

5 FAQs

About Closing



1. What is closing?

Also called settlement, closing is the legal transfer of property ownership. Occasionally, sellers may ask to close the sale but retain possession and pay rent to the buyer until vacating the property at a later date.

2. Who attends closing?

In most states, closings are in person, although remote closings are becoming more common. Your buyer's rep can provide details for your situation. The participants may include you and your agent, the seller and their agent, and each party's attorney.

Additionally, the closing agent, the title insurance representative, and the escrow agent attend closing. Often, one person fulfills all three roles, coordinating and recording the exchange of documents and money, disbursing funds, and handling various closing details.

3. Where is closing held?

Typically, closings are held at a title company's office. Their job is to confirm the current legal owner of the property, reveal any mortgages, liens, judgments, or unpaid taxes on the property, and identify any restrictions that may affect the sale of the property. Problems need to be corrected before a buyer can receive "good title."

4. What do I need to bring to closing?

Your buyer's rep will advise you, but buyers typically must provide a cashier's check for payment of the down payment and closing costs, proof of homeowners insurance, and a photo I.D.

If you're wiring funds for closing, beware of emails with last-minute changes to your payment or wiring instructions. It may be a scam.

5. What happens at closing?

You'll sign many documents in front of a notary, potentially including:

HUD-1 Settlement Statement – details all funds changing hands between the buyer and seller.

Truth-in-Lending Act (TILA) disclosure statement – a final summary of the terms of your loan.

Mortgage note – a legal obligation to repay the lender according to stated terms.

Deed of trust – the legal transfer of ownership, which also gives your lender a claim against your home in case you fail to meet the terms of your mortgage.

Affidavits – any binding statements by the buyer or seller.

Riders – any contract amendments that impact your rights.

Rely on your agent and potentially your attorney to review your closing documents and answer any questions you may have.

Once the documents are signed and monies have been paid, possession is transferred, and you receive the keys to your new home. The title company will ensure that the title is transferred at the county recorder's office.

Be sure to keep your closing documents in a safe place for future reference. Some of the expenses associated with your purchase may be tax-deductible.