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Getting Ready for the “Closing” - Buyer

FINALLY!! You made it through the Financing Pre-Qualification process... You made it through the process of finding your new home... You made it through the home purchase contract negotiations... You made it through the home inspection... You made it through the formal Loan Application process... You even made it through the seemingly endless requests for documentation from underwriters... Finally your loan officer has indicated your purchase loan is “Clear To Close”. Congratulations!!

Now what?

You are about to complete the purchase of your home. Completion happens at an event called a “Closing” and is conducted by a “Settlement Agent”. The Settlement Agent is typically a representative from a Title Company who is responsible for, among many things, ensuring all parties at the closing have proper identification; are there of their own free will; and that all monies and securities are present and available for disbursement.

Prior to the Closing, the Settlement Agent will contact all parties, including the sellers and the sellers’ Real Estate Agent; you and your Real Estate Agent; and possibly one or more attorneys to arrange for a mutually convenient time and location for the closing.

At your closing, the Settlement Agent will have a large pile of papers for you to sign and generally a much smaller pile of papers for the sellers to sign.

After all papers are signed, and just when the drum roll begins and the sellers are getting ready to hand you the keys, the Settlement Agent will turn to you and ask you for the check... What check?? Hmmm... That’s a really good question...

At the beginning of the purchase contract process, most buyers give the seller(s) a deposit to hold while they do their due diligence and while they secure the financing for their home. That deposit is called the Earnest Money Deposit (EMD). For most transactions, the EMD doesn’t cover the required final amount for down payment, closing costs, prepaids, and possibly other settlement charges. The “check” the Settlement Agent requests at closing is for the difference between what is needed to cover your investment (which includes the down payment, closing costs, prepaids and possibly other settlement charges) and the original EMD.

As you get ready to move into your new home and your “Closing” date approaches, please contact your Real Estate Agent to get final instructions for utility transfers, moving company instructions, renovation scheduling, and anything else about your physical move... Also, expect a call from your Settlement Agent to inform you of the final check amount and who to make that check out to... Generally, the check must be a bank check but often other arrangements can be made that are suitable to the Settlement Agent. Please follow your Settlement Agent’s instructions and ask any Settlement related questions of your Settlement Agent.

May I suggest one final thing... On the evening before your closing, get a good night’s sleep and don’t sleep on your writing arm as you will need it to be well rested on your day of closing.

Best of luck at your closing... Congratulations! You made it!

This information has been provided by the Mortgage Bankers and Brokers Association of New Hampshire (MBBA-NH) in conjunction with the New Hampshire Union Leader. Any questions about the content should be directed to the MBBA-NH at 6 Garvins Falls Road, Suite 106, Concord, NH 03301, email at info@mbba-nh.org, website mbba-nh.org. Article written by: Rick Herrick (NMLS #48452), CMP, Branch Manager, and Sr. Loan Officer at Norcom Mortgage, Bedford, NH (NMLS #71655). Rick is also President Elect of the Mortgage Bankers and Brokers Association of NH.