



The Closing Process Explained!

Whether you're purchasing your first home or your fifth, the day of closing should be a time of celebration. While you're busy packing, ordering phone service and scheduling movers, it's comforting to know that skilled professionals are busy working behind the scenes to make sure your closing runs smoothly.

Your first look at the settlement process may be on the day of closing, but the process itself begins much earlier. Come along for a look behind the scenes at the settlement process in action!

Once an order is received, the countdown to closing begins. Timing is essential, to make sure all the ingredients for a successful closing are in place for your arrival. When the contract or escrow agreement is received, the settlement agent will review it for completeness and accuracy. If an earnest money or deposit check is received, the settlement agent will see that it is promptly deposited into an escrow account, where the funds will remain until the time of closing.

One of the first things the settlement agent does, upon receipt of an order is to request preliminary title work. The title company searches and examines the title and prepares a title commitment or other form of title evidence. This is then forwarded to the settlement agent.

Upon receipt of the title commitment, the settlement agent checks the information for completeness and accuracy and makes note of any requirements which must be satisfied. The agent compares the commitment to other documents, such as the contract and loan closing instructions, making sure all information is consistent.

While the title evidence is being prepared, the settlement agent is busy coordinating other matters. If the contract calls for a prior mortgage to be paid off, the agent will order payoff figures from the existing lender. If the buyer is assuming the loan, an assumption package will be ordered showing the current status of the loan.

While each closing is as unique as the people attending it, much of the behind-the-scenes work leading up to the closing is fairly commonplace for the skilled professionals performing it. Ordering property

inspections, surveys and termite reports are typical of what's happening behind the scenes at this point in the settlement process.

The settlement agent brings any problems or discrepancies which may be discovered to the attention of the appropriate parties so that they can be corrected. It is his or her job to facilitate cooperation, coordination and compliance between all settlement service professionals involved with the transaction. Everyone working together helps make the closing a cause for celebration!

Once the preliminary work is complete and all information on the contract, loan closing documents and title commitment has been compared and complied with, the settlement agent is ready to prepare the Closing Statement.

All costs must be shown on the Closing Statement. This includes costs paid at closing as well as pre-paid costs, such as earnest money deposit or loan application fee. If you are a buyer and are obtaining a loan to purchase residential property, your lender has three days from the time of the loan application to provide you with a Good Faith Estimate of your loan costs. Within those three days you should also receive a copy of the HUD-1 Booklet, "Buying Your Home," which outlines the settlement process.

As closing day approaches, the settlement agent orders any updated information which might be required. Once the settlement agent is satisfied that the paperwork is in order, he or she confirms the date, time and location of the closing with all the parties involved.

The closing is where it all happens. Everything done behind-the-scenes leads up to this day. It's time to close the transaction and transfer ownership of the property from the seller to the buyer.

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