

What Every Seller Needs to Know About Closing

Walk-throughs, closing costs, and other items to check off your list before the big finish!

Closing time. The end of the road. The last hurrah-and-hurras are in order.

If you're here, then you've found a buyer, negotiated home repairs, and are ready to move out and on. But before you can make this sale official (and get paid!), you still have a few items to cross off your list. Here, we've laid out everything you need to know to have a successful settlement.

Closing Is the Final Step

Closing, or "settlement," is when both parties sign the final ownership and insurance paperwork, and the buyer becomes the legal owner of the home.

Typically, closing day takes place about four to six weeks after you signed a purchase and sale agreement. During this window, the buyer's purchasing funds are held in escrow until all contingencies, like the home inspection contingency and appraisal contingency, are met.

Your agent will be able to answer questions and offer support through closing. Here's what to expect from the process, start to finish.

Before You Close, You'll Have a Final Walk-Through

Most sales contracts give the buyer one last chance to do a walk-through of the home within 24 hours of settlement. This is their chance to check that the property is in good condition, and to make sure the agreed-upon repairs were completed.

In most cases, no problems arise at this stage of the transaction. (If something is amiss, your agent can walk you through it.) The final walk-through mostly gives buyers peace of mind knowing that you, the seller, have adhered to the conditions of the sales contract and home inspection-related repairs.

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Follow These Steps to Prepare for the Final Walk-Through

To help ensure that the walk-through goes smoothly, take these six steps ahead of time to prepare:

Step #1: Clean house. Your home should be spotless for the final walk-through. Assuming the buyer is taking ownership on closing day, you should be fully moved out at this point. But moving can be messy. After purging, packing, and moving, you may want to do one more deep cleaning.

Step #2: Leave owner's manuals and warranties. Make the buyer's life easier by providing all manuals and warranties you have for home appliances. Print physical copies and put these documents in one place for the new owner. If you have receipts from contractors for repairs, leave them with the manuals.

Step #3: Provide a vendor list. Give the buyer contact information for home contractors or maintenance companies that you've used in the past. These vendors are familiar with your home, and the new owner will appreciate having a list of servicers they can trust will take good care of their new home.

Step #4: Check for forgotten items. Do one more check throughout the home to make sure you're not leaving anything behind. One exception: You may want to leave unused or leftover paint cans in the

colors currently in use within the home - but confirm with the buyer first.

Step #5: Turn off water shut-off valves. The last thing you want before closing is a flood. With the buyer's permission, turn off your house's main shutoff valve 24 hours before closing.

Step #6: Lock up. Until settlement is complete, you're legally responsible for the home, meaning you'd be liable if there's a break-in before closing. So, the day before settlement make sure to close window coverings and lock the entry doors. If a house looks un-lived in, it's a welcome sign to burglars. It's a good idea to leave a porch light on, or to set an interior light to turn on and off with a timer.

If the final walk-through reveals an issue with the house, don't panic. The standard protocol is for the buyer's agent to immediately alert the listing agent that there's a problem. Then, both parties work together to solve it. Typically, either the closing gets delayed or there's additional negotiation, such as monetary deduction of the sales price. In other words: There are options, and your agent can help you through this.

Up Next: The “Closing Disclosure”

Let's assume the final walk-through is smooth sailing. (Woo-hoo!) What happens next? You'll get info about your closing costs from the title company.

Meanwhile, the buyer's mortgage lender must provide the buyer with a Closing Disclosure, or CD, three business days before settlement. This is a formal statement of the buyer's final loan terms and closing costs. As the loan borrower, the buyer is entitled to a three-day review period to see if there are any significant discrepancies between their CD and Loan Estimate (**LE**) - a document buyers receive when they apply for a loan. The **LE** outlines the approximate fees the buyer would need to pay.

In most cases, there are no major differences between the CD and LE. However, if certain closing costs differ by 10% or more between the estimate and the disclosure, the buyer's loan has to go back to the mortgage lender so that cost differences can be reviewed. If that happens, closing is usually delayed until the issue is resolved.

Expect to See These People at the Closing

The closing typically takes place at the title company, attorney's office, or the buyer's or seller's agent's real estate office (Unless you live in a state that allows for electronic closings (eClosings) - with remote notaries. In that case, the involved parties can opt to sign documents digitally.)

The list of legally mandated attendees will depend on your state, but usually you'll be joined by:

- Your agent
- The buyer
- The buyer's agent
- A title company representative
- The loan officer
- Any real estate attorneys involved with the transaction

Remember to Budget for Closing Costs

Closing costs can vary widely by location, but you'll generally pay closing costs of 5% to 10% of the home's sales price. So, on a \$300,000 home, you can expect to pay anywhere from \$15,000 and higher in closing costs. In most cases, these costs are deducted from your proceeds at closing.

Closing costs for sellers typically include:

- The commission for the listing agent and buyer's agent
- Transfer taxes or recording fees
- Loan payoff costs
- Unpaid homeowner association dues
- Homeowner association dues included up to the settlement date

- Prorated property taxes
- Escrow, title, or attorney fees
- Be Sure to Bring These Things to Closing

At the closing you should have:

- A government-issued photo ID
- A copy of the ratified sales contract
- House keys, garage remotes, mailbox keys, gate keys, and any pool keys
- A cashier's check, or proof of wire transfer, if your closing costs are not being deducted from the sales price. (Yes, it's OK to use a cashier's check - especially if you don't want to deal with the hassle of a wire transfer, which can take time to clear. With a cashier's check, you're guaranteed the money you need for settlement will be there at closing.)

Don't Forget to Dot These I's and Cross These T's

- Before you rush off to pick out paint samples for your new place, remember to do these two steps that are often overlooked by sellers:
- **Transfer utilities.** Don't want to pay for the new owner's utility bills? Coordinate with the buyer so that utilities - including not only gas and electric but also water and cable - are transferred to the buyer on closing day.
- **Change your address.** You obviously want your mail to be sent to your new home. Setting up a forwarding address will also ensure that you can be reached if there are any post-closing matters. You can file a change of address with the U.S. Postal Service [here](#).

Finally: Celebrate!

At last, your home is officially sold. Congratulations! Give yourself a pat on the back - and then start settling into your new phase of life.

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