

# Checklist for Closing

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**Deadlines are critical in preparing for a closing. Be sure that you do not complete a task too late or too early.**

- o **Sales Contract is signed by all parties.** If necessary, you can have some parties sign one copy and other parties sign another copy. Each document is considered an “original” if it has an original signature.
- o **Earnest Money.** The earnest money deposit should be kept in an “escrow account.” If the seller keeps the deposit, it should not be co-mingled with the seller’s regular bank account. If the closing agent holds the deposit, ask if it can be held in an interest-bearing account; otherwise, it will not bear interest.
- o **Cooperate with the buyer’s lender.** The lender will probably request the original Sales Contract and an appraisal, title exam, and survey. Be sure that no one orders these items until verifying that the lender has not already ordered them--otherwise you may be paying two fees.

The lender will also need a variety of financial information from the buyer. The most common reason that loan approval is delayed is that the buyer does not provide this information quickly.

- o The seller should request a “loan commitment letter” from the lender so that the seller knows that the buyer’s loan has been approved. Otherwise, the seller may be keeping the house “off the market” in anticipation of a closing that will never happen.
- o **Choose a closing agent.** You may arrange a closing through a lawyer or a title company. Usually a seller is not allowed to select the closing agent. If the buyer is getting a loan, the lender may dictate who will handle the closing. Sometimes the lender does it “in house” and does not use a title company. If the buyer has a choice of closing agents, “shop around” by asking for estimates of costs.
- o **Arrange Inspections.** Determine what inspection reports are required by the Sales Contract.
  - o **Termite Inspection.** The seller is usually responsible for getting this inspection. Be sure that the inspector knows what the Sales Contract requires: Is the inspection only for “active infestation” or also for “ structural damage ”? *Don’t get the inspection report more than 30 days before closing.*
  - o **Septic Tank Inspection.** The seller is usually responsible for getting this inspection. It is typically done by the county health department. *Don’t get the inspection report more than 30 days before closing.*
  - o **Well Water Inspection.** The seller is usually responsible for getting this inspection. It is usually done by the county health department. *Don’t get the inspection report more than 30 days before closing.*
  - o **Home Inspection.** If the buyer wants a home inspection, the Sales Contract may impose deadlines about when the inspection may be done. NOTE: Tennessee does not “license” home inspectors. Choose an inspector carefully.

- o **Swimming Pool.** “Home inspections” often exclude the pool. A pool installation company may do this inspection.
- o **Appraisal.** Schedule a time for the appraiser to see the house.
- o **Survey.** If the seller already has an old survey, give a copy to the new surveyor. *Don't get the survey more than 30 days before closing.*
- o **Title Exam.** If the buyer's lender orders a title exam, it will not protect the buyer. The buyer must make sure that the title examiner also provides protection for the buyer, either through a title opinion addressed to the buyer or by an “owner's title insurance policy.” The title examiner selected by the lender may also provide the buyer's protection.
- o **Homeowners Insurance.** Even if the buyer's lender only requires “hazard insurance,” the buyer will want expanded “homeowner's” coverage. The lender may not select the insurance company, but the lender may require the company to have a particular “rating.” The insurance coverage does not have to equal the purchase price for the house--coverage must include the value of the home, but it need not include the value of the land.

o **Talk to the Closing Agent.** Be sure that the closing agent has

- o A copy of the Sales Contract.
- o Copies of all invoices for inspections.
- o Information about other charges that will be paid at closing.
- o Information about all mortgages and other liens against the property, including the name of the lender, the lender's phone number, and the account number.
- o Information about any homeowner association fees, including the name and phone number of the association secretary.

Don't make assumptions about what the closing agent is doing:

- o If a lender is not ordering inspections, the closing agent *can--if you request it.*
- o The closing agent will usually prepare a deed for the seller to sign as well as a closing statement and any owner-financing documents. If the seller has arranged for the seller's lawyer to prepare the deed or other closing documents, tell the closing agent not to.

o **Schedule Movers.** In theory, the seller should be out by closing, so the buyer can move in immediately. However, this is rarely practical. The buyer and seller must coordinate when the buyer will actually have physical access to the property.

o **Schedule the “Final Walk Through.”** The buyer will want to make a final “walk through” inspection of the house before closing. Ideally, the inspection should be made after the seller's furniture has been removed. If there are any problems, the buyer should make a written list to discuss with the seller.

o **Bring “guaranteed funds.”** The buyer will need to bring a certified check or other type of certified funds to closing. If the buyer is wiring funds to the closing agent's account, be sure that the wire is requested at least 24 hours before closing.