



ESCROW GLOSSARY

FOR AGENTS



california
elite
escrow

Opening Pre-Escrow

Net Sheet: Rough preliminary estimate provided to seller detailing closing costs.

Initial Deposit: Amount required to open escrow in the form parties agree to in the contract. Item 3 on the CAR RPA.

Tax Roll: Detail provided by title insurer that lists disposition of the issued current and supplemental tax bills. Assessed owner is also detailed. Short-term investors or estates who do not appear as an "Assessed Owner" on the tax roll during escrow can expect to owe supplemental tax bills post-closing.

Third Party Deposit: Funds received by escrow holder from a party other than the contracted principal. We need authorization from depositor to credit funds to the intended party.

Escrow Holder Acknowledgment: Completed by escrow holder upon receipt of the initial deposit.

Supplemental Escrow Instructions: Escrow holders general provisions for handling the transaction. Presented to principals for signature after the receipt of the initial deposit and expected to be returned within 5 days.

Vesting: Instructions received by borrowers on the manner in which they intend to hold title.

FinCen GTO: Applies when buyer is vesting in an Entity such as an LLC or a Corporation. The Financial Crimes Network of United States Treasury enacted a Geographic Targeting Order to assist in combatting money laundering. The title insurers are responsible for collecting buyer identity documents for certain 1-4 residential transactions where the buyer is vesting in an entity and not using conventional financing. More info [here](#).

Loan Collaboration

TRID: TILA (Truth in Lending Act) RESPA (Real Estate Settlement Procedures Act Integrated Disclosures). These new regulations issued in 2014 by the newly formed [CFPB](#) reset the loan cycle requirements for how lenders process their loans and what is required from borrowers before an estimate is issued.

[CFPB](#): Federal Consumer Agency responsible for overseeing most conventional 1-4 residential loans and other consumer related financial products.

Homebuyer toolkit [here](#).

Mortgage Loan Application: Consists of applicants name, income, social security number, property address, purchase price and loan amount being submitted to originator. This information, at the Acceptance of Offer, triggers the loan estimate.

Loan Estimate: Federally standardized form provided to the borrower no later than three business days from the date the buyer submits loan application to originator. Designed to assist buyer in comparative shopping from multiple originators. [More info here.](#)

Credits: Prepare to disclose any credits that result from inspections or other matters as early in the transaction as possible so that they are included in final loan disclosure and lender approves.

Closing Disclosure: Delivered 3 business days prior to loan document signing. Details of final fees and loan terms [here.](#)

Loan Documents: Receipt requested one week prior to contracted recording date to ensure a smooth and timely close. Notarization required and notary selection may be restricted by lender.

Processing and Clearing Title

Preliminary Report: Document created by the title insurer that offers information on liens and underlying documents affecting the property.

Payoff Demand: Document addresses to escrow holder that details amount owed for an underlying deed of trust or lien.

FIRPTA: Foreign Investment in Real Property Tax Act Requires withholding of up to 15% of the sales price for certain foreign sellers. Affidavit is presented to seller in escrow. More details and FAQ [here.](#)

Franchise Tax Board Real Estate Withholding Statement 593: This form, transmitted to the Franchise Tax Board on all real estate transactions 100k or more, determines whether state tax withholding will be required at close. Instructions [here.](#)

Internal revenue Service 1099-S Information Form: Sellers complete this form to assist escrow holder in reporting the transaction to the IRS. More on the requirements [here.](#)

PACE/HERO: An energy-efficient loan that must be disclosed to escrow and buyer. Payment are sometimes paid by seller along with the property tax bill.

City Reports: Some cities require reports at the point of transfer. These reports disclose a variety of safety and other local compliance issues. Affected cities [here.](#)

Supplemental Tax Bill: A bill reflecting stepped-up tax basis most commonly due to a transfer, construction, or death. Short-term seller investors or estates are responsible for paying bills issued prior to close. Bills for current tax year are prorated accordingly.

Very High Fire Hazard Severity: City of Los Angeles properties within this zone may be subject to regular fire department inspections and other fire mitigation costs. Unpaid mitigation may show up on the preliminary report, city report or both. More info [here.](#)

Closing

Funding Date: In Los Angeles County, this is customarily the day prior to recording. In counties that offer same day recordings such as Riverside County, funding and recording may occur on the same day.

Estimated Closing Statements: An accounting of the charges presented to each principal for signature prior to close.

Prorations: Items such as taxes, HOA dues and rents that are split between the par

Commission: That amount due a licensed real estate sales person or broker in compliance with DRE regulations. Check licensees [here](#).

Referral Fees: An amount due a licensed real estate salesperson or broker from another licensed real estate broker.

Closing Funds: Amount needed from either buyer or seller to close. In compliance with California's Good Funds Law, we require a wire to close. Section 12413.1 of the California Insurance Code, require that an escrow company and title company have in possession sufficient good funds in order to close the transaction.

Seller Proceeds: The net amount due to seller at closing and payable only to a seller of record after confirmation of recording is received.

Buyers Funds: The amount due from buyer at close in a form acceptable to escrow holder to comply with California's Good Funds Law. We require a wire. Verify escrow holders general provisions in their escrow instructions.

Final Closing Statement: A final accounting of the transaction needed for tax purposes by the principals.

1099-S: Tax document issued to seller at close to assist in reporting the gross sales price of real property to the Internal Revenue Service.

Post Closing

Unsecured Tax Bill: Tax bills a seller may receive from the County Tax Collector where the property is located for stepped up value to real property they no longer own. We expect an increase in the issuance of this bills due to limited legacy transfers due to [Prop 19](#). Failure of a recipient to pay this bill may affect their personal credit score. Explained [here](#).

Supplemental Tax Bill: Buyers can expect to receive it within one year of close of escrow. Estimate the supplemental bill [here](#).