



## **SUPPLEMENTAL ESCROW INSTRUCTIONS AND GENERAL PROVISIONS**

Escrow Instructions, which are prepared by the escrow officer, identify all of the terms and conditions of the escrow, as well as the escrow holder's general provisions and legal responsibilities and limitations. They are usually detailed in nature and prepare the escrow officer for every situation.

The instructions typically identify the escrow holder's contact information and escrow number, license number, important dates including the date escrow opened, as well as the date it is scheduled to close, the names of the parties to the escrow, property address and legal description, purchase price and terms, disbursements to be made, fees and charges and who is responsible for payment, documents to be signed, delivered, and recorded, and the process that must be followed by the escrow holder in handling the escrow.

Additionally, escrow instructions usually reflect the agreements made between the parties with respect to the escrow and the duties of the escrow officer. These duties typically include, but are not limited to, ordering the title search, requesting payoff demands and beneficiary statements, facilitating the receipt and approval of reports, making prorations and adjustments, paying bills, obtaining the buyer's or borrower's approval and signature on loan documents, requesting closing funds and authorizing recording, closing the escrow after confirmation of recording, preparing final closing statements, disbursing funds, and delivering documents to the appropriate parties. In sum, escrow instructions indicate all of the specific steps to be completed and conditions that must be satisfied before the escrow is complete.

Because an escrow holder may only act upon specific written and mutual instructions of the principals, the escrow instructions must be clear in content, accurately reflect the intention of the parties and the duties of the escrow holder, and avoid ambiguity. An escrow officer may not solicit or accept an escrow instruction, or supplemental escrow instruction, containing any blank that can or is to be filled in after signing or initialing of such escrow instruction. An escrow officer is also prohibited from allowing any person to make any additions, deletions, or alterations to an escrow instruction unless the changes are signed or initialed by all persons who had signed or initialed the original escrow instruction prior to the modification.

## SELLER DOCUMENTS

- 1099 Tax Reporting form: To be completed with tax information and returned to escrow prior to the close of escrow. This information is required by the Internal Revenue Service under the 1986 Tax Reform Act.
  - 593-C Real Estate Withholding Form: When real estate is sold in California, the state requires that income tax for that sale must be withheld. The California Franchise Tax Board website has provided more information with a complete list of exemptions, as well as forms 593-C and 593-E. Escrow is not authorized to explain the form in detail as this is a state regulated form. The seller can seek information from an attorney, CPA, or contact the California Franchise Tax Board direct to assist with completing the form.
  - FIRPTA Seller's Affidavit: Section 1445 of the Internal Revenue Code provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. This document is to inform the transferee that withholding of tax is not required upon close of escrow.
  - Grant Deed: **MUST BE NOTARIZED**. This document is a county recordable document that will transfer ownership from the seller to the buyer upon close of escrow.
  - Loan Information Sheet: Seller to provide current mortgage information (name, loan number, and contact information) as well as HOA information, if applicable. Escrow will need the HOA name as well as the management company information.
  - Seller Instructions for Net Proceeds: **MUST BE AN ORIGINAL**. This form is to instruct escrow on how the seller would like to receive their net proceeds at closing. Should the seller request to change this information during the transaction, another document will need to be completed, and the original will need to be provided to escrow.
- 

## BUYER DOCUMENTS

- Buyer's vesting worksheet: Buyer provides information on how they would like to hold title
  - Fire Insurance Information form: Buyer to complete with information of hazard insurance provider
  - Preliminary Change of Ownership (PCOR): This document is required by the county recorders office. Buyer is to complete at the best of their knowledge
- 

## SELLER AND BUYER DOCUMENTS

- Electronic Signature Authorization: Authorizes escrow to accept electronic signatures where applicable
- Statement Of Information (SI): Required by title in order to clear sellers and buyers names of any judgements that are/ may attach to said property
- Cal-Firpta Notice and Disclosure: When a foreign person sells real property in the U.S., the buyer is generally obligated to deduct and withhold 10 percent of the sales price to remit to the IRS. However, no federal withholding is required if, among other things, the seller furnishes the buyer with a Seller's Affidavit of Nonforeign Status (C.A.R. Form AS or equivalent) containing the seller's social security number or taxpayer ID number.
- Privacy Act Notice: An acknowledgement that provides protection to individuals by ensuring that personal information collected by Federal agencies is limited to that which is legally authorized and necessary and is maintained in a manner which precludes unwarranted intrusions upon individual privacy.