

Frequently-Asked-Questions About Closing



WHAT IS CLOSING?

Closing (also called settlement) is the legal transfer of property ownership. Usually, but not always, possession is transferred at closing. Sometimes the seller may ask to close the sale but retain possession, and pay rent to the buyer until vacating the property at a later date.

WHO ATTENDS CLOSINGS?

Face-to-face closings are common in most states, although a few states do not require them. Your ABR® can provide details for your situation. The participants usually include:

- You, the buyer.
- The seller.
- The real estate agents representing the buyer(s) and seller(s).
- Attorneys for the buyer(s) and seller(s).
- The closing agent, the title insurance representative, and the escrow agent. Often one person fulfills all three roles, coordinating and recording the exchange of the documents and money, disbursing funds, and handling various closing details.

WHERE IS CLOSING HELD?

Closings are usually held at a title company's office. Their job is to confirm the current legal owner of the property, reveal any mortgages, liens, judgments or unpaid taxes on the property, and identify any restrictions that may affect the sale of the property. Any problems need to be corrected before a buyer can receive "good title."

WHAT DO I NEED TO BRING?

Your ABR® can advise you on what you'll need to bring to closing, but typically buyers must provide:

- Payment of closing costs
- Proof of insurance
- Approval of inspections of the property

WHAT HAPPENS AT CLOSING?

You'll sign many documents. Rely on your buyer's rep and your attorney to review these documents and answer any questions you may have. Frequently-used documents include:

Closing statement (HUD-1) – details all funds changing hands between the buyer and seller

Truth in Lending statement – a final summary of the terms of your loan

Mortgage note – a legal obligation to repay the lender according to stated terms

Deed of trust – the legal transfer of ownership; gives the lender a claim against your home if you fail to meet the terms of the mortgage note

Affidavits – any binding statements by the buyer or seller

Riders – any contract amendments that impact your rights

Any additional documents required in your state.

Once all documents are signed and all monies have been paid, possession is transferred and you receive the keys to your new home. Be sure to keep your closing documents in a safe place for future reference. Some of the expenses associated with your home purchase are tax-deductible.

