

ROSZELDOR
**Federal State Budgetary Educational Institution of Higher
Education "Siberian State Transport University " (STU)**

«Escrow account»

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Novosibirsk, 2021

OVERVIEW

ESCROW

Introduction

Aim and objectives

A practical example

Advantages

Conclusion

References

Aim and objectives

The aim of this work is to identify reliable methods of buying real estate.

To achieve this aim , the following tasks are set:

defining the concept and features of an escrow account agreement;

revealing benefits;

theoretical analysis of the concept of an escrow account agreement and its features.

Subject and object

The subject is a set of practical and theoretical problems that are directly related to the legal regulation of public relations arising in connection with the appearance of the escrow account agreement.

The object of this work is the civil law characteristics in terms of the escrow account agreement and its nature.

Methods

To study the topic, I used the following methods: survey, collection of primary information, analysis of secondary data, deviation method, correlation method.

Rationale

In recent decades, many stories of defrauded “equity holders” have become known. In order to increase public confidence in developers, a federal law came into force on July 1, 2019, obliging to switch to a scheme of shared housing construction using escrow accounts. This was the first time this was applied by the California Department of Business Oversight.

Escrow is a special bank account that is used to reduce risks when making a transaction.

One party of the transaction deposits money to the escrow account. They are frozen or, in banking parlance, deposited.

The other party of the transaction will receive this money only after it fulfills its obligations.



A practical example is shared-equity construction. The buyer of the property opens an account and transfers the required amount to pay for the apartment there.

The developer is confident that his work will be paid without delay and on time.

The buyer is sure that he will pay only when a high-quality service is provided.



Advantages:

The buyer opens an escrow account for free.

Amounts up to 10 million rubles are insured with a Deposit Insurance Agency.

An escrow account cannot be seized, even if the depositor has debts on taxes, fines, alimony, etc.



ESCROW



Most banks are ready to give a loan if they see that the company has many interesting and large-scale projects, however, medium and small enterprises often have to leave the market. For the market as a whole, this is a minus, as competition decreases, but the departure of small developers reduces the risks for buyers.

Thus, the use of an escrow account protects all parties to the contract from risk.



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Thank you for the attention

