

Frequently Asked FSBO Questions

What is a closing or escrow?

Closing is where the title company is entrusted with the job of seeing that the transfer of ownership from the Seller to the Buyer takes place according to the terms of the purchase agreement. The closing agent holds any funds or documents safely until all the details have been settled and disburses them to the proper parties at the proper time.

Who sets the closing date?

Either buyer or seller may set the closing date. Both parties must agree to the date, and generally the buyer puts his request for a 30,60, or 90-day escrow in the purchase agreement. A financing contingency is usually put into the offer to purchase in which the buyer is given a specified amount of time to obtain a mortgage.

What should a purchase agreement include?

A purchase agreement must clearly state the terms of the sale and what must occur before the property can change hands. Typical items in a purchase agreement include: personal property included in the sale (be specific), date for the closing and what will happen if delayed, pro-rations and the date to be used for computing them, default provisions if one party doesn't live up to the agreement, who pays for property inspections and any deficiencies that may be uncovered, financing arrangements and occupancy date.

The Value of Title Insurance?

Title insurance guarantees that the seller has legal and "marketable" title to the property, which he is selling. A title search is performed by the title company handling the closing. This search will reveal liens or claims against the property and ascertain that the seller had good and clear title to the property. Title insurance will be issued for both the buyer and for the lender.

How much will closing cost be and what are they?

Generally, your closing costs will be between 3 and 5 percent of your purchase price. The closing costs will include title searches, taxes, notary fees, loan fees, escrow fees, recording fees, reconveyance fees, prorations and sales commissions.

How long does the closing usually take?

The closing can take anywhere from one hour to several hours depending on the situation. If both buyer and seller are in full agreement of all the terms of the sale the documents they will be signing, the closing should go quickly. Ask questions. All the documents you sign at the closing will become legally enforceable contracts. Will I receive more documents to take home with me from the closing? You will receive a copy of the all documents that you signed at the closing.

What happens to the deed after the closing?

The deed is sent to the County Register of Deeds for recording. The county will mail the deed to the buyer after it has been recorded in the county official records.