

**SAMPLE**  
**ESCROW PROBLEM**  
**GENERAL INSTRUCTIONS**

Read all instructions carefully. Final results will be determined on the basis of correctness, neatness, and scope of ability as displayed by your finished papers. Use the present year for all dates not shown. All documents have been prepared as of December 1, 2\_\_\_\_. Use the date of December 2, 2\_\_\_\_, for execution of all documents with yourself as the Notary Public, in Los Angeles County.

No debits or credits should be entered on the settlement worksheet except as specifically called for in the instructions.

Show Buyer's balance of deposit in exact amount needed to close with no refund to Buyer.

Prepare all documents, closing settlement sheet, income and disbursement record and title order form (to include recording instructions) on the following escrow:

**PLEASE NOTE:**

USE #78910 AS YOUR ESCROW NUMBER  
USE #10001 AS YOUR TITLE ORDER NUMBER

**ESCROW COMPANY:**

MINI ESCROW COMPANY  
100 Main Street  
Los Angeles, CA 90024

**OPENING DATE OF ESCROW:** December 1, 2\_\_\_\_

**CLOSING DATE OF ESCROW:** December 6, 2\_\_\_\_

**SELLER:** SAMUEL W. SELLER and SALLY A. SELLER, husband and wife, as Joint Tenants, whose current address is: 500 State Street, Los Angeles, CA 90054. After close of escrow, their new address will be: 1234 Birch Street, Los Angeles, CA 90054.

**BUYERS:** BERNARD G. BUYER and BERNICE Y.BUYER, husband and wife, as Community Property. They will be moving into the property at the close of escrow.

**PROPERTY ADDRESS:** 500 State Street, Los Angeles, CA 90054

**PROPERTY LEGAL DESCRIPTION:** The South half of the Northeast half of the Southwest Quarter of Section 8, Township 9 North, Range 4 East, San Bernardino Base and Meridian, County of Los Angeles, State of California.

**PAYMENT OF CONSIDERATION:**

\$ 64,500.00	Buyers Down Payment
\$ 129,000.00	Balance of existing First Deed of Trust (approximate)
\$ <u>50,000.00</u>	New Second Deed of Trust (approximate)
\$ 243,500.00	Total Consideration

**SUBJECT TO:**

1. Second installment of General and Special County Taxes;
2. Covenants, Conditions, Restrictions, Reservations, Easements, rights and rights of way of record, if any, and any oil or mineral reservations now of record;
3. Existing first Deed of Trust in favor of First State Savings recorded on June 2, 1986 as Document Number 14329 in the original amount of \$150,000.00.

**EXISTING FIRST DEED OF TRUST:** Executed by Samuel W. Seller and Sally A. Seller, Trustors, in favor of First State Savings as Beneficiary, and First State Corporation as Trustee. Current unpaid principal balance is \$129,014.32 as of November 1, 2\_\_\_\_. You are to make the December 1<sup>st</sup> payment of principal and interest due in the amount of \$1,433.64 at the rate of 13% per annum, adjust principal balance, and prorate interest. Collect lender charges as follows: Transfer Fee \$150.00, Credit Report Fee \$55.00 and Statement Fee \$65.00. Should the Beneficiary Statement show the balance to be more or less than said amount, you are to adjust the amount of the new second Deed of Trust Note and keep the cash through escrow and the total consideration the same.

**SECOND NOTE AND DEED OF TRUST:** Prepare the 2<sup>nd</sup> Note and Deed of Trust in the adjusted amount of approximately \$50,000.00, to be in favor of Seller as title is now vested, with interest at the rate of 12.0% per annum from close of escrow, principal and interest payable at the place designated in the amount of \$600.00, or more, on the same day of each and every calendar month beginning one month after close of escrow and continuing until five years after close of escrow, at which time the principal balance and accrued interest shall become due and payable. Mail original Deed of Trust to seller at their new address.

The Note must contain the following clause: The note is subject to Section 2966 of the Civil Code with provides that the holder of this Note shall give notice to the Trustor, or his successor in interest, of prescribed information at least 90 and not more than 150 days before any balloon payment is due.

**REQUEST FOR NOTICE:** To be prepared for benefit of Seller and recorded at close of escrow requesting any such notice be sent to Seller at their new address, to be executed by Buyer. Buyer to pay for cost of preparation of document and Seller to pay for recordation.

**GRANT DEED:** Deed is to be sent to the Buyers at the property address. Seller vesting is to be the same as shown under seller information.

**FURTHER INSTRUCTIONS:** You are to prepare the transmittal letter to the Title Company as of December 4, 2\_\_\_\_, advising them to record on December 6, 2\_\_\_\_. You are to prepare the Note and Deed of Trust for the 2<sup>nd</sup> loan and the Request for Notice. You are to prepare an escrow settlement and disbursement sheet.

**PRORATIONS AND ADJUSTMENTS:** Prorate taxes, insurance and interest as of close of escrow.

Base all computations of interest and prorations on a 30 day month / 360 day year.

**TAXES:** property taxes are \$533.84 each half and are paid to January 1, 2\_\_\_\_.

**FIRE INSURANCE:** You are to prorate existing insurance premiums based on an annual premium of \$698.00, paid to March 1<sup>st</sup> of the following year.

**BROKER:** Best Real Estate Co.

**Termite Company:** Termite Pest Control

**CHARGES:**

Title Insurance Policy	\$1,071.00
Escrow Fee	\$ 688.00
Documentary Transfer Tax	\$ as required
Preparing Grant Deed	\$ 50.00
Preparing Note and Deed of Trust	\$ 100.00
Preparing Request for Notice	\$ 50.00
Recording Grant Deed	\$ 10.00
Recording Deed of Trust	\$ 20.00
Recording Request for Notice	\$ 10.00
Work performed by termite company	\$ 100.00
Broker's Commission	6% of Total Consideration

**SELLER TO PAY:**

½ Escrow Fee  
Preparing Grant Deed  
Recording Deed of Trust  
Recording Request for Notice  
Cost of Termite Work  
Title Insurance Policy premium  
Documentary Transfer Tax  
Broker's Commission  
December 1<sup>st</sup> Payment

**BUYER TO PAY:**

½ Escrow Fee  
Preparing Note & Trust Deed  
Preparing Request for Notice  
Beneficiary Statement Fee  
Recording Grant Deed  
Lender Transfer Fee  
Lender Credit Report Fee  
Lender Statement Fee

**FIRST STATE BANK**  
(Beneficiary Statement)

4111 Cantabury Way  
Los Angeles, CA 90026  
(213) 578-5854

Mini Escrow Company  
100 Main Street  
Los Angeles, CA 90024

Date: December 1, 2\_\_\_\_  
Our Loan No. CPI-123456-70  
Escrow No. \_\_\_\_\_

FIRST STATE BANK, is servicer for a promissory note \_\_\_\_\_ Dated June 1, 1986—

Property Address: 500 State Street, Los Angeles, CA 90054

Original Amount	<u>\$150,000.00</u>	Additional Advances	\$ _____
Current Balance	<u>\$129,014.32</u>	Interest Rate:	<u>13.000</u> %
FHA Premium @	\$ _____	Service Charge @	\$ _____
Interest paid to	<u>November 1</u>	Next Payment Due	<u>December 1</u>
Monthly Payment	<u>\$ 1,433.64</u>	Entire Balance due	<u>June. 1, 2016</u>

Secured by Deed of Trust recorded June 2, 1986, Instrument #14329 of Official records of said \_\_\_\_\_ County of Los Angeles, State of California

Monthly Payments consist of

Taxes & Assess.	\$ _____	Balance in Tax and Insurance	
Fire Insurance	\$ _____	Reserve Account	\$ _____
FHA Premium	\$ _____	Mortgage Insurance Premium	
Service Charges	\$ _____	Paid to FHA	\$ _____
Principal and Int.	<u>\$ 1,433.64</u>		
<b>TOTAL MONTHLY PAYMENT</b>			<u>\$ 1,433.64</u>

At close of escrow please provide us with insurance binder or endorsement of current policy.  
Insurance Co. State Farm Insurance Policy No. 12 34 56 78 Amount \$100,000.00  
Annual Premium \$698.00 Expiration Date March 1, (term of policy: 1 year)  
Insurance Agent: John Smith Address: \_\_\_\_\_

We enclose the following for completion:

- Application
- Employment Confirmation
- Assumption Agreement, in duplicate
- Agreement for Substitution of Liability
- Home Protection Plan or Waiver
- Revision Agreement, in duplicate

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Beneficiary's Statement continued . . .

**Funds Required:**

Statement Preparation fee (excluding VA loans)	\$ <u>65.00</u>
Assumption Fee	\$ <u>150.00</u>
Accrued Late Charges	\$ _____
Tax & Ins. Deficiency	\$ _____
Credit Report	\$ <u>55.00</u>
Past due payments	\$ _____
<b>TOTAL REQUIRED</b>	<b>\$ <u>270.00</u></b>

We require a \$ N/A late charge if paid after 16<sup>th</sup> of month due.

This loan must be kept current during escrow.

This Beneficiary Statement is good for 30 days. An amendment will be issued upon request. At close of escrow, we require a copy of the recorded Deed, copies of buyer's and seller's closing statements, and our information and instruction sheet.

Please acknowledge receipt at once by signing and returning the duplicate of this Statement. As promptly as possible, return all documents and furnish us with the new address of the Seller(s) of the property, and name and address of the new owner(s).

A fee of \$50.00 will be charged for cancellation, excluding VA loans.

Received enclosures described above

FIRST STATE SAVINGS BANK

BY: \_\_\_\_\_  
Clarita T. Velascodt

\_\_\_\_\_

\_\_\_\_\_

**TRUSTY TITLE INSURANCE COMPANY**

Santa Barbara County Office  
38 East Figueroa Street, P.O.Box Drawer "K", Santa Barbara, CA 93102  
(805) 965-0571

**Preliminary Report**

TO: MINI ESCROW COMPANY  
100 Main Street  
Los Angeles, CA 90024  
Attn: Escrow Officer

**IMPORTANT**  
When replying refer to  
Our No. 10001

Your No. : 78910

IN RESPONSE TO THE ABOVE REFERENCED APPLICATION FOR A POLICY OF TITLE INSURANCE, TRUSTY TITLE INSURANCE COMPANY REPORTS THAT IT IS PREPARED TO ISSUE, OR CAUSE TO BE ISSUED, AS OF THE DATE HEREOF, A CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE FORM POLICY OF TITLE INSURANCE DESCRIBING THE LAND AND THE ESTATE OR INTEREST THEREIN HEREINAFTER SET FORTH, INSURING AGAINST LOSS WHICH MAY BE SUSTAINED BY REASON OF ANY DEFECT, LIEN OR ENCUMBRANCE NOT SHOWN OR REFERRED TO AS AN EXCEPTION BELOW OR NOT EXCLUDED FROM COVERAGE PURSUANT TO THE PRINTED SCHEDULES, CONDITIONS AND STIPULATIONS OF SAID POLICY FORM.

THIS REPORT (AND ANY SUPPLEMENTS OR AMENDMENTS THERETO) IS ISSUED SOLELY FOR THE PURPOSE OF FACILITATING THE ISSUANCE OF A POLICY OF TITLE INSURANCE AND NO LIABILITY IS ASSUMED PRIOR TO THE ISSUANCE OF A POLICY OF TITLE INSURANCE, A BINDER OR COMMITMENT SHOULD BE REQUESTED.

DATED AS OF December 2, 20 at 7:30 A.M. \_\_\_\_\_  
Kathy Spaulding, Title Officer

THE ESTATE OR INTEREST IN THE LAND HEREINAFTER DESCRIBED OR REFERRED TO COVERED BY THIS REPORT IS: **A fee.**

TITLE TO THE ESTATE OR INTERST REFERRED TO HEREIN, AT THE DATE HEREOF, IS VESTED IN:

**SAMUEL W. SELLER and SALLY A. SELLER,  
Husband and wife, as Joint Tenants**

AT THE DATE HEREOF EXCEPTIONS TO COVERAGE IN ADDTION TO THE PRINTED EXCEPTIONS AND EXCLUSIONS CONTAINED IN SAID POLICY FORM WOULD BE AS FOLLOWS:

1. TAXES, BONDS AND/OR ASSESSMENTS.

General and Special County Taxes for the Current Fiscal Year:

Total Amount	:	\$ 1,067.68
First Installment	:	\$ 533.84 (PAID)
Second Installment	:	\$ 533.84
Area Code	:	90-629
Parcel No.	:	127-100-29

2. An easement affecting the portion of said land and for the purposes stated herein and incidental purposes, shown or dedicated by the Map of:

TRACT	:	10,196
FOR	:	Public Utilities
AFFECTS	:	6 foot strip of each Lot contiguous to roadway

3. Covenants, conditions and restrictions (but deleting restrictions, if any, based upon race, color, religion or national origin) in the Declaration of Restrictions:

EXECUTED BY	:	Timeshare Developers
RECORDED	:	April 9, 1979, as Reel No. 79-15168 of Official Records

**Order No. 10001**

## 4. A deed of trust to secure an indebtedness in the original amount stated herein

DATED : June 1, 1986  
AMOUNT : \$150,000.00  
TRUSTOR : Samuel W. Seller and Sally A. Seller, husband and wife  
TRUSTEE : First State Corporation  
BENEFICIARY : First State Savings  
RECORDED : June 2, 1986  
INSTRUMENT NO. : 14329

## DESCRIPTION:

The South half of the Northeast half of the Southwest quarter of Section 8, Township 9 North, Range 4 East, San Bernardino Base and Meridian, County of Los Angeles, State of California.

**END OF REPORT**

**Order No. 10001**

Revised February 1, 2002