

# UNDERSTANDING THE CLOSING PROCESS



## FIRST INTEGRITY TITLE WORKING BEHIND THE SCENES TO ENSURE EVERYTHING RUNS SMOOTHLY.

When purchasing a home, there are so many details to take care of that it can feel overwhelming. The last thing you need to worry about is a problem with your closing. This is where First Integrity Title steps in to handle the details and make sure everything runs smoothly.

The behind-the-scenes work begins as soon as your offer is accepted by the seller, which can be anywhere from 30 days to three months before the closing. Here's how the closing process typically works.

If you are working with a real estate agent, he or she will place an order with a First Integrity Title as soon as your sales contract is accepted. Most homebuyers rely on their real estate agent to select a settlement agent—someone they work with regularly and know to be professional, reliable and efficient. However, homebuyers can choose their own settlement agent if they wish.

First Integrity Title will oversee the closing process and make sure everything happens in the right order and on time, without unnecessary delays or glitches.

First, a mutually executed contract is delivered to First Integrity Title for review and to provide First Integrity Title with instructions as to how to prepare the closing. First Integrity Title will also put your earnest money deposit into its escrow account, where the funds will remain until the time of closing.

Next the preliminary title work is done. First Integrity Title conducts a search of the land records to provide a clear snapshot of the impairments on title to the property including any encumbrances such as liens, easements, covenants, etc. This process leads to the issuance of title insurance for the homebuyer and if applicable, their lender.

There are two kinds of title insurance coverage—a Loan Policy, which covers the lender for the amount of the mortgage loan, and an Owner's Policy, which covers the homebuyer for the amount of the purchase price. If you are obtaining a loan, the lender will require that you purchase a Loan Policy. However, it only protects the lender. We always recommend you obtain an Owner's Policy to protect your investment. In Colorado it is customary for the Seller in the transaction to pay for the costs of the homebuyer's Owner's

policy, which is a one-time premium and the protection lasts for as long as the homebuyer owns the property. Once the preliminary title work is complete, First Integrity Title will issue a title commitment. Meanwhile, First Integrity Title's Escrow Officer is simultaneously coordinating other important details. If the contract calls for a prior mortgage to be paid off, our Escrow Officer will order payoff figures from the existing lender. Other tasks typically include verification of taxes paid, HOA status letter requests, and transfer of water and sewer. Each closing is unique, which is why it requires a skilled professional to oversee the process.

Any problems or discrepancies discovered by First Integrity Title's escrow team are reported to the appropriate parties so that they can be corrected. Our Escrow Officer's role is to facilitate cooperation, coordination, and compliance between all of the settlement service providers.

If you are obtaining a loan, your lender has three days from the time of the loan application to provide you with a Good Faith Estimate of your loan costs. Keep in mind this is just an estimate. The final costs will be outlined on the HUD-1 Settlement Statement prepared by your settlement agent. Items shown on a typical HUD-1 include costs paid at closing as well as pre-paid costs such as your earnest money deposit, hazard insurance, mortgage insurance, and tax escrows.

As closing day approaches, First Integrity Title orders any updated information that may be required. Once we are satisfied that the paperwork is in order, our Escrow Officer confirms the date, time, and location of the closing with all the parties involved.

On closing day, all of the behind-the-scenes work is done. While you've been busy packing, ordering utilities and coordinating the movers, the closing process has been happening behind the scenes so that your new home is ready for you to move in.