



PICKFORD ESCROW COMPANY

Presents ...

A BRISK WALK
THROUGH
THE BASICS OF ESCROW

- Basics Needed to Open Escrow
- Life of an Escrow Flow Chart
- Special Notes
- Escrow Holder's Responsibilities
- Sample Forms
- Closing Cost Information



PICKFORD ESCROW COMPANY

Los Angeles County Offices

BEVERLY HILLS

9696 Wilshire Blvd., 2nd Floor
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Office: 310.248.6480
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PACIFIC DESIGN CENTER

8687 Melrose Avenue, B-110
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Office: 310.289.2545
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BRENTWOOD

11812 San Vicente Blvd., #503
Brentwood, CA 90049
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STUDIO CITY/SHERMAN OAKS

13103 Ventura Blvd., 1st Floor
Studio City, CA 91606
Office: 818.325.0330
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ENCINO

16820 Ventura Blvd.
Encino, CA 91436
Office: 818.817.2500
Fax: 818.990.2700

WEST VALLEY

21021 Ventura Blvd., Suite 100
Woodland Hills, CA 91364
Office: 818.932.0980
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LOS FELIZ

1710 Hillhurst Avenue, Suite 203
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TERRA COASTAL ESCROW, INC.

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OTHER LOCATIONS IN ORANGE AND SAN DIEGO COUNTIES



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Typical Life of an Escrow by Week

WEEK ONE

- Escrow Instructions must be back to Escrow Holder signed by Seller and Buyer as escrow is NOT valid until they have been received and signed by both Seller and Buyer.
- Buyer's deposit check(s) should be deposited into Escrow Holder's trust account.
- Lender is sent certified copy of Escrow Instructions and Buyer's receipt for deposit into escrow. The Title Company sends a copy of the Preliminary Report to the lender.
- All Homeowners Association documents (By-Laws, Articles of Incorporation, Financial Statements, Budget, etc.) should be provided by Seller and sent to Buyer for approval if the property is a condominium or PUD.
- Preliminary Report and CC&R's received from Title Company and sent to Buyer for approval, if this is a contingency. A copy of the Preliminary Report is also sent to the Brokers.
- Confidential Statement of Information received from Buyer and Seller are forwarded to the Title Company.

WEEK TWO

- Buyer has submitted written approval or disapproval of the home inspection (if a contingency), to the Escrow Holder pursuant to the Purchase Agreement/Contract. If disapproved, parties may further negotiate.
- Grant Deed is prepared and sent to the Seller for execution.
- Demands are ordered for the payoff of the Seller's existing loan(s).
- Termite Report is received from Seller or Seller's Broker and copies are sent to all parties.

WEEK THREE

- Escrow Holder reviews file to find out what is still missing from escrow (i.e. demands, termite completion, commission breakdowns, loan approval, City Report, Homeowners Association documents, Certificate of Compliance, home warranty, etc.), and make necessary calls to expedite any and all outstanding items.
 - Escrow Holder verifies that all contingencies have been cleared in time.
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Typical Life of an Escrow by Week

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WEEK FOUR

- Termite Completion, if required, is received and copies are sent to all parties.
- When loan approval is received, Escrow Holder requests loan documents, prepares final amendments, and orders evidence of Buyer's fire insurance for the lender.
- After receipt of loan documents, Escrow Holder figures the file to determine the funds necessary from the Buyer for the balance of down payment and closing costs. the Seller's payoff, fees, charges and estimated proceeds are also figured at this time.
- Escrow Holder contacts the Buyer to make an appointment for signing documents and bringing his cashier's check. The Seller also needs an appointment to sign any outstanding documents.
- After the Buyer has signed the loan documents, the package is returned to the lender (via courier or overnight express), with a written request for funding and all escrow items required by the lender.
- Original documents requiring recording are sent to the Title Company.
- The lender funds the new loan and recording is authorized.
- Upon receipt of confirmation of recordation from the Title Company, Escrow Holder calls the Brokers with the GOOD NEWS - escrow has closed.
- Escrow Holder balances the file upon receipt of title charges and pay off amounts.
- Escrow Holder disburses funds to all parties upon receipt of wired funds from the Title Company.

IMPORTANT NOTICE:

Each escrow is unique and has its own special timing and processing requirements. Therefore, the above is only an example and can vary from transaction to transaction.



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Responsibilities of Escrow Holder

1. Prepare and disburse escrow instructions to all parties, including Buyer's new lender.
 2. Open title order and request copies of CC&R's.
 3. Receive and review Preliminary Report. Forward to Buyer for approval.
 4. Receive signed escrow instructions and completed information package.
 5. Open Interest Bearing Account for Buyer's deposit, if applicable.
 6. Order demands, Homeowners Association documents and statement, and if needed, Housing Authority Release.
 7. Draw Grant Deed for Seller. Draw any Quitclaim Deeds required together with instructions for their use.
 8. Forward Homeowners Association documents and statement to Buyer for approval, if applicable.
 9. Prepare escrow amendments as requested with copies to Buyer's lender.
 10. Receive Demands, Termite Report and Completion, City Report (if applicable), Certificate of Compliance, Home Warranty Confirmation and Property ID invoice. Forward for appropriate signatures.
 11. Receive loan approval from Buyer's lender and order loan documents.
 12. If Seller is carrying back a Purchase Money Note and Deed of Trust, prepare documents and send to Seller for approval.
 13. Receive Buyer's new loan documents from lender. Compile and compute figures for closing. We use a *double audit* system.
 14. Call Buyer for appointment to sign all documents and bring closing funds.
 15. Call Seller for an appointment to sign any outstanding items.
 16. Order Buyer's fire insurance.
 17. Return signed loan documents to lender. Request loan funding.
 18. Authorize recording with the Title Company.
 19. Balance file and disburse funds.
 20. Send closing statement and other papers to parties.
 21. Receive and review title policy and forward to appropriate parties.
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Areas Beyond the Scope of Escrow Holder

1. Negotiations between any of the parties
 2. Initiation of subordinations or short payoffs.
 3. Preparation of accommodation documents or accommodation recordings.
 4. Ordering Termite Inspections or authorizing Termite Completions.
 5. Ordering Home Inspections, Retrofits, Disclosure Reports or Home Warranties.
 6. Offering real estate loan advice.
 7. Offering legal advice.
 8. Offering tax advice.
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Special Notes

QUITCLAIM DEEDS - WHEN AND WHY

If Seller is on title as a married man, a married woman, or no status, spouse will need to execute the Grant Deed with the Seller or execute a Quitclaim Deed.

If Buyer is to acquire title as a married man as his sole and separate property, or a married woman as her sole and separate property, spouse will need to execute a Quitclaim Deed.

TRUSTS

Title Company will require a Trust Certification and a copy of the Trust if Seller or Buyer references a trust in their vested title. Very few lenders will allow the Buyer to take the new loan in the name of a trust. Trusts *almost never* allow the Trustees to use a Power of Attorney to sign for them.

DECEASED PERSON ON TITLE

If Seller is a widow or widower - has or will property be probated? If not subject to probate, but was held in Joint Tenancy, Escrow Holder will probably need an Affidavit or Death of Joint Tenant and an Inheritance Tax Lien Release. If not held in Joint Tenancy and a probate is not required, will Letters of Testamentary be provided?

BINDERS

Did the Seller acquire this property less than two (2) years ago? If so, did the Seller purchase a binder at that time? If so, title must be opened with through the title company that issued that binder.

SHORT PAYOFFS

Notify the Escrow Holder if the Seller will be paying their lender less than the amount owed. Escrow Holder cannot negotiate nor initiate a short payoff. Escrow will be able to provide escrow instructions and a Seller's Estimated Closing Statement to the Seller's payoff lender.

PRINCIPALS TO THE ESCROW

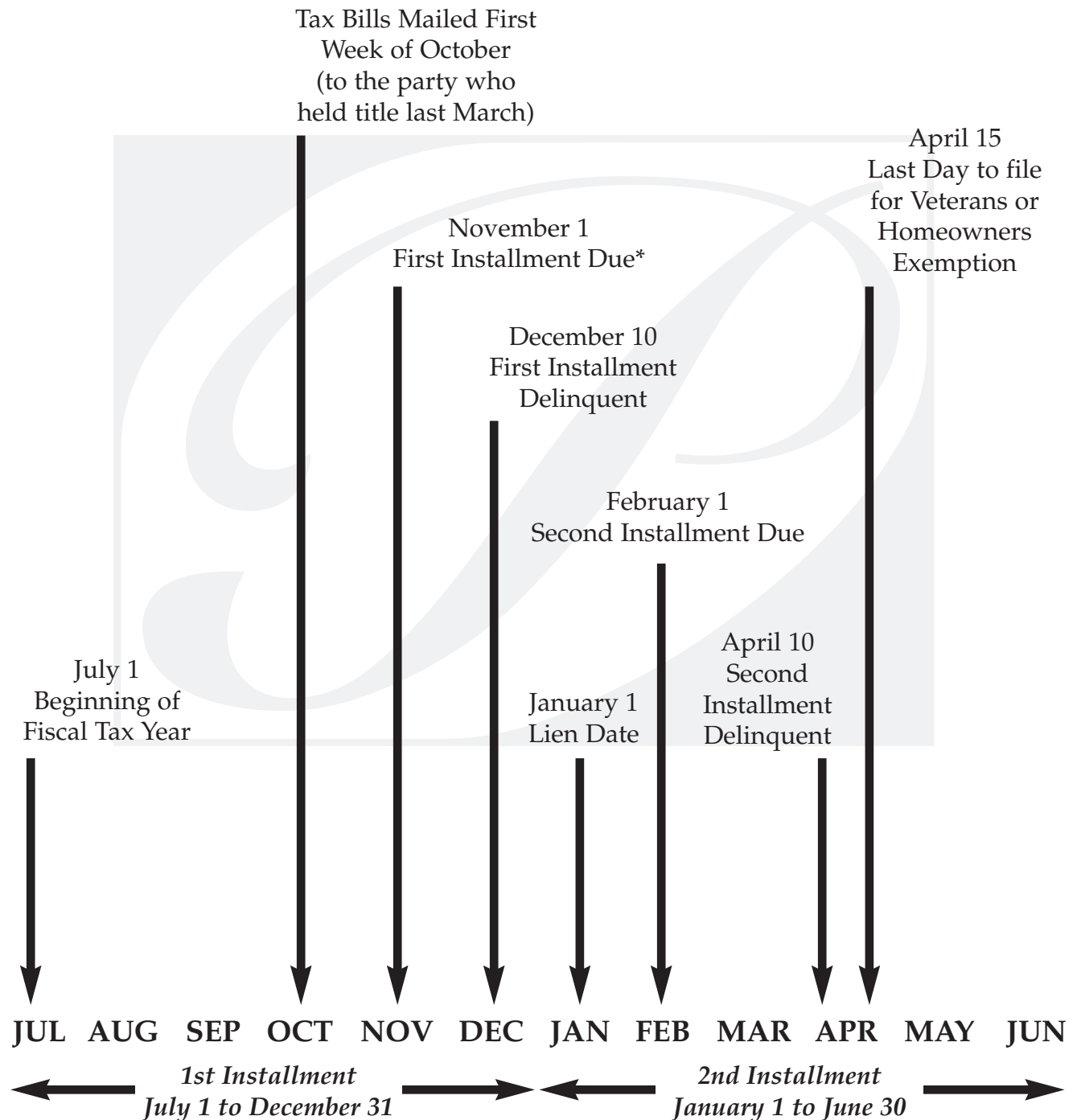
Any inquiries to the Escrow Holder must be made by a principal to the transaction or their real estate agents. Buyer's or Seller's attorney, accountant, ex-husband, mistress and/or Aunt Bessie are not entitled to information without clear direction from the principal. Remember, as a broker, you are a party to the escrow, not a principal.

Your trust and support are valued by our industry, and we thank you for these.



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Property Tax Calendar



* "Due" means the installment becomes payable as of that date.



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Condominium Documents

To assist you in providing the required HOA documents when you take a listing for a condominium, here are a few tips for speeding up the process, which can often times be frustrating.

FIRST - THE REQUIRED DOCUMENTS ARE:

CC&R'S - which can be obtained from title - these are recorded and available through the public records and are not renewed but run with the property unless an amendment is filled and this is obtainable from title.

BY-LAWS - done when the project is created and unless updated and unchanged, can be obtained from the Seller or a Board member - these are usually NOT recorded.

ARTICLE OF INCORPORATION - filed once when the project is created and unchanged, except for yearly notices to the Secretary of State for update of board members and filing notices - can be obtained from the Seller or a Board member - these are NOT recorded BUT filed with the Secretary of State.

The above three are usually available from the Seller, when he bought, as they do seldom change, unless as noted above or from any Board Member or Management Company.

SECOND - THESE CHANGE YEARLY AND MOST BE OBTAINED CURRENT

MINUTES - ask the Seller, if he has not been getting or keeping them, to contact the Secretary of the Board. Most times, the Management Company does not have them, and time is wasted chasing them down. The Board is supposed to furnish the Management Company current minutes, but often times this has not been done. Letting the Seller, Board or Management Company know up front that these are required will save valuable time when the offer comes in.

CURRENT BUDGET/FINANCIALS - again, ask the Seller to furnish you this or obtain it from the Treasurer of the Board. These financials must be done each fiscal year for the Association.

INSURANCE - ask the Seller to provide you with the name and phone number of the Agent. The agent will usually fax a declarations page of all coverages for the building, including earthquake, if available. Also note that the lenders require E&O-Fidelity Bond coverage, so you want to see this on the declarations page also.

NOTES - Some Management Companies are requiring up front fees before they will release any of the above documents. It is a good idea to find out who the Management Company is up front and contact them for their requirements. If up front fees are required, take a check from the Seller, made payable to the Management Company, UNDATED, and when you have an accepted offer, the check can then be dated and sent in to the Management Company through escrow, saving time. Of course, any documents under the "First" section that can be given to you by the Seller, will save the Seller some of the up front fees.

Most Management Companies are taking 7-10 days from receipt of escrow's request to finish the required information and documents. With the above documents in hand, escrow only needs a status sheet completed and this usually can be faxed.



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City Reports

To assist you in obtaining the appropriate fees for the required city reports.

CITY OF LOS ANGELES - (9A REPORT)

The current fee is \$70.20 made payable to the Department of Building and Safety -- please NOTE this report takes 3-4 weeks to be returned from the City and the "Report of Residential Property Records Declaration Attachment" must be COMPLETED AND SIGNED and sent in with the check. The attached sample can be photocopied; however, the application must have a "LIVE" signature. The City does not accept photocopies or faxes. You may obtain the City report on the web at: <http://161.149.221.222/autos\autos.nsf>

This report encompasses ALL property legally located in the City of Los Angeles (such as Valley, Venice, Pacific Palisades, Brentwood, Westwood, Beverly Hills Post Office).

CITY OF SANTA MONICA - The current fee is \$146.00 made payable to the City of Santa Monica. The report must be signed by the Sellers or authorized representative. This report must be mailed into the City with a stamped return envelope and currently takes approximately 2 weeks to be returned. The report is a 4-part form and must be obtained from the City or your escrow agent - they do not accept photocopies of the report.

Samples of each report are attached.

When you take the listing, obtain the appropriate check from the Seller, undated. Have the Seller sign the application, undated. When you have an accepted offer, date the check and application, turn it into the escrow office who can immediately send it in - saving valuable time with short (30 day) escrows.



CONCURRENT - CO-OWNERSHIP INTERESTS

	COMMUNITY PROPERTY	JOINT TENANCY	COMMUNITY PROPERTY WITH RIGHT OF SURVIVORSHIP	TENANCY IN COMMON	TENANCY IN PARTNERSHIP
PARTIES	Only husband and wife	Any number of persons (can be husband and wife)	Only husband and wife	Any number of persons (can be husband and wife)	Only partners (any number)
DIVISION	Ownership and managerial interest are equal except control of business is solely with managing spouse	Ownership interest must be equal	Ownership interest is equal	Ownership can be divided into any number of interest equal or unequal	Ownership interest is in relation to interest in partnership
TITLE	Title is in the "community." Each interest is separate but management is unified.	There is only one title to the whole property	Title is in the "community." Each interest is separate.	Each co-owner has a separate legal title to his undivided interest	Title is in the "partnership"
POSSESSION	Both co-owners have equal management and control	Equal right of possession	Both co-owners have equal possession	Equal right of possession	Equal right of possession but only for partnership purposes
CONVEYANCE	Personal property (except "necessaries") may be conveyed for valuable consideration without consent of other spouse; real property requires written consent of other spouse, and separate interest cannot be conveyed except upon death.	Conveyance by one co-owner without the others break his joint tenancy	Real property requires written consent of other spouse, and with separate interest cannot be conveyed except upon death	Each co-owner's interest may be conveyed separately by its owner.	Any authorized partner may convey whole partnership property. No partner may sell his interest in the partnership without consent of his co-partners.
PURCHASER'S STATUS	Purchaser can only acquire whole title of community; cannot acquire a part of it	Purchaser will become a tenant in common with the other co-owners in the property		Purchaser will become a tenant in common with the other co-owner in the property	Purchaser can only acquire the whole title
DEATH	On co-owner's death, 1/2 belongs to survivor in severalty 1/2 goes by will to decedent's devisees or by succession to survivor	On co-owner's death, his interest ends and cannot be deposed of by will. Survivor owns the property by survivorship.	On co-owner's death, the entire tenancy remains to the survivor. This right of survivorship is one of the primary incidents of community with right of survivorship.	On co-owner's death, his interest passes by will to his devisees or his heir. No survivorship right.	On partner's death, his partnership interest passes to the surviving partner pending liquidation of the partnership. Share of deceased partner then goes to his estate.
SUCCESSOR'S STATUS	If passing by will, tenancy in common between devisee and survivor results.	Last survivor owns property in severalty.	If passing by Will, tenancy in common between devisee and survivor results.	Devisee or heirs become tenants in common	Heirs or devisees have rights in partnership interest but not in the specific property.
CREDITOR'S RIGHTS	Property of community is liable for contracts of either spouse which are made after marriage and prior to or after marriage and prior to or after January 1, 1975. Co-owner's interest can't be sold separately; whole property may be sold on execution to satisfy creditor.	Co-owner's interest may be sold on execution sale to satisfy creditor. Joint tenancy is broken, creditor becomes tenant in common.	Property of community is liable for contracts of either spouse which are made after marriage and prior to or after January 1,	Co-owner's interest may be sold on execution sale to satisfy his creditor. Creditor becomes tenant in common.	Partner's interest cannot be seized or sold separately by his personal creditor, but his share of profits may be obtained by a personal creditor. Whole property may be sold on execution sale to satisfy partnership creditor.
PRESUMPTION	Strong presumption that property acquired by husband and wife is community	Must be expressly stated. Not favored.		Favored in doubtful cases except husband and wife case	Arise only by virtue of partnership statute in property placed in partnership