guidance

Residential

WHAT TO EXPECT WHEN YOU'RE PREPARING TO CLOSE

Once you've chosen your home and have financing in place, you'll schedule a closing – which may vary depending on the state where you will reside. The closing is typically a meeting between all parties involved in the transaction, or their representatives. Because closing can take up to two hours, it is best to not schedule your closing during a lunch break or other time constraints. You, along with the seller, will have to review, verify and sign many documents, and rushing through the process is not recommended.

LEADING UP TO THE CLOSING

Leading up to the closing, you'll receive information and need to complete a few last minute tasks prior to the actual closing day.

First, it will be important to schedule your closing date. The buyer and seller will be able to decide on a date for the closing during the contract negotiation process. It is best practice to schedule your closing date a few days before the last day of the month to avoid prorated costs from closing at the beginning of a new month.

During the escrow period – which is the period of time between the date the offer is accepted and the day that you close, avoid making large purchases and taking on new debt – such as furniture, home appliances, or vehicle. Such payments can delay or stop your ability to move forward with closing.

Twenty-four hours before your close date, your Account Executive will make sure that you are provided with a Closing Disclosure (CD) – an official document which itemizes the fees and expenses you pay at the closing that were included in the Closing Estimate (CE) – a document that itemizes cost estimates due at closing, which you should have received after applying for home financing.

You will also want to conduct a final walk-through 24 hours before closing to make sure that no damage occurred to the property prior to closing. During the walk-through, you will check items that you and the seller discussed during the home inspection and make sure that they completed. In the event that these repairs aren't done, further negotiation may be necessary.

WHO WILL BE THERE

Closing on a home is a major milestone, and requires legal compliance; thus, having a neutral third party, typically a title/settlement company, that is trained to get the process completed correctly, is an important part of the closing date. Each party – both the buyer and the seller – must schedule either a joint or individual appointment to physically sign all necessary documents. Among those typically present at a closing are: You, your financing provider, your real estate agent, your attorney, the seller, the seller's attorney and the seller's real estate agent.

WHAT TO BRING

You will not be able to close on your new home without certain items. The list below are items that you will need to have and bring with you on your closing day.

Photo ID – To verify your identity, the closing agent will need to see a valid driver's license or passport. The photo ID should be a government issued document, so other items – such as a student ID, are not valid.

Cashier's Check or Wire Transfer – To cover the costs of your closing, you will have to provide payment by means of certified funds only. Personal checks and cash will not be accepted. You will receive an HUD-1 Settlement Statement several days before your closing that will have the exact amount that you should bring with you to your closing. Your closing agent will tell you how many different checks will be needed to pay the different costs as well as who each check should be made out to in advance of your closing date. If you decide to wire funds, it is important to do this in advance so that there are no delays.

It is always better to be over-prepared instead of underprepared. With that being said, it is a good idea to take all documents that you have received throughout the home financing process with you to closing to have as references if needed.

WHAT WILL YOU BE ASKED

You must be able to obtain a free and clear title to the property. The title provides assurance that no other person, organization, or government has any legal or financial claim that would limit ownership rights. Without this clear title, the buyer takes the risk of losing the money invested in the property should there ever be a court-imposed settlement requiring the new owner to make good on the claim.

To obtain this title, you pay a title company or title attorney to examine the public record for any outstanding claims against the property and provide title insurance to protect your investor's interest in the property. You can also protect your equity by buying owner's coverage for an extra charge.

You will be asked whether you will take sole ownership of the title, obtain joint tenancy or ownership as tenants-in-common.

Sole ownership means you are an unmarried person buying a house alone. Joint tenancy is for married or unmarried couples who choose to buy a home together. Tenants-in-common is a type of ownership that allows two or more individuals to purchase a home together but act as independent owners.

HOW MANY PAPERS WILL YOU SIGN

As stated earlier, you will be signing many documents during your closing appointment. The documents will vary based on where you live and the specifics of your home. Your closing agent will explain each document as you are walked through the process, and will be able to answer questions as you deem necessary before you sign any documents.

A few of the documents you will sign during your closing appointment are:

Mortgage or Deed of Trust (Depends on State) - Security claim by Financier against the property until the property is paid off or refinanced.

Obligation to Pay - Agreement by the customer to pay back for the financing of the property.

Co-Ownership Agreement – Agreement pertaining to Customer and Companies LLC rights and responsibilities under the Declining Balance Co-ownership Agreement.

CELEBRATE CLOSING ON YOUR NEW HOME

It's normal to feel overwhelmed when you're closing on your new home. But, once it's all over, you can celebrate your accomplishment of this amazing milestone.