



## IMPORTANT ESCROW TERMS

**Broker:** This is the person who represents the buyer/seller during a real property transaction. When buying or selling real estate in California through a broker, you are protected by dealing with a party who is operating under state license.

**Escrow:** This means to deposit money and documents with an escrow agent, usually in the form of a corporation, to be used as specifically described in the written instructions of the parties.

**Escrow Officer:** This person writes the written instructions of the parties for the escrow agent. These instructions govern the use of money and documents given by the parties involved.

**Preliminary Report:** This report shows preliminary ownership and encumbrance information. It is given to the escrow officer after the escrow is opened.

**Taxes:** The prorating of county, city, and irrigation district taxes and the calculation of bonds and special assessments requires skillful handling.

**Insurance:** At the time of closing, all premiums must be adjusted and all policies transferred. All changes must be made and the insurance companies must be notified.

**Prorate:** The division of proportionate shares of rent, insurance, taxes, etc. between the parties involved. This is usually calculated by an escrow officer.

**Revenue Stamps:** These are put on deeds to show that taxes have been paid at a transfer rate of .11% based on the sale price. The escrow officer uses these when appropriate.

**Deed:** This is a document that is used to transfer the ownership of land from one person to another. The form of the deed may vary.

**Title:** The right by which the owner of the land has possession of the property. Publicly recording a deed is a common way to establish a title.

**Title Insurance:** A policy which protects your rights as owner of a property, and will reimburse for any problems with the title to the property. Your real estate professional can provide free information about title insurance.

