

The Basic Steps at Closing

Closing the real estate transaction is basically the investigation made or actions taken by either a title agent or title attorney before the actual issuance of the title policy. There are five basic steps that usually followed in somewhat the same order in every real estate transaction. Although it is not the job of the title agent or title attorney to cure defects in or problems with the title to the property or perform escrow or other services outside of closing the transaction, title agents and title attorney help in these matters on a somewhat regular basis.

Step 1

Starting the process

A sales contract is signed by the buyer and seller and delivered to the closing agent, usually with a deposit check. The escrow is accepted by the escrow agent, usually by written notation on the contract. The escrow agent starts the closing process by opening a title order. The file begins to be processed. Tax information, loan payoffs, survey (if necessary), homeowner/maintenance fees, inspections/reports, and hazard and other insurances as well as legal papers are ordered. A title search is ordered.

Step 2

Title search and examination

This is a search made of the public records. Records searched include deeds, mortgages, paving assessments, liens, wills, divorce settlements and other documents affecting title to the property. Title examination is the examination of the documents found during the title search that affect the title to the property. This is when verification of the legal owner is made and the debts owed against the property are determined. Upon completion of the search and examination, a title commitment/preliminary report is prepared and reviewed and sent out to interested parties.

Step 3

Document preparation and/or request to produce

The closing agent reviews the new lender's instructions/requirements, reviews instructions from other parties to the transaction, reviews legal and loan documents, assembles charges, and prepares closing statements and schedules the closing.

Step 4

Settlement/closing the transaction

Escrow/settlement agent oversees closing of the transaction. Seller signs the deed and closing affidavit. Buyer signs the new note and mortgage. The old loan is paid off. Seller, real estate professionals, attorneys and other parties present at the closing of the transaction are paid.

Step 5

Post-closing

After the signing has been completed, the escrow/settlement agent will forward payment to any prior lender, and pay all parties who performed services in connection with your closing (if they have not been paid). The transaction documents are recorded in the county in which the property is located. Title insurance policies are prepared and sent to the new lender and to you. This all happens without any further actions by the buyer or seller.