



OAKWOOD ESCROW

PROTECTION • TRUST • NEUTRALITY

## WHY USE AN INDEPENDENT ESCROW COMPANY

Most real estate transactions in the State of California utilize the services of an escrow company. Ironically, escrow remains one of the least understood elements of the real estate process.

Because of this, buyers and sellers often place their faith in the real estate broker or lender to recommend an escrow company. What many consumers don't realize, however, is that they are entrusting this escrow company to safeguard their funds being held in trust. In addition, it is the primary responsibility of the escrow holder to ensure that all of the necessary instructions in the real estate agreement are executed.

The responsibility to protect the consumers' interests should not be taken lightly. The escrow holder must remain impartial during the escrow period to ensure fair representation of all parties. It is crucial, then, that the broker, lender or the consumer makes a knowledgeable and informed decision in choosing an escrow company.

### **“Licensed” vs. “Controlled”**

All escrow companies in California can be classified into two basic categories: Licensed or Controlled. “Licensed” escrow companies are independent businesses licensed by the California Department of Business Oversight (DBO). This license regulates the procedures and practices of the companies and subjects them to stringent requirements designed to protect consumers.

“Controlled” escrow companies are non-licensed businesses that can be owned by a variety of entities, including real estate brokers, mortgage brokers, banks, savings and loans, and title insurance companies. Such companies fall under the jurisdiction of a variety of supervising agencies, with regulations and requirements that vary widely. One fact remains constant however; none of the agencies have regulations as strict as those imposed on the escrow companies licensed by the Department of Business Oversight.

### **Neutral Third Party**

The bottom line is that a licensed escrow company is the best possible neutral third party to complete your real estate transaction. Whether searching for an escrow holder yourself, or if you are looking to recommend one to a client; a licensed escrow company gives you peace of mind.

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## Regulatory Agency

Escrow companies are governed by the "Escrow Law", contained in Division 6 of the California Financial Code, and regulated under Title 10 of the California Code of Regulations.

Inquiries regarding escrow licensees may be directed to the Department of Business Oversight, 320 West Fourth Street, Suite 750, Los Angeles, California 90013 (213-576-7500)

## Bonding

Escrow Agents' License Bond and license mandated membership in Escrow Agents' Fidelity Corporation, a California non-profit mutual benefit corporation, is found in Section 17312 of the California Financial Code. Requirements for Maintenance of tangible net worth and excess of liquid assets are set forth in Section 17210 of the California Financial Code.

## Oakwood Escrow goes to extreme measures to protect and safeguard our clients.

✓ Bonding Requirement	YES
✓ Management Requirements	<i>5 yrs. As Escrow Officer or 4+ EO+School</i>
✓ Regular Operational Procedure Audit	<i>YES (once a year w/no notice)</i>
✓ Annual CPA Audit Required	YES
✓ Trust Funds Insured	<i>YES (EAFC)</i>
✓ Financial Liquidity Requirements	YES
✓ Escrow License Required	YES
✓ Dept. of Justice Investigations of ALL Employees	YES

**Make sure when choosing your escrow provider that they are fully protecting your funds and interest!**