

# 7 Steps to a Stress-free Home Closing

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By: G. M. Filisko

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By doing homework in advance, you'll understand what you're asked to sign when you close the sale of your home.

You've already cleared several hurdles by finding the right home, negotiating the best price, and securing favorable financing. The last obstacle on your homebuying track is the closing, which can be both tedious and tense. By knowing what to expect and doing some legwork, you can put your closing behind you. These seven steps will guide you through a smooth closing.

## 1. Set a closing date

Your real estate agent will work with the seller's agent and title company to schedule your closing date. Be sure it meshes with the end of your lease or the sale of your existing home and a time when you'll be able to play hooky from work. If you're tight on cash, schedule your closing for the end of the month because that's when you'll have to pay the least amount of interest at the closing table.

## 2. Gather your funds

You may be required to bring funds to the closing. If they're not easily accessible, arrange early to transfer them to a liquid account to avoid last-minute problems. If the title company requires the funds in the form of a cashier's check, also leave time to stop by the bank and pick one up.

## 3. Purchase title insurance

Title insurance protects the policyholder against trouble with a home's title. Your lender will insist that you purchase a policy to protect it. You should also consider purchasing what's called an owner's title policy from the same insurer, which protects you from fraudulent claims against your ownership and errors in earlier sales. In some areas, sellers traditionally pay for the

buyer's title policy. Shop online at Closing.com (<http://www.closing.com>), EasyTitleQuote.com (<http://www.easytitlequote.com>), and FreeTitleQuote.com (<http://www.freetitlequote.com>). If your home has been sold within the past few years, ask the prior owner's insurance company for a reissue discount.

#### **4. Line up homeowners insurance**

Get quotes and compare policies to be sure coverage will be in effect by your closing date. An annual policy should run \$500-\$1,000, depending on your home's size, age, and amenities. If you live in an area where natural disasters occur, like earthquakes, floods, or hurricanes, you'll need separate insurance to protect your home.

#### **5. Review your good-faith estimate and HUD-1 settlement sheet**

Your lender must provide a good-faith estimate of your closing fees. Some of those fees can't change, and others can rise by 10%. Before you go to the closing, read your good-faith estimate, compare it with your HUD-1 settlement statement, and question any fees that increased.

#### **6. Do a walk-through**

Schedule an appointment to walk through the home one last time just before your closing. Make sure repairs you requested have been made, no major changes have occurred since you last viewed the property, and that the sellers left anything they agreed to leave and took all their belongings.

Also test electronics and appliances, such as the doorbell, dishwasher, washer and dryer, and oven, to ensure they're functioning properly. Do the same with the hot water heater and heating and air conditioning systems. Walk the yard to be sure no plants or shrubs have been removed.

#### **7. Resolve issues identified in your walk-through**

If your walk-through uncovers problems, in some states you can delay the closing until the seller corrects them. But that's often not feasible because your lease is probably over and you've already scheduled movers. Another

option is to negotiate a discount to your sales price to cover the cost of the work needed. If the air conditioning is on the fritz and a contractor says the repair will cost \$500, ask that the sales price be reduced by that amount. If you make that request at closing, however, be ready for a delay while the title company redoes the paperwork.

A third option: Have the title company hold a portion of the seller's proceeds in escrow until the dispute is resolved. Once that happens, the funds will be released to you or the seller, depending on the outcome.

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G.M. Filisko is an attorney and award-winning writer who has endured several property closings, but the easiest was done through the mail. A frequent contributor to many national publications including Bankrate.com, REALTOR<sup>®</sup> Magazine, and the American Bar Association Journal, she specializes in real estate, business, personal finance, and legal topics.



**Prudential**  
**NICOLAS ROMO**  
Foreclosure Prevention Specialist  
Bachelor of Science Degree  
California Uptown Realty  
12501 Philadelphia St., Whittier, CA 90601  
**(562) 373-5120**  
Fax: (562) 361-5058  
sellingcasas@gmail.com  
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