FOR EVERYONE · 6 MINUTE READ

What escrow is and how it works

Escrow is the neutral middle of a home sale. A licensed company holds the money and the papers. It releases nothing until every condition in the signed instructions is met.

The short version

A home sale asks two people who barely know each other to trade a house for a large sum of money at the same moment. Neither one wants to go first.

So both sides hand their part to a neutral company. The buyer's money and the seller's signed deed wait there until everything the contract calls for has happened. Then the trade happens all at once.

That company is the escrow holder. The person running your file is your escrow officer. Escrow answers to the written instructions, not to the buyer or the seller. If the instructions say wait, escrow waits.

Who does what in a California sale

Several companies work on a California home sale, and each has its own job. In Southern California, escrow and title are usually separate companies.

Advantage One Escrow, Inc. · Licensed by the California DFPI, escrow agent license no. 963-1716 · (714) 962-0999
We will never email or text you new or changed wire instructions. Before you wire money, call us at (714) 962-0999.

- Escrow holds the deposit and other funds, and prepares the escrow instructions. It orders loan payoffs and pays everyone once the deed records.
- The title company searches the public records and reports what it finds in a preliminary title report. It insures the title and usually records the deed with the county.
- The real estate agents write the contract and advise their own clients. They schedule inspections and hand over the keys.
- The lender approves the loan and sends the loan papers to escrow. When the signed papers check out, the lender sends the loan money.

What your escrow officer does

Most of your escrow officer's work is quiet checking that happens out of sight. That's the point. On a typical purchase, it includes these steps:

- Opening the file and sending escrow instructions to everyone who needs to sign.
- Receiving the buyer's deposit into a trust account and giving a written receipt.
- Ordering the preliminary title report and the payoff figures for the seller's loans.
- Requesting HOA documents when the home is in an association.
- Tracking the contract dates and collecting what each side owes.
- Preparing the settlement statement, which lists every charge and credit.
- Setting up signing appointments and checking every signature.
- Confirming the lender has funded, then sending the deed to be recorded.
- Paying everyone once the deed records, and sending each side a final statement.

Neutral means neutral

Escrow can't take sides. Your escrow officer can explain what a document is and what it does. They can't tell you whether to sign it or what to ask for.

For legal or tax questions, talk to an attorney or a tax professional. One big example is how to hold title, often called vesting. It can affect taxes and what happens to the home after an owner dies. Decide it early and tell your escrow officer.

Neither side can change the instructions alone. A change takes a written amendment signed by everyone who signed the instructions.

Your money while it's in escrow

Money you send to escrow goes into a trust account, kept apart from the escrow company's own money. It moves only as the signed instructions say.

Most of the money in a sale moves on closing day, after the deed records. Until then, escrow holds it.

The danger to watch for is wire fraud, which strikes before your money ever reaches escrow. Criminals send emails with fake wiring instructions that look real. Our wire instructions don't change. Treat any message saying they have changed as fraud.

We will never email or text you new or changed wire instructions. Before you wire money, call us at (714) 962-0999.

Who checks on escrow companies

The California DFPI licenses independent escrow companies and examines them. Advantage One Escrow holds California DFPI escrow license no. 963-1716. You can look up any escrow license on the DFPI's website, or call the DFPI at 1-866-275-2677.

Advantage One is a member of Escrow Agents' Fidelity Corporation (EAFC), the industry fund that protects member escrow companies against losses from employee theft or embezzlement.

The DFPI also takes complaints from the public. If something goes wrong on your file, tell us. And know that you can contact the DFPI directly.

Signing is not closing

In California, there is usually no closing table where everyone meets. Each side signs separately in front of a notary, most often in the last week or so before closing.

After signing, the lender reviews its papers and sends the loan money. The title company then records the deed with the county. In California, the sale closes on the day the deed records. That day is the close of escrow.

Once recording is confirmed, escrow pays out the money as the instructions direct. Your agent hands over the keys, on the timing your contract sets.

What escrow costs

On a sale, the buyer and the seller each pay an escrow fee based on the price. A few small flat charges apply only when a file needs them, such as a fee for each loan the seller pays off.

Costs from other companies show up as separate lines on your settlement statement. Title insurance and recording fees are two of them. The county transfer tax is another.

Your contract says who pays what. For an estimate of your side, use the fee calculator at advantageoneescrow.com/fees.

Choosing the escrow company

The buyer and the seller name the escrow company in their purchase contract.

If you'd like Advantage One to handle your escrow, tell your agent or call us at (714) 962-0999. We're open Monday to Friday, 8:30 a.m. to 5:00 p.m.

Advantage One Escrow, Inc. · Licensed by the California DFPI, escrow agent license no. 963-1716 · (714) 962-0999
We will never email or text you new or changed wire instructions. Before you wire money, call us at (714) 962-0999.

Before escrow opens

- ☐ Keep a copy of the signed purchase contract and any counteroffers.
- ☐ Save our number, (714) 962-0999, from a source you trust.
- ☐ Know how to reach your agent, and your loan officer if you have a loan.
- ☐ Buyers: decide how you'll hold title, with advice from an attorney or tax professional.
- ☐ Call us before you wire a deposit, even if you've wired money before.
- ☐ Write down the dates in your contract.

General information for California consumers. It is not legal, tax or financial advice. Advantage One Escrow, Inc. is a neutral escrow holder and follows the written instructions of everyone in the transaction. Your contract controls. For advice about your situation, talk with an attorney or tax professional.

Advantage One Escrow · 19671 Beach Blvd., Suite 103, Huntington Beach, CA 92648 · advantageoneescrow.com
Updated September 2026.