

Often a lender will require the Escrow Holder to pay creditors on behalf of Borrowers/Buyers through escrow. When doing so, escrow must make the checks payable to and mail them directly to the creditors. That means escrow must receive complete information including the creditor's payment address and account number. A payment stub is the best way to obtain this information.

Occasionally, however, a check sent to the creditor is not cashed and the check has to be cancelled and reissued by escrow. Borrowers/Buyers often ask escrow to reissue the checks in their name instead of the creditor's name; which is prohibited under the lenders instructions and the Department of Corporation's practices unless escrow is provided with one of the following.

- 1) An amended lender's instruction removing that requirement;
- 2) Lenders written authorization to remove the requirement; or
- 3) Proof that the loan made by the lender giving the instruction has been paid off and reconveyed.

Sources:

<http://www.corp.ca.gov/Codes/>

Disclaimer – This flyer is intended for informational purposes only. Before making any decisions dealing with the subject matter found in this flyer our Company recommends that you seek out specific advice from your legal counsel. All information here was gathered from seemingly reliable sources.