

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. Use the date of April 21, 2_____, for execution and drawing of all documents using 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 Buyers.

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 # 7777-A1 AS YOUR ESCROW NUMBER.
USE # 14623 AS YOUR TITLE ORDER NUMBER

ESCROW COMPANY: SLO ESCROW COMPANY
1050 East West Drive
Los Angeles, CA 90018

OPENING DATE OF ESCROW: June 3, 2_____
CLOSING DATE OF ESCROW: June 17, 2_____

SELLERS: James Burden and Judy Burden, husband and wife, as joint tenants, whose address is: 29 Regatta, Irvine, CA 92715

BUYERS: Jerry Reed and Deborah Reed, husband and wife, as community property, whose address is: 14 Menlo Aisle, Tustin, CA 92680

PROPERTY ADDRESS: 1926 Pelican Avenue, City of Mission Viejo, CA 92691 (located in Orange County)

PROPERTY LEGAL DESCRIPTION: Lot 15 of Tract 2916, as per Map recorded in Book 21, Pages 151-153 of Miscellaneous Maps.

TERMS OF ESCROW:

| | |
|---------------|--|
| \$ 200,000.00 | Purchase Price |
| \$ 100,000.00 | First loan to record to be assumed by Buyer (approximate) |
| \$ 50,000.00 | Purchase Money 2 nd Deed of Trust to Seller (approximate) |
| \$ 2,000.00 | Initial Deposit handed you by Broker for the account of Buyer |
| \$ 48,000.00 | Balance of down payment from Buyer |

Note: even though buyers balance of down payment is \$48,000.00, Buyer deposits the additional sum of \$49,500.00 to escrow, prior to the close of escrow.

SUBJECT TO :

1. General and Special Taxes not delinquent.
2. Covenants, Conditions, Restrictions, Reservations, Easements, and rights of way of record, if any, and any oil or mineral reservations now of record; and

EXISTING FIRST DEED OF TRUST: Buyer to assume existing first loan in favor of Barbary Financial, in the approximate amount of \$100,000.00 with interest at 8.75% per annum, principal and interest payable monthly in installments of \$1,100.00. Should the beneficiary statement show the principal balance to be more or less than \$100,000.00, you are to keep the total consideration and buyers total down payment the same as shown above and adjust the amount of the sellers deed of trust and note. Seller is responsible to bring loan current to the date of close of escrow, through escrow.

CARRY-BACK NOTE TO SELLER: Names to show as interest now vests. Buyer to execute in favor of Seller, and new second Note and Deed of Trust to be in the amount of \$50,000.00 (or as adjusted), with interest from close of escrow at the rate of 10.00% per annum. Principal and interest payable in monthly installments of \$537.31, or more, per month beginning 30 days from close of escrow and continuing thereafter monthly until ten (10) years from close of escrow at which time the unpaid principal and accrued interest will be due and payable.

LATE CHARGE TO BE INCLUDED: “In the event that any installment, or any portion thereof, should become 15 days late from the specified due date, a late charge of 6% of the monthly principal and interest payment may be charged by the holder hereof for the purpose of defraying the expense of handling such delinquent payment.”

DUE ON SALE CLAUSE TO BE INCLUDED IN THE ABOVE DEED OF TRUST AND NOTE: “This Deed of Trust is given and accepted upon the express provision that should the property hereinbefore described, or any part thereof, be conveyed by Trustors, either voluntarily, or by operation of law, then and in that event all sums secured hereby shall, at the option of the Beneficiary, become due and payable.”

BALLOON PAYMENT CLAUSE TO BE INCLUDED IN THE ABOVE DEED OF TRUST AND NOTE: “This note is subject to Section 2966 of the Civil Code, which provides that the holder of this Note shall give written 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.”

SECOND LIEN HOLDER CLAUSE TO BE INCLUDED IN THE ABOVE DEED OF TRUST AND NOTE: “This Deed of Trust is second and junior in lien to a Deed of Trust currently of record, and is given to secure a portion of the purchase price of the subject property.”

REQUEST FOR NOTICE: Prepare for Seller’s execution and record at Seller’s expense a Request for Copy of Notice of Default as to the senior deed of trust requesting that any such notice be sent to Sellers at their present address.

PRORATIONS AND ADJUSTMENTS: Prorate taxes, interest, insurance and rents to date of close of escrow, and make adjustments for security deposits, Lender’s impound account and PMI premiums

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

TAXES: \$2,125.00 per year paid to July 1st

FIRE INSURANCE: Buyer to be assigned existing policy with coverage of \$120,000.00 with an annual premium of \$356.00 paid to March 27, 2____

TERMITE: \$500.00 termite work to be paid to Deal Termite

RENT STATEMENTS:

Seller to collect any rents due and unpaid at time of close of escrow

| | | |
|----------|------------|-----------------------------------|
| UNIT ‘A’ | \$1,050.00 | Per month, paid to May 15, 2_____ |
| | \$ 150.00 | Security deposit |

| | | |
|----------|-----------|-----------------------------------|
| UNIT ‘B’ | \$ 750.00 | Per month, paid to May 18, 2_____ |
| | \$ 150.00 | Security deposit |

DOCUMENT MAILING: After recording, the Grant Deed and Tax Bills are to be mailed to Buyers at their present address. The Deed of Trust is to be mailed to the Sellers at their present mailing address.

ADDITIONAL INSTRUCTIONS:

Payoff to Great American Savings will receive check for payoff on June 21, 2____.

BROKER: Forest E. Olsen Real Estate

CHARGES:

| | |
|--|---------------------------|
| Title Insurance Policy (Joint Protection) | \$ 626.03 |
| Escrow Fee | \$1,130.00 |
| Preparing Grant Deed | \$ 40.00 |
| Preparing Note and Trust Deed | \$ 50.00 |
| Preparing Request for Notice | \$ 20.00 |
| Recording Fees for Grant Deed, Recon and Request for Notice | \$ 5.00 each document |
| Recording Fee for Trust Deed | \$ 8.00 |
| Procuring Beneficiary Statements & Demands | \$ 25.00 each |
| Reconveyance Fee | \$ 45.00 |
| Real Estate Commission | 6% of Total Consideration |
| Handling rent prorations, each side | \$ 2.00 per proration |

SELLER TO PAY:

½ Escrow Fee
 Drawing Grant Deed
 Drawing Request for Notice of Default
 Beneficiary Statement Fee
 Handling Demand Payoff
 Termite Work
 Title Policy Fee
 Recording Request for Notice
 Recording Reconveyance
 Realtor's Commission
 All costs in connection with clearing
 Title to the property
 Documentary Transfer Tax

BUYER TO PAY:

½ Escrow Fee
 Drawing Note and Deed of Trust
 Recording Grant Deed
 Recording Deed of Trust
 Loan Transfer Fee

BARBARY FINANCIAL SAVINGS AND LOAN ASSOCIATION
(Beneficiary Statement)

1600 Balboa Park Boulevard
San Diego, CA 92121-0600
800/524-4830

June 10, 2____

To Slo Escrow Company
1050 East West Drive
Los Angeles, CA 90018

Escrow No. 7777-A1
Loan No. 1492648
Original Loan Amount \$110,000.00
Term: 30 Years
Borrower: BURDEN, Jerry & Judy

Barbary Financial Savings and Loan is the beneficiary of that certain Deed of Trust to Barb Trust Company, a California corporation, as Trustee, recorded April 1, 1990 as Instrument No. 90-98345. The following information applies after application of the April 1, 2____, payment which has been applied.

| | |
|--|----------------|
| Unpaid balance of principal | \$ 100,132.69 |
| Interest rate | 8.75% |
| Interest paid to | April 1, 2____ |
| Impound Balance | \$ 450.00 |
| Total payment due on the 1 st day of each month | \$ 1,100.00 |
| Monthly Principal and Interest | \$812.99 |
| Monthly impounds | \$287.01 |
| Next payment due | May 1, 2____ |

PMI Premium: \$750.00 per year in advance, currently paid to March 1, 2____

Funds required before loan can be transferred or assumed:

| | |
|---|-----------|
| Beneficiary Statement Fee (due if escrow cancels or closes) . . . | \$ 30.00 |
| Loan Transfer fee | \$ 200.00 |

A late charge of \$35.00 will be charged on any loan payment that is not received within fifteen (15) days of its due date.

BARBARY FINANCIAL SAVINGS AND LOAN ASSOCIATION

BY: _____
Loan Service Dept.

GREAT AMERICAN SAVINGS

a California Corporation
160 Ocean Boulevard, Laguna Beach, CA 92681
(800) 485-2111

(Beneficiary Demand)

June 10, 2_____

TO: Slo Escrow Company
1050 East West Drive
Los Angeles, CA 90018

ESCROW NO. 7777-A1

LOAN NO. 63357

In accordance with your request, we forward the following:

- 1) Deed of Trust note in the original amount of \$12,000.00, executed by Jerry Burden and Judy Burden in favor of Great American Savings
- 2) Deed of Trust securing the above note recorded _____, as Instrument No. _____, Official Records, _____County.
- 3) Request for full Reconveyance signed by authorized signatories of World Real Estate, owners of the above note and deed of trust
- 4) Fire insurance policy no. _____ issued by _____.
- 5) Title insurance policy no. 567890 issued by Surety Title Company

You are authorized to use the above documents when you hold for us the sum of \$10,126.93 plus interest thereon at the rate of 10.00% per annum from April 1, 2__, to the date of receipt. Late charges shall accrue at the rate of \$10.00 for any payment received after the 10 day of the month.

You are to collect for use the following: \$ 30.00 Forwarding Fee
\$ 45.00 Reconveyance Fee

Make your check payable to the undersigned and mail to the address shown above.

GREAT AMERICAN SAVINGS

BY: _____

SOUTHLAND TITLE COMPANY

Two Venture Plaza, Irvine, CA 92515
(805) 555-2277

Preliminary Report

To: SLO ESCROW COMPANY
1050 East West Drive
Los Angeles, CA 90018
Attn: Escrow Officer

IMPORTANT:
When replying refer to
Our No. 14623

Your No. 7777-A1

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 June 7, 2 at 7:30 A.M.

Mike Tafoya, Title Officer

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

**JAMES BURDEN AND JUDY BURDEN,
Husband and Wife, as Joint Tenants**

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

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

1. General and Special County and City Taxes:

For the Fiscal Year 2____ / 2____, A LIEN NOT YET PAYABLE.

For the Fiscal Year 2____ / 2____,

| | | |
|--------------------|---|------------------|
| Total Amount | : | \$ 2,125.00 |
| First Installment | : | \$ 1,062.50 PAID |
| Second Installment | : | \$ 1,062.50 PAID |

Parcel Number : 1006-639-670-31

THE FOREGOING MAY BE CHANGED BY AMOUNTS ASSESSED BY REASON
OF:

- A. Improvements added subsequent to January 1, 2000
- B. Changes of Ownership occurring subsequent to January 1, 2000
- C. Any final judgment determining that constitutional Article XIII A, has been applied improperly.
- D. Re-appraisal of property values as of January 1, 2000.

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2. An easement for aerial and underground communication structures and incidental purposes, as granted to the Graham Telephone and Telegraph Company by Deed recorded March 2, 1951, in Book 3997, Page 314 of Official Record.
3. A deed of trust to secure an indebtedness of \$120,000.00, recorded April 1, 1990, as Instrument No. 90-98345 of Official Records:

DATED: March 17,1990
TRUSTOR: Jerry Burden and Judy Burden
TRUSTEE: Barb Trust Company
BENEFICIARY: Barbary Financial Savings and Loan Association

4. A deed of trust to secure an indebtedness of \$12,000.00, recorded July 25, 1998, as Instrument No. 98-39489 of Official Records:

DATED: July 20, 1998
TRUSTOR: Jerry Burden and Judy Burden
TRUSTEE: Flaky Trust Company
BENEFICIARY: Great American Savings

5. According to the public records, there have been no deeds conveying the property recorded within a period of six months prior to the date of this report except as follows:
NONE

DESCRIPTION:

All that certain real property situated in the City of Mission Viejo, County of Orange, State of California, described as follows:

Lot 15 of Tract 2916, as per Map recorded in Book 21, Pages 151-153 of Miscellaneous Maps.

Parcel Number: 1006-639-670-31

END OF REPORT

Order No. 14623

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