



CLOSING CHECKLIST BUYERS/SELLERS

Compliments of:
Eva Morrow



Eva Morrow
Associate Broker

www.michiganhomes.net

Planning now ensures a smooth closing!

Items needed at closing:

1. Driver's license or passport
2. A certified check written in buyer's name
3. Personal check book just in case there is a slight error with the certified check amount
4. Homeowners insurance binder with a one year paid receipt. (condominiums are of course excepted)
5. Both husband and wife present at the closing in most cases.
6. Any documentation regarding the house, purchase agreement, owners manuals, garage door opener and key.
7. An executed and notarized power of attorney if one of the parties can not be present.

Obligations prior closing:

1. **Buyer shall have a 24 hour walk through** of the property prior to closing and/or possession to ensure the condition is the same as the day the purchase agreement was executed.
2. **Reviewing closing costs and mortgage documents.** The buyer needs to discuss all closing costs with his/her lender and request all documentation he/she wishes to review in detail prior to signing. Review interest and APR rates, truth in lending documents, final closing costs and all related documents and obtain your lender's assurance that the numbers will not change at the closing table! Believe it or not, this can happen! It is also important to ask your lender for a mortgage survey if you want to have one completed. Today, most lenders no longer require a mortgage survey.
3. **Reviewing documents ahead of time will ensure a timely closing.** Most title companies usually allow one

hour for the process. If review of mortgage documents such as the mortgage and note are desired, please make arrangements to view these documents with your lender prior to the closing.

4. **Reviewing real estate documents prior to closing.** In most cases, the entire closing package is not provided to the buyer's and sellers until approximately 3 to 5 days prior to the closing. The timing is tight due to the fact that most lenders do not process the loan documents until 7 to 10 days prior to closing and this information must then be transferred to the title company who then prepares the final documents for signature. We will contact you as soon as the real estate documents are available to us and review them with you. We will also remind you at this time to review the final numbers with your lender.
 5. **Buyer's verification of the pre-closing documents** Please keep in mind that the package you receive from the real estate company does not include your lender's closing costs! The purpose of the real estate package is to review
 - *Earnest Money deposit
 - *Tax Pro-rations
 - *Purchase Price
 - *Concessions
 - *Purchase Agreement
 - *Items included in Sale
 - *Verification of correct name spelling (name should match your driver's license signature) on the paper work and especially on the deed.
- *Sellers** to verify mortgage payoff amount with their lending institutions
***Sellers** should pay the final mortgage payment if the closing is scheduled after the 15th of the month

***Sellers** should verify property tax payments

***Sellers** should verify trash, water, association or special assessment payments/pro-rations

6. If you have an attorney and want an attorney's package, please let us know ahead of time so the title company can be instructed to forward the documents to your attorney in time for review.
7. **Seller shall leave the property "broom clean" and remove all personal items not directly attached to the house.** The seller shall complete all negotiated repairs and have work orders for those repairs at closing.
8. **Utilities** All utilities are paid by seller to the final day of possession. Both the **buyer and the seller** need to call the utility companies on that day to transfer ownership. The water bill is handled differently. If the seller is able to obtain a final water bill and bring a paid receipt to the closing, money will not be held from the seller's proceeds. If the seller is still occupying the property after closing, 200-300 dollars shall be held from the seller's proceeds at closing and a meter reading must be obtained at the time of vacating the property.



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Closing Checklist

You've purchased or sold your house!!!



Avoiding title issues & problems before the closing!



Providing all possible information ahead of time will avoid "closing hang ups!"

1. Seller should inform his/her realtor of all mortgages, equity lines and or possible liens on the property including all lines of credit, tax and special assessment issues. These items need to be cleared and paid from the title prior to or at the closing.
2. The title work is often ordered during the first month of the listing period. The initial title policy will show all existing encumbrances. In many cases, previously closed second lines of credit or past mortgage holders are still on the title policy because they have not been discharged. It is important to review the title policy as soon as possible to give the title company enough time to correct all unforeseeable errors. If these issues occur, it will be extremely helpful for sellers to have records available of past closing and or re-finance documents.
3. All special assessments such as city water, sewer, road paving, association etc must also be disclosed and discussed.
4. If the seller has occupied the property 3 years or less, and can provide the original title policy for the home, the title company will issue a 10% credit as long as that title policy is provided to us 30 days prior to closing.

Phone Numbers to transfer utilities

Usually utilities are paid to the day of possession.

Detroit Energy (Gas) 1-800-477-4747 Consumers Power (Electric) 1-800-477-5050

Water Departments:

Area Code (248) Beverly Hills 646-6404 Birmingham 644-3800 Bloomfield 433-7311 Farmington Hills 858-1110 Farmington 474-5500 (Oak land Cnty) Novi 347-0495 Northville 449-9930 Royal Oak 544-6660 Southfield 354-7354 Southfield Twp 796-4850 Troy 524-3520 West Bloomfield 451-4780 Rochester Hills 656-4685 Waterford 674-2278

Local Phone—Call two weeks prior to possession. Local Cable/DLS—Call two weeks prior to possession.

AT & T: 800-257-0902 Comcast Cable: 855-6971 Time Warner Cable: 866-849-1945

Go to Local.Com to quickly find most local businesses near you.

Occupancy

Possession

1. Funds will be held from the seller's proceeds at closing for occupancy costs. Occupancy costs end for the seller the day the seller turns over the keys.
2. Both buyer and seller usually discuss possession arrangements at the closing.
3. If the seller occupies the property after closing, he/she needs to sign a key exchange form, the day of vacating the home and take the form along with the keys to the listing agent's office.
4. The buyers shall also sign the form when picking up the keys. For convenience, this process often takes place at the property address. It is very important for all parties to sign the form and give the form to their realtors. The title company will not release any escrow funds without both buyer and seller signatures on this "Key Exchange form"

Download the Michigan Change of Address/Voter Registration Form online at

www.michiganhomes.net

and easily change your address!

Buyer's: Call for phone and cable hook up 2 weeks prior to possession. It can take some time to schedule these appointments!



Estate Sales/Personal Property Sales/Permanent Fixtures

If the seller plans on having an estate sale this ideally should be done prior to the seller entering into a purchase agreement with the buyer. However, there are times when the seller decides to have the sale after the house is in contract. If this is the case, all parties should be notified and the buyer should have the first opportunity to bid on any items. Often the seller wants to sell personal items along with the house such as furniture, paintings and decorations. If the seller

wishes to do this, a list should be provided to the buyer and the buyer will provide a personal check to the seller at closing for all negotiated items.

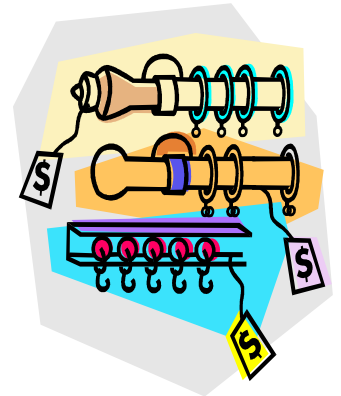
In the event the seller wishes to exclude a permanent fixture, this list must be provided prior to the negotiations. Common items in dispute are: Speakers, Plasma TV's, Mirrors, decorative wall shelving. Fireplace enclosures and grates and even certain landscaping items such as boulders, rose bushes etc. It is very important both buyers and sell-

ers understand what items are included with the sale and which items do not.

5 Basic rules apply, view the complete article on our web site at www.michiganhomes.net

Also, make sure to ask if water softeners are rented! Sometimes this item is forgotten and it should be disclosed to the buyers prior to negotiations.

A "fixture" is moveable personal property that has become permanently attached to the land or structure, such as with bolts, nails, screws, cement, glue or other attachment method, to transform it into real property.



What does the Title Company Need?

1. If parties are divorcing or have recently divorced but both names are on title the title company will need to review the divorce decree prior to closing
2. If the property is held in a trust, the title company will need to review the trust documents prior to closing.
3. If a prior mortgage that was paid off a long time ago shows up on the title, it has

not been "discharged" by the previous title company at the last sale. When this happens it is important for the seller to provide previous closing documents and the title company who closed the last deal.

4. It is also important for buyers and sellers to be able to provide proof of their social security numbers and correct name spellings.

5. Payoff Authorization: the

seller must sign this form in order to give the title company permission to obtain the final loan payoff amount.

6. Home Warranty: If this is included, we want to make sure it is a part of the final closing package.

7. The name of the Home Owners Association Treasurer

8. The name of the Condominium association Management Company

The most critical fixture rule is the method of attachment. If the item is nailed, bolted, glued, wired, built-in or cemented to the structure or the land, it is probably a fixture, which is automatically included in the sales price (unless excluded in the sales contract).

Keeping the house in the same condition...

- Open or Winterize Sprinkler Systems prior to closing if weather demands
- Clean gutters if needed
- Maintain landscaping
- Make sure all building permits have been closed

out if a recent remodel has been completed.

- If an item breaks prior to closing, this must be disclosed to the buyer and documentation of the repair should also be disclosed.

- Warranties for all newer items should be transferred to the new buyer; including: B-Dry Systems - water proofing, Roof & window replacements, home appliances or other home repairs.



Are the speakers included or excluded!



Filing the proper forms after closing

1. **Property Transfer Affidavit.**

This form must be filed by the new buyer within 45 days of the closing in order to avoid a 5.00/day fine up to a maximum of \$200.00. This form is filed whenever real estate is transferred to a new owner. It is used by the assessor for that city or township to ensure that the property is assessed properly and receives the correct taxable value.

2. **Homeowner's Principal Residence Exemption Affidavit.**

This document is very important to the new buyer because in Michigan, if you own and occupy your principal residence, it may be exempt from a

portion of your local school operating taxes. For this reason, it is also important to know that the property being purchased is homesteaded at the time of purchase. If it is not, the taxes paid are normally higher for the first year of ownership and the buyer should be aware of this. This form must be filed by the new buyer at the same time the property transfer affidavit is filed.

3. **Request to Rescind Homeowner's Principal Residence Exemption:**

This form needs to be filed by the seller after closing, allowing the new buyer to claim the home as their new primary residence. Many times, the

seller allows the buyer to file this form on their behalf since the buyer has to obtain proof of filing forms 1 and 2 by obtaining time stamped copies at the local assessors office.

4. **Address Change Form :** This form can be downloaded from the site below and helps you transfer your new address to your driver's license by mail rather than standing in line at the local Secretary of State. Just log on to our web site at www.michiganhomes.net or the following government site:

www.michigan.gov/treasury

Or call 1-800-827-4000

Providing my Clients with the information they need is important to me.

I know how important it is to be informed. The items and issues on this closing check list have been compiled over the years with the knowledge that each transaction is different and unique. Anticipating the various issues ahead of time is crucial to completing smooth real estate transactions. I hope that this list is informative and helps all parties from buyers to sellers to realtors to lenders to title companies look ahead and anticipate any possible issues that may interfere with the end result - A Smooth Closing Day! -

Eva Morrow

Exclusions

Sellers sometimes forget to include valuable Exclusions and buyers often assume these items are included. Clarification on the contract is critical

- Play Equipment
- Boat Docks
- Swings
- Door Knockers
- Chandeliers
- Mirrors
- Decorative/Sentimental items
- Decorative Shades
- Speakers

Prior to selling, take the time to walk through each room and consider all items which are permanently attached. It is often best to remove the items not staying with the home prior to listing so buyers don't make the wrong assumptions.