

What are the escrow steps? California escrow process has 10 steps:

1. **Prepare Escrow Instructions.** These are done on the escrow holder's printed forms. All principals – the buyer and seller -- sign the instructions, which set forth the parties' understanding of the transaction. An initial deposit usually accompanies the instructions. For a home purchase, the instructions must include:

- Purchase price and terms;
- Agreement as to mortgages;
- How buyer's title is to appear (called "vesting");
- Matters of record subject to which buyer is to acquire title;
- Inspection reports to be delivered into escrow;
- Proration adjustments (involves taxes and insurance);
- Date of buyer's possession of the property;
- Documents to be signed by the parties, delivered into escrow, and recorded;
- Disbursements to be made, costs and charges and who pays for them; and
- Date of closing.

2. **Order Title Search.** This title search is performed on the subject property, resulting in a "Preliminary Report" from a title company. The escrow holder examines this report for items not contemplated in the instructions. For example, is there a lien (or additional loan) on the property that wasn't reported? The seller must clear any such item or it must be brought to the attention of the buyer.

3. **Request Demands and/or Beneficiary Statements.** This request for information goes to any lenders of record. The document will be either:

- a "Demand for Pay-off," if the seller's existing loan is to be paid in full through escrow; or
- a "Beneficiary Statement," if buyer is purchasing the property "subject to" or assuming a loan.

4. **Accept Structural Pest Control Report and Other Reports.** These reports might include plumbing or roofing reports. They all pertain to the property's condition, and are kept in escrow. The escrow holder might also obtain any necessary approvals from the seller or buyer due to information in a report. For example, whether the home needs to be sprayed for insects. The reports are delivered at close of escrow.