



BLACKMORE ESCROW

AN INDEPENDENT ESCROW COMPANY

What is Escrow?

Escrow is a service that provides consumers the means of protecting the handling of funds and documents. Escrow enables two parties to transact business through a third party, in order to minimize transactional risks for both parties.

The California Escrow Law – Section 17003 of the Financial Code – defines an escrow as follows: *an escrow is a deposit of funds, a deed or other instrument by one party for the delivery to another party upon completion of a particular condition or event.*

So, an escrow company is a third-party entity that should safely and securely collect, hold, and disburse funds according to the parties' written instructions.

The escrow company is entrusted with *your* funds and obligated to abide by the specific instructions of your agreement so that all funds are disbursed exactly, properly, and timely. This is why it is of utmost importance to select the most impartial escrow provider.

Not all escrow companies are created equal. Many escrow departments, like those that exist within Banks, Real Estate Brokerages, or Title Companies are often NOT the most impartial because they are financially affiliated with one of the parties who have an economic interest in the outcome of the transaction. In many cases these insufficiently impartial escrow providers are also not compelled to adhere to the same regulations that an independently owned escrow company must.

The most impartial escrow provider is an independently owned company which is licensed with the Department of Business Oversight (DBO). The DBO requires strict adherence to the most stringent standards in the industry. *It is in your best interest to select only an independently owned escrow provider which is licensed by the DBO for the most impartial representation and most protection.*

Who selects an escrow provider?

It is *your* right to choose the escrow agent who will handle your funds and transaction. Inasmuch as a real estate transaction involves significant financial consequences, it is imperative that you make an informed decision and select the most neutral and most regulated third party to handle your escrow transaction.

Blackmore Escrow is your best choice because we are 100 % neutral: we are independently owned; legally licensed by the DBO; we are a member of the Escrow Agents' Fidelity Corporation; and we maintain surety bond coverage. In addition, we adhere to a daily, very disciplined, security screening process of reconciliation in an effort to safeguard our operation against cyber hacking and further protect *your* funds against fraud.

Many times, consumers delegate the selection of an escrow provider to their real estate broker or lender who, unknowingly to you, refers your escrow transaction to a related or affiliated escrow provider. While the name of the escrow company may be very different than the name of the real estate firm or the lender handling your transaction, they are financially affiliated and are usually not the most regulated. So don't be fooled. Ask if the recommended escrow provider is in any way (directly or indirectly) affiliated with the person or entity making the referral. If the answer is yes ... beware.

Keep in mind that RESPA, a consumer protection statute passed in 1974, allows referrals to be made among real estate brokerage firms, affiliated mortgage companies, or other service providers, **as long as** 1) a written disclosure has been provided stating the nature of the relationship as well as the affiliate's charges, 2) *the consumer is NOT required to use the affiliate*, and 3) the only thing of value received from the arrangement, other than payments for services rendered, is a return on ownership interest.

This means, that you are **not required** to use the affiliated escrow company that your real estate broker or lender recommends to you. Instead, you are allowed to choose freely which escrow provider you want without being pressured into making this very important decision.

Remember, only a truly independent escrow company licensed by the DBO is the most neutral third party and most regulated to handle your transaction.

Exactly what will your escrow company do?

Blackmore Escrow specializes in Real Estate, Refinance, and Corporate and Bulk Sales transactions. If you are a real estate Agent, Broker, Mortgage Advisor, Attorney, Buyer, Seller, or Borrower, *we are here for you!* If you are a Transactional Attorney, Private Equity or Venture Capital Firm, or Business Owner, we are here for you.

We sweat the small stuff so you can enjoy the smooth processing of your sales, refinance, or corporate or bulk sale transaction.

In general terms, one of our escrow officers will open the escrow in accordance with the escrow instructions and contract and when all conditions are met the escrow will be "closed." Each escrow, although following a similar pattern, will be different in some respects, as it will deal with *your* specific agreement for the transfer of property, money, or business.

The duties of an escrow holder include but are not limited to:

- Open escrow
- Follow the agreement and detailed instructions of the principals and parties
- Handle other documents timely and in accordance with instructions
- Prepare additional documents for both parties as needed
- Order Preliminary Title reports, insurance certificates, payoff statements, etc.,
- Respond promptly to all authorized requests from the principals
- Pay bills as authorized
- Receive loan docs or final documents from lender and facilitate the signing of the borrower(s)
- Disburse funds only when all terms and conditions have been met
- Close escrow and provide a Final Settlement Statement.

What do I do while escrow is pending?

As we have said, your escrow officer is neutral and is there to follow the instructions of the principals in the escrow. Do not expect your escrow officer to give you advice as to whether or not you have a "good deal" or if you are getting the "best rate". Your escrow officer is not an attorney and cannot practice law so you should consult your lawyer for legal advice.

However, you should check with your escrow officer as to what specific items you need to do in order to expedite the closing of your escrow. Following is a general list of what you can do to have your escrow progress smoothly:

- Read and understand your escrow instructions
- Ask your escrow officer to explain what you do not understand
- Respond quickly to correspondence
- Deliver funds into escrow
 - Blackmore Escrow *accepts checks for initial deposits only*. We require *wire transfers (not ACH transfers) for final funds transfers*. Please check with us or with your bank to learn the difference between these two types of wire transfers
- Review your closing statements, checks, title policies, etc.

Please note that it is common practice for lenders to forward their loan documents to escrow for the Borrowers to sign. Keep in mind that these papers are lender's documents and cannot be interpreted by an escrow officer. You may request a representative from the lender's office to be present or to be available by phone to answer any of your questions. You can also arrange to sign loan documents in their office.

What fees and costs will be charged?

Escrow holders charge fees associated with the costs of producing a service, pertinent liability, and overhead expenses. Escrow fees are not regulated by the state of California nor any other agency. Therefore, fees vary among companies and from county to county. An estimate of escrow fees and other anticipated costs is provided upon request. So freely ask your escrow officer for an estimate.

Please note, the escrow holder has no control over the costs of other services that are obtained, such as the title insurance policy, lender's charges, hazard insurance, recording charges, etc.

What is a closing statement?

A closing statement is an accounting in writing, which reflects the financial aspects of your account and itemized charges and credits of your transaction. It is prepared at the close of escrow. The items on the statement include the purchase price, the funds deposited or credited to your account, payoffs on existing encumbrances and/or liens, the costs for all services, and the funds you may be entitled to (if any) at the close of escrow.

Please retain your closing statement and associated pages for income tax purpose. Your Accountant, the IRS, or other agencies may/will need this information in order to prove your costs and/or profit on the sale or purchase of any property.

What about cancellations?

No escrow is opened with the intention that it will be cancelled, but there are occasions when the principals disagree during the period that an escrow transaction is open and one or both parties desire to cancel the escrow. An escrow can be cancelled and any funds refunded once *mutual* cancellation instructions are signed by both principals.

The escrow holder is not a judge and will not make a determination as to who is the "rightful" party in a dispute or cancellation.