



## Closing Time: 6 steps 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.

### 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. Draw up an Escrow Agreement

First, a contract or escrow agreement is drafted, which the closing agent reviews for completeness and accuracy. The agent will also put your deposit into an escrow account, where the funds will remain until closing.

### 3. 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.

### 4. Shop for 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 settlement agent for guidance before closing.

### 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 1/4 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. The Finish Line: Prepare for Closing

As closing 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 closing.

On closing day, all of the behind-the-scenes work is complete. While you've been busy packing, ordering utilities and coordinating the movers, your closing agent has been managing the closing process so that you can rest assured, knowing all the paperwork is in order.