

What to Expect at Closing on Your Real Estate Deal

Closing is the final step in the home buying or selling process. It's when ownership of the property officially transfers, and all the paperwork and payments are completed. Here's what you can expect:

1. Final Walkthrough

- Usually scheduled the day before or the morning of closing.
- Confirms the property is in the agreed-upon condition.
- Ensures all requested repairs have been completed.

2. Reviewing Documents

At closing, you'll be asked to review and sign several important documents, including:

- Loan Estimate (LE) – an early estimate of your loan's terms and costs, required by federal law within three business days of applying.
- Closing Disclosure (CD) – the final breakdown of loan terms, closing costs, and finance charges, which you must receive at least three business days before closing.
- Settlement Statement (Title Company) – lists all closing costs, escrow fees, title insurance, recording fees, and prepaid items.
- Promissory Note – your agreement to repay the loan.
- Mortgage or Deed of Trust – secures the loan with the property.
- Deed – transfers ownership from seller to buyer.

3. The TRID Rule (Truth in Lending Act–RESPA Integrated Disclosure)

The TRID rule, enforced by the Consumer Financial Protection Bureau (CFPB), ensures borrowers have the right information and time to review it before closing:

Loan Estimate (LE):

- Provides an early estimate of loan terms and costs.
- Must be given within three business days of application.
- Lets borrowers compare loan offers.

Closing Disclosure (CD):

- Shows the final, actual loan terms and costs.
- Must be received at least three business days before closing.
- Limits how much certain costs can increase compared to the LE.
- Major loan changes (like APR increases or loan type changes) require a new CD and reset

the three-day waiting period.

4. Payments and Funds

- Buyers bring a cashier's check or arrange a wire transfer for down payment and closing costs.
- Sellers receive their net proceeds after the mortgage payoff and fees are deducted.
- The title/escrow company handles the distribution of funds.

5. Title Transfer and Recording

- The title company ensures the deed is recorded with the county.
- Once recorded, the buyer officially becomes the new owner.
- Keys, remotes, and access codes are handed over at this time.

6. Understanding Costs at Closing

During closing you'll carefully review:

- Title Company Costs – escrow fees, title search, title insurance, recording, notary.
- Finance Costs – loan origination, underwriting, appraisal, credit report, prepaid interest, and lender's title insurance.
- Prepaid Costs – property taxes, homeowner's insurance, prepaid interest until your first mortgage payment.

7. Timeline

- The closing appointment typically lasts 1–2 hours.
- After signing and recording, ownership officially transfers.

Tips for a Smooth Closing

- Bring a valid photo ID.
- Review your Loan Estimate and Closing Disclosure before closing day.
- Confirm wire transfer instructions with the title/escrow office to prevent fraud.
- Be prepared for many signatures!