

Informational Brochure



REAL ESTATE ESCROWS AND TITLE INSURANCE

What is a Real Estate Escrow?

A real estate escrow is a typical part of the purchase and sale of real property. It allows a disinterested third party (an Escrow Holder) to hold funds and conveyance documents received from the buyer and seller until the close of the transaction. If all requirements of the transaction have been met, then, at the closing, the Escrow Holder delivers the written documents, evidence of title, money or other thing of value to the appropriate parties involved in the transaction.

What is the purpose of a Real Estate Escrow?

To provide a disinterested third party who can act as a “clearinghouse” for concluding a real estate purchase and sale.

How does a Real Estate Escrow get started?

There must be a binding sales contract between the buyer and seller. This is given to an Escrow Holder chosen by the parties. For example, a Deposit Receipt, a Purchase and Sale Agreement, an Exchange Agreement or mutual escrow instructions are handed to an Escrow Holder after being signed by all parties.

Who can act as an Escrow Holder?

Most escrow companies, title companies, attorneys or banks may act as an Escrow Holder. Your real estate broker or agent can help you select an appropriate Escrow Holder.

What are the steps involved in a Real Estate Escrow?

Generally the escrow process begins with the following items:

- A preliminary title search is made of the property;
- Existing liens are identified;
- The buyer and seller tell the Escrow Holder when they would like to close the transaction;
- Deposits of funds and documents are made;
- The Escrow Holder records the necessary documents;
- The Escrow Holder disburses funds and secures the issuance of the title policy; and
- The Escrow Holder sends the parties a final escrow statement.

How are the fees for a Real Estate Escrow divided?

Normally the seller is responsible for such things as the title insurance fee, documentation charges and notary fees for instruments transferring the property to the buyer; real property transfer tax on the recording of the deed; the real estate broker's fee and one-half of the Escrow Holder's fee. The buyer usually is responsible for documentation and notarial fees for instruments in favor of any lender, the recording fees for the deed in favor of the buyer and the deed of trust in favor of the lender, and one-half of the Escrow Holder's fee. However, the responsibilities for these fees may be apportioned differently in the agreements between the parties.



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How much can I expect to pay for an Escrow?

Many costs paid by the buyer and seller, such as title insurance fees, are based upon the total sales price paid for the property being sold. The fees charged by the Escrow Holder for his or her services are negotiable and are based upon the sales price. Recording fees normally run about \$25 each for the buyer and seller. It is suggested that you contact several Escrow Holders in your area with the agreed-upon sales price to obtain an estimate of the fees and costs involved.

What is title insurance?

Title insurance is an insurance policy issued by a title company licensed in the state of Nevada which is intended to protect the purchaser of real estate against loss if the title to the property is flawed. A special title insurance policy, called an ATLA policy, protects the buyer if, after the close of escrow, mechanic's liens are recorded against the property for work done or material supplied to the property at the time the seller owned it.

What is a title report?

A title report is a report that discloses the current ownership, easements, restrictions and liens relating to a particular property. This report is normally prepared by a title company prior to issuing a title insurance policy. A preliminary version of this report is known as a preliminary title report.

Must I buy title insurance when closing a Real Estate transaction?

There is no requirement to buy title insurance; but, realistically, most mortgage companies, banks and credit unions will require title insurance to protect their interest in the property. However, it is recommended that you do purchase title insurance unless you have fully investigated the condition of title and are willing to accept the property with the liens and restrictions shown. You would be particularly well advised to purchase an ATLA policy when buying a newly built home, to protect against mechanic's liens that are recorded after close of escrow for work done or material supplied that were not paid for by the developer.

Do I need a lawyer to close a Real Estate transaction?

While simple real estate transactions may be handled without a lawyer, you may want your own attorney to clarify any terms that are unclear to you in any documents you are being asked to sign. You may also need sophisticated tax or real estate advice for more complex real estate transactions.

How do I find an attorney with experience in Real Estate or Escrow matters?

You can contact the State Bar of Nevada's [Lawyer Referral & Information Service](#) at **702-382-0504** (toll-free in Nevada at **1-800-789-5747**) or look in the yellow pages of your telephone directory. You can also ask friends and/or relatives if they can recommend a good lawyer. The state bar's main office (see numbers listed below) can tell you whether or not an attorney is licensed in Nevada and in good standing.

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