

**What Escrow Needs Upfront**

Information that is essential to most escrows for the sale/purchase of residential property

**1) The Tax Identification Number (TIN)** is the number that the Internal Revenue Service uses to identify the taxpayer. If a party does not have a TIN, the requisite application for the TIN may delay the closing. Thus, it is important to determine whether the parties have TINs at the outset, so the application, if necessary, will not interrupt the escrow. Both the seller's and the buyer's TINs are typically necessary for any Federal and/or State withholding required in the escrow.

**2) Marital Status/Domestic Partnership:** It frequently can delay an escrow if the escrow officer does not learn about a party's marital status or domestic partnership until the last minute. If the marital status or domestic partnership is not disclosed to the escrow officer at the outset of the escrow, it may be delayed while the requisite quitclaim deed is obtained.

**3) A Change In The Status Of The Seller:** Typical examples of changes in the seller's status that may warrant special attention in the escrow include:

- Someone on title is deceased.
- The property has been conveyed to another entity.
- Spouses or domestic partners who jointly own property have divorced or terminated their domestic partnership.

\*Specific inquiries about the impact of the withholding statutes in a transaction should be directed to the parties' real estate agents, accountants, and/or attorneys.

**4) Assessments and Liens**

Not all assessments and liens affecting real property are recorded. Regardless of whether an assessment or lien is recorded, it should be fully disclosed at the outset so it may be properly addressed in the escrow.

**Learning about Preliminary Reports**

Q. Will the Preliminary Report disclose the complete condition of the title to a property?

A. No. It is important to note that the preliminary report is not a written representation as to the condition of title and may not list all defects, liens and encumbrances affecting title to the land, it merely reports the current ownership and matters that the title company may exclude from coverage if a title insurance policy should later be issued..

**About Title Insurance**

Title insurance is different from many other types of insurances (casualty, auto, etc.). These other types of insurances assume risks by providing financial protection for losses arising from an unforeseen future event such as a fire, theft or accident. In (or with) title insurance, risks are examined and mitigated before the property changes hands.

**A Guide to Deeds**

There are a variety of types of deeds currently in use for the conveyance of title. The list that follows briefly describes the most common currently used.

**Quitclaim Deed:** This deed conveys any possible interest of the grantor in said property at the date of the deed without representations of encumbrances on title arising from liens, easements, etc. It is usually used to release an estate or interest less than "fee" interest.

**Grant Deed:** The most commonly used deed in California. It conveys all the title that the grantor has and any title the grantor may acquire in the future. It includes by statute covenants as to prior conveyance and encumbrance.

**Deed of Trust:** A Deed of Trust is used to convey the "dormant title" to land to another person or company as a "trustee", in order to secure debts or other obligations. The trustee is given the power of sale of the land encumbered in the event of a default by the borrower.

**More About Taxpayer Identification Numbers**

A Taxpayer Identification Number (TIN) is an identification number used by the Internal Revenue Service (IRS) in the administration of tax laws. It is issued either by the Social Security Administration (SSA) or by the IRS. A Social Security number (SSN) is issued by the SSA whereas all other TINs are issued by the IRS.

Examples of Taxpayer Identification Numbers:

- Social Security Number "SSN"
- Employer Identification Number "EIN"
- Individual Taxpayer Identification Number "ITIN"
- Taxpayer Identification Number for Pending U.S. Adoptions "ATIN"

Resource: Internal Revenue Service; United States Department of the Treasury ([www.irs.gov](http://www.irs.gov))



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