

## **SECTION 2 – PROCESSING THE ESCROW**

### **Chapter 3 – OPENING THE ESCROW**

#### Chapter Outline:

Key Terms

Chapter Overview

Learning Objectives

- Requirements for a Valid Escrow Agreement
  - Parties
  - Instructions
  - Contract Law
- Selection of the Escrow Holder
  - Law
  - Practices
  - Qualified Escrow Holder
- Differences in Escrow Practices
  - Other Countries
  - Other states
  - California
- Information Needed to Open the Escrow
  - Agent Responsibility
  - Principal Responsibility
  - Escrow Responsibility
- Sample Escrow Instruments
  - Escrow Instrument Basic Requirements

Chapter Summary

Chapter 3 Quiz

#### Learning Objectives:

- Understand the elements required for a valid escrow;
- Give a definition to opening an escrow;
- Outline the areas contained in escrow instructions;
- Differentiate between various state and region escrow practices;
- Explain the necessity for escrow instruction; and
- Describe requirements for a valid escrow.

#### Lecture Outlines:

Key Terms

Chapter Overview

Learning Objectives

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- Selection of the Escrow Holder
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#### Practices

Figure 3.1: Transactions Requiring an Escrow  
Qualified Escrow Holder

- Differences in Escrow Practices

Other Countries

Other States

California

Figure 3.2: Joint Escrow Instructions Form

- Information needed to Open the Escrow

Agent Responsibility

Figure 3.3: The Escrow Process

Principal Responsibility

Escrow Responsibility

Figure 3.4: Duties Each Principal Must Perform

Figure 3.5: Escrow Take Sheet

- Sample Escrow Instruments

Figure 3.6: Contract Requirements and Transaction Costs

Escrow Instrument Basic Requirements

Chapter Summary

Chapter 3 Quiz