

BUTTE COLLEGE

COURSE OUTLINE

I. CATALOG DESCRIPTION

RLS 50 - Escrow Procedures

3 Unit(s)

Prerequisite(s): RLS 20 (or concurrent enrollment)

Recommended Prep: NONE

Transfer Status: CSU

51 hours Lecture

This course provides students with a basic understanding of escrow, the role of taking an escrow and how to prepare and process the escrow documents. The course also covers the Secure and Fair Enforcement (SAFE) Act, signed into law as part of the Housing and Economic Recovery Act (HERA) of 2008, including its impact in the preparation of the Housing and Urban Development HUD-1 real estate settlement statement. This course can fulfill an elective course requirement of the California Department of Real Estate (DRE) for those taking the Real Estate Salesperson and Broker Exams.

II. OBJECTIVES

Upon successful completion of this course, the student will be able to:

- A. Describe what an escrow is, its components and the steps in the escrow process.
- B. Identify the legal documentation required in an escrow.
- C. Explain differences between escrow practices and procedures in Northern and Southern California.
- D. Analyze and solve calculation problems (such as proration, debit and credit to buyer and seller, and balance to close escrow) with respect to residential and income property sales.
- E. Prepare and explain a standard set of sale escrow instructions.
- F. Prepare escrow industry forms, including original escrow instructions, estimated closing/settlement statements (for both the buyer and the seller), escrow amendments, disbursement of funds and demand statements.
- G. Identify various employment opportunities in title insurance and escrow work.
- H. Evaluate efforts being made by the American Land Title Association (ALTA), as well as by individual escrow companies, to comply with requirements of the SAFE Act; the effects of these efforts and future directions relative to Secure and Fair Enforcement (SAFE) Act compliance.

III. COURSE CONTENT

A. Unit Titles/Suggested Time Schedule

Lecture	
<u>Topics</u>	<u>Hours</u>
1. Scope of the Escrow Business	3.00
2. Escrow: The Profession and the People	3.00
3. Opening the Escrow	4.00
4. Title Insurance: Consumers and Real Estate Professionals	4.00
5. Title Insurance: Technical Documents	4.00
6. Seller's Escrow and Liens	3.00
7. Loan Escrow and Buyer Escrow	3.00
8. Loan Escrows	3.00

9. Preparing Documents	4.00
10. Processing and Disclosures	3.00
11. Preparing to Close: Escrow Math	4.00
12. Post-closing Procedures	3.00
13. Special Escrows: Homestead, Probate, Foreign Investors, and For Sale by Owner	4.00
14. Specialty Residential Property	3.00
15. Nonresidential Specialties	3.00
Total Hours	51.00

IV. METHODS OF INSTRUCTION

- A. Lecture
- B. Guest Speakers
- C. Field Trips
- D. Homework: Students are required to complete two hours of outside-of-class homework for each hour of lecture
- E. Discussion
- F. Demonstrations
- G. Reading Assignments

V. METHODS OF EVALUATION

- A. Exams/Tests
- B. Quizzes
- C. Projects
- D. Homework
- E. Written Practice Settlement Sheets (for Buyers and Sellers)

VI. EXAMPLES OF ASSIGNMENTS

- A. Reading Assignments
 - 1. Read the text material about processing and disclosures. Prepare for a discussion of how to avoid foreclosures, liens and judgments on real estate transactions.
 - 2. Read the text material about the scope of the escrow business. Prepare to share in class what you learned about the escrow process and the steps necessary to open and close an escrow.
- B. Writing Assignments
 - 1. Analyze a preliminary title report and inspect it for potential problem areas. Write a 3-5 page report (following a specified format) detailing your findings.
 - 2. Appraise the validity of a legal document required for the transfer of title. Write a 1-2 page report summarizing your findings.
- C. Out-of-Class Assignments
 - 1. Apply principles of escrow procedures to prepare documents in a simulated real estate transaction. Create a closing statement for a buyer that matches the HUD statement (up to 4 pages long). Include pertinent information relating to proration of taxes, loan interest, rents and insurance.
 - 2. Apply principles of escrow procedures to prepare documents in a simulated real estate transaction. Create a closing statement for a seller that matches the HUD statement (up to 4 pages long). Include pertinent information relating to proration of taxes, loan interest, rents and insurance.

VII. RECOMMENDED MATERIALS OF INSTRUCTION

Textbooks:

- A. Shindler Price, S.. Escrow Principles and Practices. 5th Edition. Ashley Crown Systems, 2007.
- B. Grogan, D.. California Real Estate Escrow. 1st (Updated) Edition. Dearborn, 2007.
- C. Huber, W. & Newton, J.. Real Estate Escrow. 1st Edition. Educational Textbook Company, Inc., 2010.

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