Overview
A real estate contract may require the buyer to provide an earnest money deposit to show the seller their sincerity in purchasing a property. Generally, the funds are held in an escrow account established by a closing/settlement agent or attorney for the purpose of disbursing funds being held on behalf of others.

Key Players
In accordance with local custom, the buyer or seller involved in the transaction will select the closing/settlement agent to act as a neutral third-party to handle funds, documents, and tasks specific to the transaction, as outlined on the real estate purchase agreement or sales contract. The closing/settlement agent could be a title company or attorney, depending upon many considerations, including the geographical location of the transaction.

Roles
The settlement/closing agent may have a duty to arrange and/or track the requirements and contingencies outlined within the purchase agreement. These might include home inspections, the purchase of homeowners insurance, the completion of negotiated repairs, and financing requirements.

Process
Once all transaction contingencies are met, including the execution of all documents necessary to complete the transaction, the settlement/closing agent will disburse funds to the seller and other parties, in accordance with the purchase agreement.

Cost
The cost of closing/settlement services is covered by the buyer or seller as determined by local custom, market conditions, or contractual agreements made within the purchase agreement.

Closing/Consummation
Once all tasks described within the purchase agreement have been completed, and the appropriate funds are disbursed, the transaction is complete.