

Closing the Deal

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Closing is the last step in buying a home. Unless you are paying cash for the house, you cannot buy without backing from a lender, which comes in the form of a commitment letter. The lender will require that you have a homeowner's insurance policy on the property, so you will need to arrange this before the closing.

At closing

you will be asked how you want to hold the title, which basically refers to ownership. If you alone will own the house, it's sole ownership; joint tenancy applies when two or more people are purchasing, but each holds the right to dispose of his or her share. Tenancy in common applies when the property is owned jointly with an agreement that if one owner dies, the share goes to his or her heirs. Tenancy by entirety is only an option for married couples who will make joint financial decisions and, if one spouse dies, the property is inherited automatically by the survivor.

The down

payment is due at closing and must be provided in the form of a cashier's check. Usually there's already a deposit on the house being held in escrow by the real estate agent; the deposit is produced at closing and included in the down payment.

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costs are an aggregate of itty-bitty administrative fees incurred behind the scenes to process the loan, the appraisal, the title search, and so on. These many individual costs add up, but they are also beyond your control, so it's really a matter of accepting the inevitable early on. When you first apply for a loan, the lender is required by law to give you a Truth-in-Lending estimate of what the closing costs will be.

Costs

payable in connection with the loan alone include points, loan origination fee, assumption fee, application fee, credit report, appraisal fee, home inspection fee, and processing fee. Depending on the loan package you select, you may not have to pay points. Consider that one point is equal to about 1 percent of the loan adeliajos. This is negotiated when you decide on a lender.

The main

purpose of closing is to review and sign all appropriate documents. While it is essential that you understand everything you sign, it's not feasible to read through the volume of documents put before you on the actual day. Whenever possible, try to get documents you will be signing ahead of time so you can review them. This way, you can get your questions answered before you sign.

After

all signatures are on the dotted lines and the money is transferred to the proper accounts, you are finally the proud owner of a home. Many buyers make the mistake of thinking they can move out of the old and into the new on a very tight schedule. It's far wiser to give yourself a five- to seven-day overlap in case loan closing gets delayed or the seller doesn't meet the deadline. In the long run, paying a little extra rent is not nearly so expensive as holding up moving trucks and camping in hotels. Plus, you'll have that added peace of mind at a very nerve-wracking time.