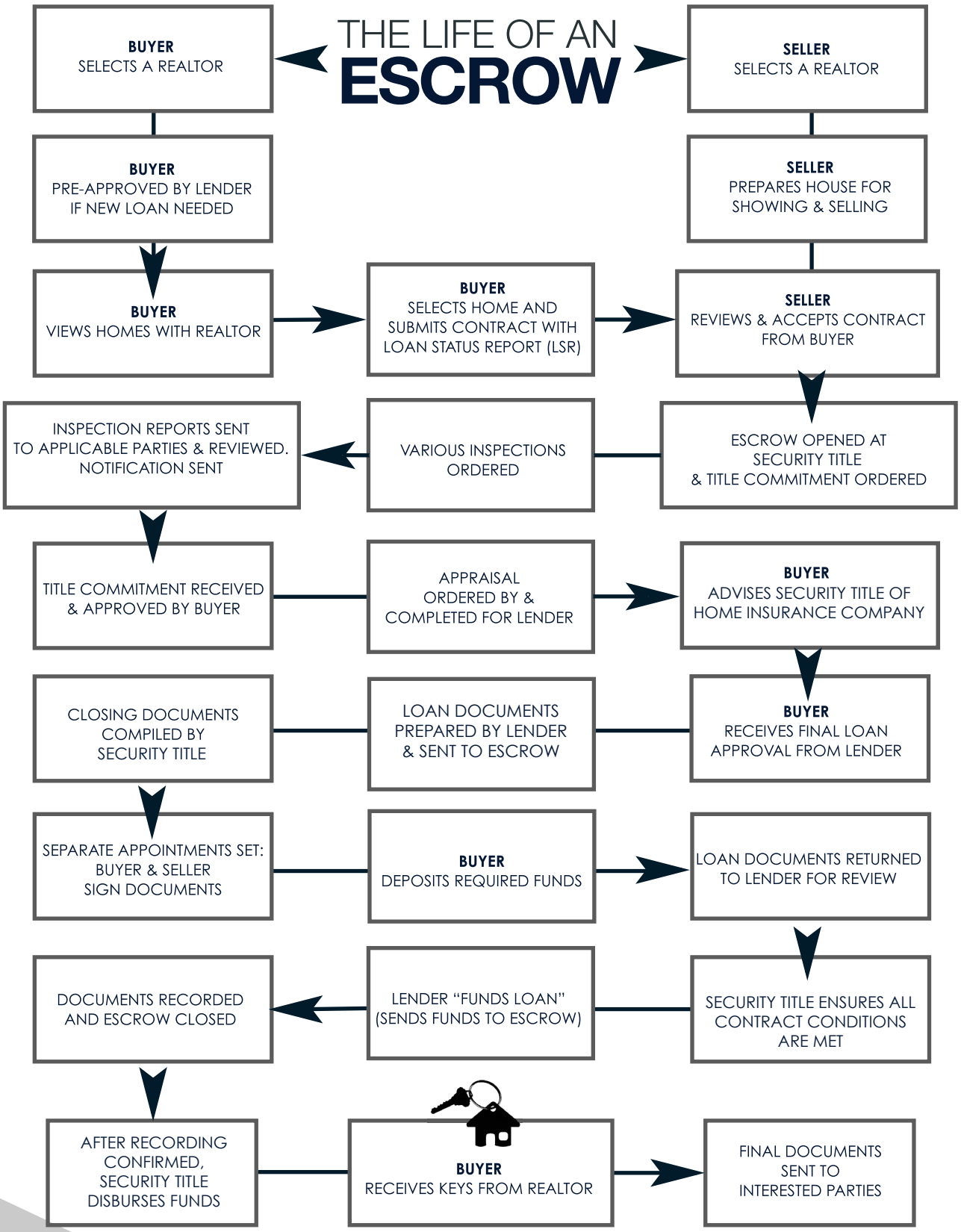

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