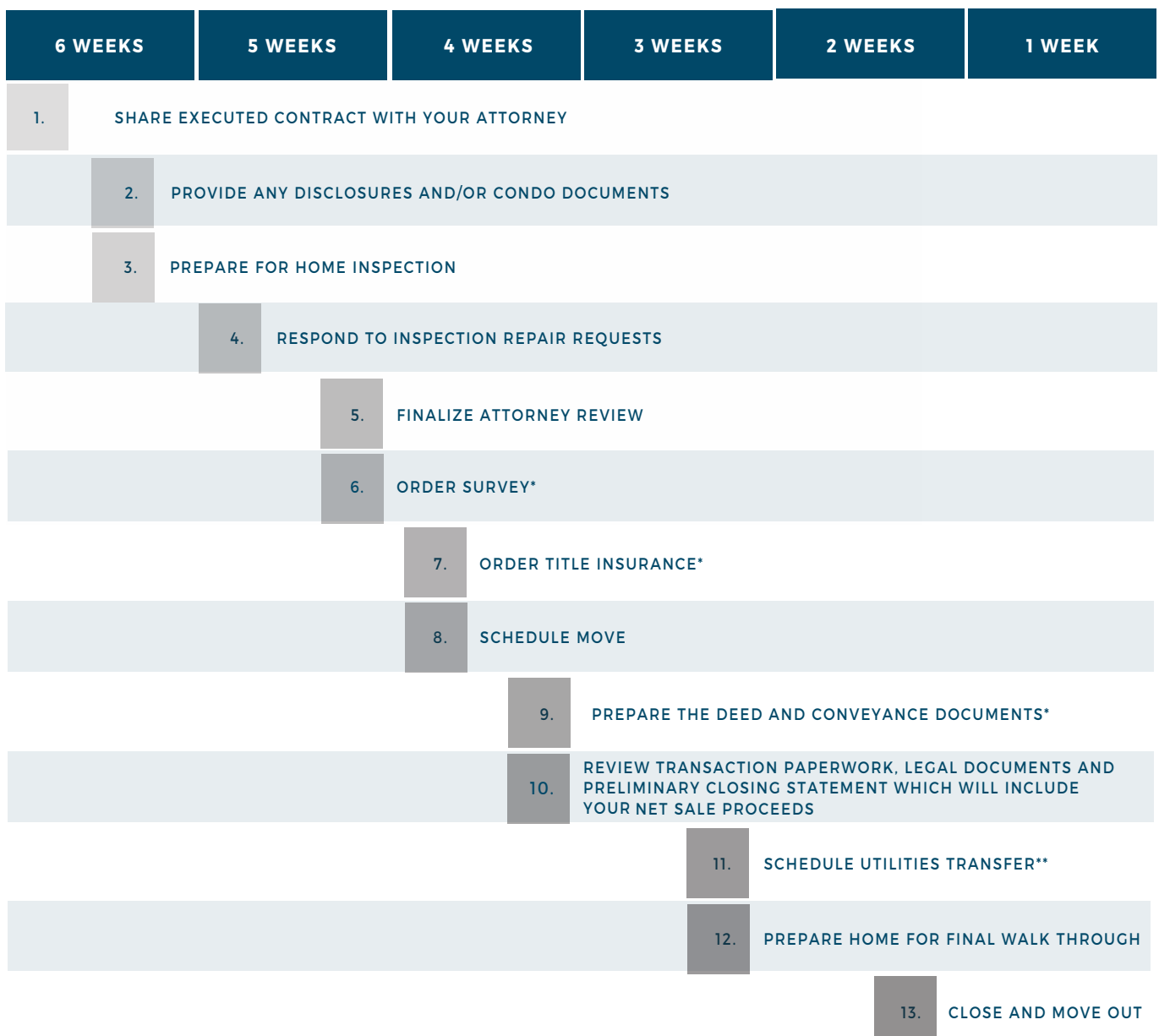




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Sellers: Countdown to Close

Congratulations on accepting a purchase offer on your home! Now it is time to navigate the closing process and ensure a successful conclusion. The following graph summarizes the required action steps. There may be additional steps that are specific to your situation. We and your attorney are here to serve as guides and advisors throughout this process.



*Typically managed by your attorney

**We recommend you schedule utilities to be shut off the day after closing so there are no issues with the power or gas being off at final walkthrough and no interruptions in service for the buyer.



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Attorney Review and Other Sales Contingencies

The execution of the purchase contract signifies the beginning of attorney review. This period typically lasts five to seven days—a time when buyers scrutinize the home through an inspection and, for condominiums and Homeowners' Associations, study condo documents, budgets and disclosures to ascertain the financial health of the building and association. This is the period when buyers may exit a contract obligation without fear of penalty, with a full refund of earnest money on deposit. Though less common, sellers reserve this right, as well.

Other Common Contingencies:

Financing: Most contracts include a mortgage contingency, requiring a lending institution's full approval of the mortgage for purchase. This is different than a pre-approval letter and requires additional document review and approvals. Mortgage contingencies are the most common reason for closing delays. There are additional approval criteria for condominium buildings as the lender will also need to do a condo review and approve the financial health of the building and association.

Appraisal: All mortgaged purchases require an appraisal to complete the approval process. In shifting markets where home sale prices are increasing more quickly than market comps indicate, there can be issues with appraisals coming in lower than agreed purchase price. In these instances, either a purchaser makes up the difference in appraised amount, the sales price is renegotiated, or the deal falls apart. The holder of greater leverage in a given transaction often dictates preferred outcome.

Inspection Issues: Most home buyers require an inspection as part of their purchase. Inspection reports that reveal many issues with the home or those performed by a zealous inspector can result in additional expenses for the seller or buyer credits at close. We often recommend pre-market inspections for our sellers to get ahead of any potential problems and enhance the market appeal of their property.



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Title

Title preparation is an essential component of real estate transactions. A title is a document verifying ownership of a property and the legal right to sell the property. Title searches are performed by the seller's attorney and are warranted with a title commitment by the title company at closing.

Closing Documents

Your attorney will prepare several documents for execution at closing (Usually sellers do NOT attend closing and your attorney will prepare these documents for you to pre-sign prior to the scheduled closing date):

- The Deed: The document filed with the Recorder of Deeds office that transfers the title from the buyer to the seller.
- The Affidavit of Title: A sworn statement by the seller explicitly stating any known legal issues with the property or encumbrances on the seller's title.
- Bill of Sale: A receipt, showing that the Seller received all required payment for the sale of the property.
- ALTA Statement: An ALTA statement, like an Affidavit of Title, is the sworn statement of the seller disclosing any known problems with their title to the property, such as unpaid contractors or judgement liens.
- Transfer Tax Forms: Transfer tax forms show the amount paid for buyer as consideration for the property for the purposes of calculating transfer taxes.
- Settlement Statement: A settlement statement lays out an itemized list of all debits and credits changing hands in the transaction including by whom and to whom they are to be paid. Your attorney will usually send you a preliminary closing statement a few days prior to closing with the net sale proceeds after all debits and credits are calculated. If you need an estimated settlement statement earlier in the process, for example, if you are buying a new home with the sale proceeds and you or your lender need to know what the net sale proceeds will be for your loan approval process, please let your attorney know so they can prepare an estimate for you sooner.



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Closing Costs for Sellers

Sellers are responsible for paying a variety of expenses involved in the closing. In addition to the remaining mortgage balance (if applicable), sellers can expect to pay 5-10% of the home sale price in closing costs. If the sale of the property is less than the total balance due, the remainder is often deposited into an escrow account by the seller prior to the closing. Below are some of the typical closing expenses for sellers:

- Real estate agent commission
- Title insurance fees
- State*
- Title company closing fees
- Outstanding HOA dues**
- Real estate attorney fees
- Property taxes***

After Closing:

After signing the closing paperwork, the title is transferred, and the keys are turned over to the buyer. It is finally time for you to receive the remaining balance of the property sale funds.

- Verify that the proceeds of the sale are correctly deposited into your account.
- Cancel your homeowner's insurance policy.
- Keep your closing paperwork in a safe location.
- Change your address with the USPS and forward your mail.