

# *Mortgage closing: What happens at your signing*

Real estate closing involves the finalization of all agreements made between the buyer, the seller, and your lender, for the purchase and financing of your new home.

- Signing the closing documents legally transfers ownership from the seller, and you become the new owner of the property.
- The closing is attended by your real estate agent, the sellers, the closing attorney or escrow officer, and potentially your mortgage lender (if your lender cannot attend in person, ask him or her to be available by phone).
- At the closing, you will sign several documents, transfer funds, and then the seller will publicly transfer the property to you.

## **Mortgage closing: Signing documents and paying closing costs**

Mortgage closing is the last step in the exciting process of buying a home.

You worked with your lender to **get pre-approved** for a loan, and you found your dream home. You haggled over the price, and the seller accepted your offer.

If this is your first home, or if you haven't **bought a home** in the past decade, knowing what to expect can make the difference between an enjoyable home buying experience, or a stressful one.

## **The escrow process**

Hopefully, your real estate agent and lender have already walked you through the steps of buying a home and getting a mortgage.

Once you sign your purchase contract and open escrow, you must begin your due diligence.

The due diligence period varies by state. It protects the buyer and seller. Sellers must disclose anything negative that they know about the home. Buyers obtain inspections, title reports and other information.

Your lender will **order an appraisal** to make sure the property is worth its sales price. That protects you as well as the lender.

You'll comply with your lender's documentation requirements — supplying income, assets, and other paperwork to prove your creditworthiness.

After all the necessary contract contingencies have been satisfied, and your mortgage loan has received final approval, it's time to prepare for your mortgage closing.

### **What is mortgage closing?**

Real estate closing involves the final performance of all agreements made between the buyer, the seller and your lender, for the purchase and financing of your new home.

Signing the closing documents legally transfers ownership from the seller, and you become the new owner of the property.

### **Who will attend the closing?**

Up until the day of closing, you have probably only had interaction with your real estate agent, your lender and possibly the home inspector.

At the closing table, however, you'll see several faces for the first time. This is likely why the closing table can be intimidating for some.

You can expect your real estate agent to be at **the closing table**.

The sellers will probably attend, along with their real estate agent.

The closing attorney or escrow officer oversees the closing.

It is not uncommon to have your mortgage lender attend the closing. If this person can't be there, ask him or her to be available by phone in case questions come up.

If you can get a copy of your closing documents early and review them at your leisure in your own home, the process can be much smoother. You can ask your questions and resolve issues without pressure.

Most lenders are happy to provide closing documents early if you ask.

### **What happens at closing**

All buyers whose names appear on the property's title and/or mortgage documents must bring a government-issued photo ID.

Depending on where you live, mortgage closings are officiated by a company known as a title agency or a real estate closing attorney.

If you have ever bought a home, unless you paid cash, you know there's lots of paperwork involved.

As a buyer, you will have a lot **more paperwork** to sign than the seller. You may sign and/or initial more than 100 times.

Even with all the signatures involved, fortunately, closing won't take all day.

According to real estate closing attorney, Gillen Joachim of Ganek, P.C., the typical purchase closing runs "just shy of one hour".

In addition to signing documents, you'll take care of a few other items.

### **Closing cost reconciliation**

Buying a home involves a variety of costs.

For the buyer, these costs include lender fees and third-party charges (appraisals, credit reporting, and inspections). You may pay mortgage insurance premiums as well.

You'll also pay "prepaid items." These are not loan fees. "Prepaid items" include property taxes, homeowner's insurance, and per diem interest.

The closing agent reviews the final **CD, or Closing Disclosure** (formerly known as the HUD-1 form) to ensure all numbers that were originally disclosed are as they should be at closing.

### **Transfer of funds**

The amount needed for closing is typically communicated from your lender several days in advance of closing.

Closing funds cannot be in the form of cash or a personal check. Wired funds or cashier's checks are generally the only acceptable forms of payment received.

Your **lender or closing agent** will verify this information with you prior to closing.

### **Recording public documents**

After signing documents and paying closing costs, you get ownership of the property. The seller must publicly transfer the property to you.

The closing attorney or **title agent** will then record the deed.

You get your keys and officially become a homeowner. Congratulations!