

Part 4: What to Expect on Closing Day

BY CORINNE LINCOLN-PINHEIRO



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In the final installment of the home-buying series, we look at what to expect on closing day and in the months to follow.

A flurry of document signing and last-minute details can be daunting. However, knowing what comes next can help prepare you and ensures the final days of closing are a breeze.

Final Home Closing Documentation

Once your loan is cleared to close, you will receive the Closing Disclosure (CD - formerly the HUD-1 Uniform Settlement Statement). It details the loan terms and costs and comes with a three-day mandatory waiting period. Use this time to review the loan teams and discuss with your agent and advisors. If you spot any errors, have them corrected, so it doesn't hold up closing.

After three business days have passed, the loan documents will be delivered to you for signing and notarization in advance of the close of escrow. Often, the notary will come to you at a date and time of your choosing for the loan signing. The visit entails what seems like a ream of paper documents to go through, so take your time and ask as many questions as is necessary to feel comfortable. Just be prepared to spend a considerable amount of time signing, reading, and signing again.

Then, at last, it'll be time for the final walkthrough, which is usually done the day before closing. The home should be cleaned and in a similar condition to when you made the offer. Everything should be cleared out except what you expect to be there (per your agreement). Check that repairs were made

and that the utilities are on so you can check if the appliances work. Don't forget to test mailbox keys, pool gate keys, garage remotes, household keys, and collect any instruction manuals for home appliances.

What to Expect on Closing Day

At this point, the terms of the purchase contract should be complete. In most states, this includes the fully executed purchase agreement and addendums, the deposit of earnest money, the completed home and pest inspections, appraisals, home warranty, homeowners' and hazard insurance policy, final walkthrough inspection, and release of all contingencies.

The final meeting usually occurs at the title company location. The closing agent—who may double as the real estate lawyer or escrow officer—will walk you through the process. Your real estate agent will be there, along with others such as the seller's agent, attorneys, your loan officer, and a title company representative, for example.

Bring all relevant documents, including a cashier's check for the down payment and the balance owed for closing costs (as stated on the CD). These costs include recording fees, appraisal fees, and the loan origination fee of 1 percent of your mortgage. Closing costs range from 2-5 percent of the purchase price (excluding the down payment).

In some instances, the seller will pay real estate commissions, a one-year home warranty, and a title insurance policy for the buyer. In most cases, the seller pays pro-rated property taxes, any applicable homeowner's fees, and outstanding utilities. Other agreed-upon costs may be split between seller and buyer, so don't forget to bring your checkbook. Sometimes you may not know the final total until closing and may need to cover last-minute expenses not included in the settlement.

At the end of the meeting, all other remaining documents should have been signed, from escrow instructions to the deed signifying the transfer of title and the executed promissory note.

After you sign the final loan documents, they are returned to the lender, who reviews them for completeness before disbursing the loan. Once the loan is funded, the new mortgage will be recorded with the county (usually within one to two business days, excluding holidays). Finally, if you have any money left in escrow, it can be wired to your account, or you can pick it up from the title company.

Congratulations, you're a new homeowner!

What Happens after the Closing Date?

In some states, such as California, you'll receive a supplemental tax bill (it's separate from your annual property taxes). This bill is the difference between the previously assessed taxes and the new assessed value after it has changed owners. Also, the state defines the closing date as the date the documents are recorded with the county. Therefore, check with your lender to see if there are any other special instructions relative to your area and state.

Lastly, anywhere from two weeks to three months later, you will receive confirmation of the deed transfer—which is proof of your legal right to the property.

There you have it: highlights of the many issues that can arise and affect how long it takes to close on a home.