Fidelity National Title

7 Important Steps to Closing EVERY HOMEBUYER SHOULD EXPECT

Your long home-buying journey is almost over. You found the home you love, the seller agreed to your offer and now it's time for closing. Of course, there's a lot to think about right now, and the last thing you want is something to go wrong. So make sure you work with an experienced closing agent to help ensure the details come together and everything runs smoothly.

As soon as the seller accepts your offer, the behind-the-scenes work begins. You can expect closing to happen within 30 to 90 days depending on your agreement.

1. SELECT A CLOSING AGENT

If you are working with a real estate agent, with your permission, he or she may 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.

Most homebuyers rely on their real estate agent to select a closing agent—someone they work with regularly and know to be professional, reliable and efficient. However, you can choose your own closing agent if you wish. 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.

2. TITLE SEARCH IS CONDUCTED

Once the title order is placed, the title company conducts a search of the public records. This 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, the title company can provide a title insurance policy.

3. UNDERSTANDING TITLE INSURANCE

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 are obtaining a loan, the bank or lender will typically require that you purchase a Lender's policy. However, it only protects the lender.
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, so ask your closing agent for guidance before closing.

4. HAZARD INSURANCE

Most mortgage lenders require proof of Homeowners' Hazard insurance before they'll let you close on a home. Start looking for Hazard insurance three weeks to a month before your actual closing date. This gives you of time to compare coverage options and rates. Most mortgage lenders require proof of Hazard insurance a minimum of three business days before your closing date.

5. OBTAIN A CLOSING DISCLOSURE

Your lender must provide a "Closing Disclosure" to you at least three days prior to closing. Your lender may also have a closing agent provide the Closing Disclosure to you three days before you close your transaction.

If you or your lender makes certain significant changes between the time the Closing Disclosure form is given to you and the closing, 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:

- Makes changes to the APR above 1/2 of a percent for most loans (and ¼ of a percent for loans with irregular payments or periods
- Changes the loan product
- 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.

6. SIGNING DATE

As Signing day approaches, the closing agent orders 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 Signing.

7. THE FINISH LINE: PREPARE FOR CLOSING

Once recording is authorized by the lender, and all funds have been received, documents are either electronically recorded or hand-carried to the county recorder's office by the title insurance company. Recording numbers are the unique and specific numbers given by the county recorder's office to a properly executed legal document thereby making it part of the public record. Once a recording number is issued, the buyer is considered "on record" as the new party holding title to the property.

When the transaction is "on record" with the county, the ownership of the property has been officially transferred to the buyer and funds are disbursed to the seller.

Depending on the specified possession date agreed to within the purchase agreement, you may then receive the keys to their new property and take possession. You are now officially closed. In a few weeks or so, you will also receive the deed to the property in the mail.

If you have questions on the closing process or any other escrow related issues, please feel free to contact us immediately.