



REAL ESTATE HERO

Final Walk Thru & Closing

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What Not to Overlook on a Final Walk-through

Be sure that:

- Repairs you've requested have been made. Obtain copies of paid bills and any related warranties.
- All items that were included in the sale price—draperies, lighting fixtures—are still there.
- Screens and storm windows are in place or stored.
- All appliances are operating.
- Intercom, doorbell, and alarm are operational.
- Hot water heater is working.
- HVAC is working.
- No plants or shrubs have been removed from the yard.
- Garage door opener and other remotes are available.
- Instruction books and warranties on appliances and fixtures are there.
- All personal items of the sellers and all debris have been removed.

Common Closing Costs for Buyers

The lender must disclose a good faith estimate of all settlement costs. A check to cover your closing costs will probably have to be a cashier's check. The title company or other entity conducting the closing will tell you the required amount for:

- Down payment
- Loan origination fees
- Points, or loan discount fees, you pay to receive a lower interest rate
- Appraisal fee
- Credit report
- Private mortgage insurance premium
- Insurance escrow for homeowners insurance, if being paid as part of the mortgage
- Property tax escrow, if being paid as part of the mortgage. Lenders keep funds for taxes and insurance in escrow accounts as they are paid with the mortgage, then pay the insurance or taxes for you.
- Deed recording fees
- Title insurance policy premiums ③ Survey
- Inspection fees—building inspection, termites, etc.
- Notary fees
- Proration's for your share of costs, such as utility bills and property taxes

A Note About Proration's: Because such costs are usually paid on either a monthly or yearly basis, you might have to pay a bill for services used by the sellers before they moved. Proration is a way for the sellers to pay you back or for you to pay them for bills they may have paid in advance. For example, the gas company usually sends a bill each month for the gas used during the previous month. But assume you buy the home on the 6th of the month. You would owe the gas company for only the days from the 6th to the end for the month. The seller would owe for the first five days. The bill would be prorated for the number of days in the month, and then each person would be responsible for the days of his or her ownership.

What to Keep From Your Closing

- The Real Estate Settlement Procedures Act (RESPA) statement. This form, sometimes called a HUD 1 statement, itemizes all the costs associated with the closing. You'll need this for income tax purposes and when you sell the home.
- The Truth in Lending Statement summarizes the terms of your mortgage loan.
- The mortgage and the note (two pieces of paper) spell out the legal terms of your mortgage obligation and the agreed-upon repayment terms.
- The deed transfers ownership of the property to you.
- Affidavits swearing to various statements by either party. For example, the sellers will often sign an affidavit stating that they have not incurred any liens on the property.
- Riders are amendments to the sales contract that affect your rights. For example, if you buy a condominium, you may have a rider outline the condo association's rules and restrictions.
- Insurance policies provide a record and proof of your coverage.

7 Terms to Watch for in a Purchase Contract

1. **The closing date.** See if the date the buyer wants to take title is reasonable for you.
2. **Date of possession.** See if the date the buyer wants to move in is reasonable for you.
3. **The earnest money.** Look for the largest earnest-money deposit possible; since it is forfeited if the buyer backs out, a large deposit is usually a good indication of a sincere buyer.
4. **Fixtures and personal property.** Check the list of items that the buyer expects to remain with the property and be sure it's acceptable.
5. **Repairs.** Determine what the requested repairs will cost and whether you're willing to do the work or would rather lower the price by that amount.
6. **Contingencies.** See what other factors the buyer wants met before the contract is final—inspections, selling a home, obtaining a mortgage, review of the contract by an attorney. Set time limits on contingencies so that they won't drag on and keep your sale from becoming final.
7. **The contract expiration date.** See how long you have to make a decision on the offer.

What You'll Net at Closing

To find out how much money you'll net from your house, add up your closing costs and subtract them from the sale price of the house.

<i>Closing Costs for Sellers</i>	
Mortgage payoff and outstanding interest	
Proration's for real estate taxes	
Proration's for utility bills, condo dues, and other items paid in arrears	
Closing fees charged by closing specialist	
Title policy fees	
Home inspections	
Attorney's fees	
Survey charge	
Transfer tax or other government registration fees	
Brokerage commission	
<i>Total</i>	

6 Items to Have on Hand for the New Owners

1. Owner's manuals for items left in the house.
2. Warranties for any items left in the house.
3. A list of local service providers—the best dry cleaner, yard service, etc.
4. Garage door opener.
5. Extra sets of house keys.
6. Code to burglar alarm and phone number of monitoring service if not discontinued.

