



OAKWOOD ESCROW.

PROTECTION • TRUST • NEUTRALITY

Paying Creditors Through Escrow

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. Escrow holder is not responsible or authorized to order credit card payoff demands.

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 lender's instructions and the Department of Business Oversight's practices unless escrow is provided with one of the following.

- 1) An amended lender's instruction removing that requirement;
- 2) Lender's 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.