

How To Avoid Problems At Your Closing

It is important that you communicate with your Broker from the start and throughout the loan process. Mortgage Brokers see loans go awry on the day of funding often for reasons unbeknownst to the Broker and could have been prevented had they been addressed right away.

Q. How do we, as Mortgage Brokers break the mold?

A. Educate you, the consumer.

"Closing" or settlement is the final step in a real estate transaction. It is listed as one of the top ten problem areas, but it is possible for a closing to go smoothly if you take a few precautions. Knowing which questions to ask and reviewing all documents prior to your appointment with the Notary Public or Signing Agent prepares you for a hassle-free and smooth closing. Here are some other tips for you to consider during the process to avoid a stressful situation at the end. Contact our office immediately if you experience any of the following predicaments so we may manage any complications that could delay your closing or worse case, cause loan to be denied.

What should you do first?

Ideally, you have already pre-qualified with our office before you begin to search for a home. If you have entered into contract on a property and have not been pre-qualified, you shouldn't wait any longer.

After signing the Purchase Agreement and making your Earnest Money Deposit to an escrow account, you should ask which Title Company will be handling the title search and who will be preparing the closing documents. You will want to review the Preliminary Title Report and Escrow Instructions, and determine the manner in which you will hold title. Don't rely on second-hand advice. Consult your Accountant, Tax Attorney or Escrow Officer for the optimum way based on your circumstance. See [types of property ownership](#) for a brief overview.

Once your loan is approved and your interest rate is locked, your appraisal will be ordered. The Lender may ask you to provide additional documentation as a condition prior to issuing a final approval. It is important to return the outstanding items promptly for a timely close.

22730 Hawthorne Boulevard, Suite 103 ▪ Torrance, CA 90505

What is Title Insurance?

Title insurance protects you from any dishonest dealings, forgeries, divorce claims, or other peculiarities which may have occurred in the past. A grant deed by itself does not necessarily give you clear title to a property; there may be outstanding claims and rights which cannot possibly be determined from the deed alone. Easements, liens, and encumbrances are limitations or rights of others to your property.

If you will be obtaining a mortgage, you will be required to obtain two title insurance policies, one for the lender and one for yourself. You will be charged a "simultaneous issue" rate for both policies. The protection under your homeowner's title policy will continue for a long as you own the property. Even when an insured dies, his heirs or devisees remain protected under the terms of the policy. The lender's policy, on the other hand, remains in force only as long as the loan remains in place.

Don't neglect the important step of having the property inspected by a licensed building contractor or inspection service. Ask to see a current pest report on the property, the age and condition of the roof, plumbing, and electrical systems. Ask if the property is located in a flood zone and check the elevations. Negotiate any necessary repair work with the seller well in advance of your closing date. Disagreements over pest and corrective repair work often cause delays and problems at closing if not resolved beforehand.

Negotiate any "personal property" or "fixtures" you are expecting to remain with the house upon the sale and which items the seller may take with him.

Close your loan

After your loan is approved, you are ready to sign the final loan documents. Review the documents prior to signing and make sure that the interest rate and loan terms are what you were promised. Verify that the name and address on the loan documents are accurate. The signing takes place in front of a Notary Public and you will need to prove your identity at that time. There are also several fees associated with obtaining a mortgage and transferring property ownership which you will be expected to pay at closing. Bring a cashier's check for the down payment and closing costs if required. Generally, personal checks are not accepted. You will also need to show your homeowner's insurance policy and any other requirements such as flood insurance, plus proof of payment. Your loan will usually close soon after you have signed the loan documents. On a primary residence, refinance transaction federal law mandates a 3 day rescission period before your loan can close.

See Checklist for a [Smooth Loan Closing](#) Appointment.

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