

Escrow –

Although it's not the most talked-about aspect of buying a home, escrow is nonetheless a vital component of a successful transaction.

Escrow is an arrangement in which a neutral third party holds onto funds and key documents involved in a home sale, and then distributes them according to the agreement between the buyers and sellers. The Escrow period begins when a seller accepts a buyer's offer, and ends at the closing table. Purchasing a house isn't like buying shoes; there's a lot of money involved, a lot of steps to manage, and a lot at stake. So the buyers and sellers don't exchange money and documents directly with one another. They do it through the escrow account. Escrow ensures accountability. Buyers want to be sure all contingencies are met (inspection, title report, secured mortgage, etc.) before the sellers cash any checks. Sellers want to make sure they receive funds before they hand over the deed.