

The Home Buyer Roadmap – Closing on Your Dream Home

By Whitney Winick – Security Title Guarantee
And
Rick Bunzel – Pacific Crest Inspections



This is the ninth installment of the Home Buyer's roadmap.

Closing and Escrow is a process settling all the financial details associated with the purchase and transferring title of your new home to you. Typically you will attend this meeting with the title company's closing officer. You may also have your realtor attend as well as your lender.

The process assures that the lender releases the home purchase funds at or about the same time the deed is recorded to reflect new ownership. To facilitate that goal, escrow provides the means for depositing, with a neutral third party, funds, documents and instructions necessary to complete the transfer.

Under the Real Estate Settlement Procedure Act (RESPA), the homebuyer is furnished an estimate of closing costs by the lender, in advance of the closing. In some cases, the seller may pay some of the closing costs; this is particularly true for new housing, where the seller is the builder.

Items that are usually included in the settlement fees are the loan origination fee, mortgage insurance premium (MIP), attorney fees, owner and lender title insurance, recording fees, county tax stamps, state tax stamps, and the survey fee. In addition, the lender will require an appraisal fee and a credit report fee in advance of the closing.

A few other items may also have to be paid at a closing. These include advance deposits held in escrow for real estate property taxes and insurance. The lender collects a portion of these every month and then pays the insurance and taxes when they are due.

Because the real estate transaction involves large sums of money and reams of documentation, escrow is not always a predestined, step-by-step process, but can become a confusing end game of details, nit picking and overlapping procedures.

The closing process requires special preparation, attention to detail, and desire from both sides to close the deal, escrow is perhaps the most complicated part of what's likely the most emotionally trying and intricate transaction you'll ever complete.

The transfer process of the property begins with the title insurance company providing a search and examination of the public records to determine and disclose the current facts relating to the ownership of a piece of real estate, such as current owners, liens, easements and other recorded interests.

Documents will be verified with the names of sellers along with pertinent information such as, social security numbers, telephone numbers, or mailing address. If the parties

have attorney information it will be added. If the sellers will not be at the closing, the closing control sheet will call for power of attorney, or documents will be mailed out.

Closing day marks the time when all accounts are settled and title to the house passes to the buyer. In one simultaneous procedure:

- The seller receives the price of the house and retires the old loan (unless the buyer is assuming the loan).
- The sales agent receives a commission. (The commission may be split between a listing broker and a selling broker.)
- All fees are paid. These include title insurance premiums, survey costs, and fees for filing documents. They may also include attorneys' fees and inspectors' charges if these have not been paid previously.
- The lender supplies the proceeds from the loan and collects origination fees and discount points. This is the first day of the new loan, which from then on begins to accrue interest. The lender usually requires interest be paid at the closing to cover the period from closing day to the end of the month. All other interest payments are made at the end of each month.
- The buyer receives documents, which signify the passage of ownership of the property from the seller to the buyer.

With the buyer, the closing officer explains the settlement sheets and gets the homebuyer's signature on them and the deed. This is typically where one will get writers cramp as most documents will require one or more signatures on them. Once the signatures are completed, you will receive the keys to your new home! Congratulations!

Next week we will discuss the final walkthrough. We are going slightly out of order, as the final walkthrough normally will happen right before closing.

Whitney Winick is the Escrow Manager for Security Title Guarantee in Longmont. If you have questions or comments, Whitney can be reached at [303-774-9514](tel:303-774-9514) or wwinick@stgo.com

Rick Bunzel is the Principle Inspector at Pacific Crest Inspections. If you would like to know more about your home go to **WWW.Paccrestinspections.com** If you have questions or comments, Rick Bunzel can be contacted at Pacific Crest Inspections @ 360-588-6956 or Rick@Paccrestinspections.com