

CLOSING THE SALE TRANSACTION AND DIVISION OF CHARGES

Closing

Once all the terms and conditions of the instructions of both parties have been fulfilled, and all closing conditions satisfied, the escrow is closed and the safe and accurate transfer of property and money has been accomplished.

Division of Charges

The method of dividing the charges for the services performed through the settlement process or as a result of escrow varies from place to place. The fees and service charges to be divided might include, for example, the title insurance policy premium, escrow settlement fee, any transfer taxes, recordation fees and cost in connection with any loan being obtained. Unless there is some special agreement between the buyer and seller as to how these charges are to be paid, local custom will generally be followed in drafting the instructions to the settlement agent as to how they are to be divided.

Prorations

The escrow settlement agent will allocate between seller and buyer their proportionate share of an obligation paid or due. For example, a pro-rata share of real property taxes or homeowner's association dues are charged to the buyer and credited to the seller if they are prepaid at time of closing. The amounts prepaid are calculated per day from the date of closing to the date that they are paid to as follows:

Example

Semi-annual Property Taxes in the amount of \$665.05 are prepaid by the Seller to July 1st. Date of closing is June 15.

There is 15 days worth of taxes due to be reimbursed to the seller at \$3.69 per day for a total credit to the seller and charge to the buyer of \$55.35.