

# Earnest Money Guide

## Quick Guide

**Q** How much is typical?

**A**

Range: 1%–3% of purchase price (market dependent). In hot markets sellers often request higher (3%–5%+).

*Example: "For a \$300,000 home, 1% = \$3,000; 2% = \$6,000."*

**Q** When is it paid?

**A**

Paid with offer (or within X business days agreed in contract).

*Where it goes: held in escrow (title company/attorney/escrow account) or in broker trust account depending on local practice.*

**Q** How it's deposited / recorded?

**A**

Buyer delivers check/wire per contract instructions.

Escrow/titles record deposit and send confirmation to both parties.

*Keep copies: buyer gets receipt; agent logs transaction.*

**Q** When does seller keep EM (common scenarios)?

**A**

Buyer breaches contract outside contingency timelines (no timely removal of contingencies, wrongful cancellation). Contract specifies liquidated damages and seller's remedies.

**Q** How does EM apply at closing?

**A**

EM is credited to buyer's closing costs / down payment. *Example: closing statement shows EM as a buyer credit.*