# **CLOSING DAY FAQs**

Important Considerations When Buying & Selling Real Estate



## WHAT HAPPENS ON CLOSING DAY?

#### THE CLOSING DATE

The buyer will sign their closing paperwork on the date of the closing with their attorney. Typically, the seller will sign their closing paperwork with their attorney at an earlier date, and then the seller's attorney conveys that paperwork to the buyer's attorney on the closing date.

While the closing date is specified in the contract, it is an approximate date. Unless you are purchasing property in Fairfield County, most contracts do not contain a penalty for not closing on the date called for in the contract. Although both parties should be prepared to close on the contract closing date, the actual date and time is set by mutual agreement of the parties.

If there is a reason either party must close on a particular date, this must be communicated to the attorneys as early in the transaction as possible, preferably before contract signing, so that closing on the requested date can be achieved. When there is financing, the closing date is generally not scheduled until the buyer is issued a "clear to close" from their lender so it is important that the lender is also consulted in the closing date discussion.

Prior to the closing date, the buyer will be advised as to how much money they need to bring to the closing; this is called "cash to close". This amount represents the difference between the purchase price plus closing costs, including adjustments, and the loan amount. All "cash to close" funds should be sent by wire transfer. A buyer's cash to close funds are transmitted with the buyer's loan funds, if applicable, to a seller's attorney on the day of closing. Since the closing cannot be completed until the seller's attorney receives these funds, it is important to consult your bank about their wiring procedures and timing.



#### WHAT WILL HAPPEN AT THE CLOSING ITSELF?

#### **SELLER**

Most sellers will sign their sale paperwork in advance of the closing date. This paperwork includes the deed, a conveyance tax form, a title insurance affidavit, a non-foreign affidavit, as well as various other documents including forms insuring that any existing mortgage on the property will be paid off at closing. Because these documents must be notarized, they cannot be signed electronically. On the day of the closing, the seller should be sure to have vacated the property and removed all personal property and debris. When the closing is complete, the seller's attorney will transmit the sale proceeds to the seller.

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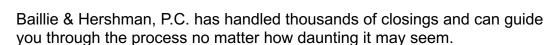
#### **BUYER**

Prior to going to the attorney's office, the buyer will need to wire their attorney the "cash to close funds" and do a final walk through of the property with their real estate agent. The purpose of the walk through is to insure the property is in the same condition as it was at the time of the home inspection and to confirm that any inspection items the seller agreed to address have been completed. This is also the buyer's opportunity to make sure the seller has vacated and removed all personal property. Any issues with the property condition discovered at the walk through should be reported to the attorney right away.

Buyers will meet with their attorney on the closing date to sign their closing paperwork. Mortgage lenders will require the mortgage to be notarized and the lender's closing paperwork must be signed on the day of closing; mortgage paperwork cannot be signed in advance. If a buyer cannot be present at the closing date, the lender may allow the buyer to grant a co-borrower or family member a power of attorney to sign on behalf of that buyer on the closing date. Once the closing paperwork is completed, the buyer's attorney will pay the seller's attorney by wire transfer. Once the seller's attorney receives this wire, the buyer will be allowed to take possession of the property.

#### WHAT ELSE DO I NEED TO KNOW?

There will be many questions that arise over the course of your real estate transaction. This pamphlet cannot answer or anticipate all of those questions, however, the attorneys and staff at Baillie & Hershman, P.C. have the knowledge and experience to address concerns as they arise.





This pamphlet is offered free by BAILLIE & HERSHMAN, P.C. and is intended to provide general information to help answer some of the questions you may have about buying and selling real estate.

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