



Home-Buying Process

Closing Day Procedures

Home-Buying Process: Closing Day Procedures

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By closing day you should have had a chance to read over your closing documents, had all your questions answered regarding your loan and made a final walk through of your new house.

You will need to have your down payment ready at closing. This money is usually requested in some type of certified funds such as a certified check. You should have received the specific amount before your loan closing.

In New Mexico, it is common to go to a title company to close your loan with an escrow officer. The title company is a neutral party in the home-buying process. They are primarily there to make sure the title of the house is free of any liens and to help close your mortgage loan. Your familiarity with the closing process will determine how quickly you will go through the signing of all your closing documents. If you are not familiar with the process and feel like you need the loan closing to go slower, do not hesitate to ask your escrow officer to explain the closing documents to your satisfaction. You can expect to see quite a few documents at the closing and, although all are important, you should pay particular attention to the following:

- **Settlement Statement (HUD-1)** - Gives the loan borrower an itemized statement of services provided and the fees charged to the buyer and/or seller for the transaction. There should be NO changes in this statement from the copy you received before.
- **Truth In Lending** – This is a document supplied by the lender and discloses the annual interest rate

of the loan. You will probably recognize this form because by law you should have received a copy of this document at least three days after your original loan application. Again, there should be NO changes in this document from the copy you received before.

- Note: Sometimes called the promissory note, this document discloses information such as the payment due date, date of first payment, and the specifics of how to make your mortgage payment. There also will be an explanation of the fees that will be assessed if the monthly payment is late, as well as the implications of violating the terms of the contract.
- **Mortgage** – This the document that is used to secure the property. The mortgage will reflect the full legal names of the buyers, how they will be taking ownership of the property, as well as the name of the financial institution that is financing the transaction. This document will be notarized at the time of closing and submitted for recording at the county clerk's office. If the borrower defaults on the loan, the financial institution will have the legal right to foreclose on the property.
- **First Payment Letter** – Provides the customer with information as to where and when his or her payment needs to be mailed.
- **Initial Escrow Letter** – Provides information on the specific amount that will be going into the escrow accounts and what will be paid out on an annual basis.
- **Title Insurance** – An insurance policy that

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guarantees the accuracy of the title search and protects against potential errors. Most lenders require the buyer to purchase title insurance to protect the lender against loss in the event of a title defect. This charge is included in the closing costs.

- **Owner's Policy** - A lender's title insurance policy does not protect you. Similarly, the prior owner's policy does not protect you. If you want to protect yourself from claims by others against your new home, you will need an owner's policy. When a claim does occur, it can be financially devastating to an owner who is uninsured. If you are going to buy an owner's policy, it is usually less expensive if you buy it at the same time and with the same insurer as the lender's policy.

For first-time homebuyers, it is common practice for some real estate professionals and loan officers to accompany you during your loan closing. Many times, all you need to do is ask and they will be more than happy to accompany you during this time.

One of the most exciting experiences of buying a new house is receiving the house keys. On closing day you will receive the keys as the new homeowner!

This resource is one in a series on the Home-Buying Process which include:

Financial Readiness

What Creditors Look For
Finding Mortgage Money
Types of Financial Institutions
Mortgage Options
Down Payment and Closing Costs
Pre-Qualification or Pre-Approval

Factors to Consider in Housing Selection

Personal Needs and Wants
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Type and Style of House
Type of Construction
Interior and Exterior Space
Special Needs
Building as an Option

Locating a House

Finding the House
Using Real Estate Professionals
Buying Direct From Owner

The Sales Contract

Components
Acceptance

Home Inspections

Reasons for Home Inspections
Locating an Inspector
What Inspections Include
Limits of Liability

The Mortgage Process

Loan Application Process
Approval or Rejection
The Mortgage Payment

Purchasing Homeowners Insurance

Before You Start Looking for a Home
Stability of the Insurance Company
Costs and Coverage
Customer Service

Warranties

The Closing

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