

What to expect at a Real Estate Closing

STEPS HOMEBUYERS SHOULD KNOW

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ALL REAL ESTATE TITLE SOLUTIONS | 1430 W BUSCH BLVD TAMPA, FL 33612

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What to Expect at Closing Steps Every Homebuyer Should Know



Now that your hunt for a home is almost over what are the final steps? You tackled the hard part you found the home you love and the seller accepted your offer. Way to go! Now what?

Well you just made it to the part of the real estate cycle called closing. In my opinion it is one of the critical steps in the process. There are a lot of steps and you don't want to make a mistake. I will advise early don't be penny wise and pound foolish" you will see what I mean in a bit. First step is to work with an experienced Closing Agent to help ensure the details come together and everything runs smoothly. These are the unsung heroes of the real estate business. They are your protection against you losing your investment.

They get to work as soon as the sales contract is signed. There is a lot to do so the behind-the-scenes work can take from 30 to 90 days. Read below to get a glimpse of what happens during each stage of the process.

Select a Closing Agent

If you're working with a real estate agent, and you should be. Remember my early advice this is one of those areas. He or she may, with your permission, place an order with a closing agent as soon as your sales contract is accepted. The closing agent can be a title company, an escrow company or a settlement company. You want a title company.

Most commonly don't realize that they can choose their Closing Agent and rely on their real estate agent. If you have not done your research this is what you should do. They and you should make sure that the Closing Agent is professional, reliable and efficient. Closing real estate transaction should be their main focus. The closing agent will oversee the closing process and make sure everything happens in the right order and on time, without unnecessary delays or glitches. They are doing the work for you the buyer. Their focus is to make sure that the property you are buying is rightfully clear of any encumbrances so no one can take the home away from you due to issues with title.

Contract & Escrow Agreement

A contract and typically an escrow agreement is signed after an offer is accepted. This agreement will have the escrow information embedded. The closing agent reviews it for completeness and accuracy. The closing agent will also put your deposit into an escrow account, where the funds will remain until closing.

The hard part - Title Search is Conducted and Issues are Cleared

Once the order for title insurance is placed, the title company conducts a search of the public records. The search should identify any issues with the title such as liens against the property, utility easements and so on. If a problem is discovered, most often the title professional will take care of it without you even knowing about it. After the title search is complete and certain requirements are satisfied, the title company can issue a title insurance policy.

What's a title insurance policy?



In short it is an insurance policy that protects the buyer and potentially lender from history coming back to lay claim on the property you are buying. An example of this could be outstanding liens on the property, incorrect ownership, property easement issues and so on. You don't want to buy a

house that has baggage do you?

There are two kinds of title insurance coverage: a Lender's policy, which covers the lender for the amount of the mortgage loan; and an Owner's policy, which covers the homebuyer for the amount of the purchase price. If you're obtaining a loan, the bank or lender will typically require that you purchase a Loan policy. However, it only protects the lender and NOT THE BUYER.

It is always recommended that you obtain an Owner's policy to protect your investment. The party that pays for the Owner's policy varies from state to state and can be a negotiable item in the sales contract, so ask your settlement agent for guidance before closing. Another part of my advice from above. Don't be cheap and not get one.

Closing Disclosure Time

Your lender or your closing agent at your lender's instruction must provide a Closing Disclosure to you at least three days prior to consummation of the loan, which in some states may be the same time as closing. The Closing Disclosure provides disclosures that help you understand all costs of the transaction, including key information like the interest rate, monthly payments and costs to close the loan.



If you or your lender makes certain significant changes between the time the Closing Disclosure form is given to you and consummation, you must be provided a new form and an additional three-business-day waiting period after receipt of the new form. This applies if the creditor:

1. Makes changes to the APR above 1/8 of a percent for most loans (and 1/4 of a percent for loans with irregular payments or periods)
2. Changes the loan product
3. Adds a prepayment penalty to the loan

If the changes are less significant, they can be disclosed on a revised Closing Disclosure form provided to you at or before closing, without delaying the closing.

Prepare for Closing

Closing day approaches, what to do? Well the closing agent is busy ordering any updated information that may be required. Once the closing agent confirms with the lender and the seller, he or she will set a final date, time and location of the closing.

On closing day, all of the behind-the-scenes work is complete. While you've been busy packing, ordering utilities and coordinating the movers, your closing agent has been managing the closing process so that you can rest assured, knowing all the paperwork is in order and your home investment is protected.

The Finish Line: The Closing

During the closing a professional Licensed Closing agent will sit with you and review the documents, explain any portions to you and clear up any confusions. You as the consumer must request this from your agent as you should be aware of your commitments in this transaction. A professional Closing Agent is there for you and they know your property situation intimately. They are prepared to answer your questions.



Expect the closing to last from 1-2 hours. Of course this depends on the complexity of the transaction. Be on time and be prepared with your proof of identity. Check with the Closing Agent, prior to the date of closing, what documents are needed. This will save you grief and time as the transaction cannot be consummated without the proper documentation.

Once the documents are signed the Closing Agent will send a copy of documents to the lender. This is where it gets fun. If the lender is ready and prepared, this portion of the closing can be quick (about 10-20 minutes) however, it can take longer if they are busy or an issue arises. Once they give the green light, they approve release of funding and monies are disbursed by the Closing Agent. The Closing Agent then prepares copies of everything for you, the lender, and the seller. They will then hand you your copy and it is at this point where the Champagne is popped and the party can begin.

Now you are aware of the final mile of your journey. I hope this shed some insight to the process and I wish you all the best of luck on your journey. It is an amazing ride and now you should be informed of all the steps towards home ownership.