



RE07R19: Closing and Settlement

Role of the Closing/Settlement in the Real Estate Cycle: Listing, Showing, Offer and Acceptance, Purchase & Sale Agreement, Home Inspection, Financing & Appraisal, Title Search, Closing/Settlement

I. RESPA -Real Estate Settlement Procedures Act

- A. History
- B. TIL
- C. TRID
 - a. Closing estimate
 - b. Closing disclosure

II. Steps to Prepare Your Clients for TRID

- A. CFPD Consumer Financial Protection Bureau

III. Sellers Closing Cost and Responsibilities

- A. Deed
 - a. Quitclaim deed
 - b. Warranty deed
- B. Land Court Title/Registered
- C. Real Estate Commission
- D. Municipal Lien Certificate (MLC)
 - a. Prorations of Water, Sewer & Taxes, fuel etc. (math examples)
- E. Recording Fees
 - a. Discharge of Mortgage
 - b. M.L.C.
- F. Sellers Attorney Fees
- G. Mortgage Payoff

- a. Wiring or Overnight Payoff Check
- H. Urea Formaldehyde Foam Insulation Certificate (UFFI) Certificate / Lender Requirements
- I. Smoke Detector/Carbon Monoxide Certificate
- J. Excise Tax Stamps
- K. Title V (if applicable)
- L. Lead Paint Forms
- M. Certificate of Occupancy
 - a. Order of Conditions / Board of Health
- N. Condo
 - a. Condo Documents / Master Deed, By-Laws, Rules and Regulations, Master Insurance, Minutes of last meetings, Budget
 - b. 6D Certificate
 - c. Condo Reserve Fund
 - d. Title V (shared system)
- IV. **Buyers Closing Costs and Responsibilities:**
 - A. Real Estate Commission*
 - B. Home Inspection costs
 - a. Lead Paint
 - b. Radon
 - c. Pest
 - C. Bank Application Fee
 - D. Appraisal Fee
 - E. Plot Plan
 - F. Financing Points



- G. Fuel Adjustment
- H. Buyers Attorney Fees
- I. Insurance & Tax
 - a. Flood Insurance *
 - b. Private Mortgage Insurance (PMI)
 - c. Home Owners Insurance (HO6 Insurance in a condo)
 - d. Title Insurance (lenders and owners)
 - e. Tax Escrow
- J. Bank Attorney Fees (Title Search)
- K. UFFI Certificate / Lender Requirements
- L. Recording Fee
 - a. Mortgage Deed
 - b. Mortgage Note
- M. Condo
 - a. Advance Condo Fee
 - b. Condo Reserve Fund (transfer or assign)
 - c. Master Insurance Policy
 - d. By-Laws & Rules and Regulations

V. Documents at Closing:

- A. Deed
- B. Mortgage
- C. Mortgage Note
- D. Mortgage Discharge
- E. Municipal Lien Certificate

- F. Attorney Certification of Title
- G. Closing Disclosure
- H. UFFI Statement, Flood Certification
- I. Plot Plan
- J. Insurance Policy / Binder
- K. Lead Paint Certification
- L. Smoke Detector / Carbon Monoxide Certificate
 - a. Certificate of Compliance
- M. Loan disclosure/Closing disclosure
- N. Affidavit or Amendatory of Purchase & Vendor
- O. W-9's
- P. Application Form
- Q. Commitment Letter
- R. Title Insurance
 - a. For Probate Properties and Death Certificate or Power of Attorney and Power to Sell IRS,
 - b. Estate Liens (consult attorney)
 - c. Condo

VI. Closing Disclosure Replaces Settlement Statement:

- A. Sellers Closing Disclosure/ Buyers Closing Disclosure
- B. Recommended for class / case discussion
- C. EXCEPTION- Cash sales can still use the standard HUD 1 closing paperwork

VII. Broker's Role and Impact on the Closing Process at the Following Stages:

- A. Listing
- B. Showing



- C. Offer
- D. Purchase and Sale Agreement
 - a. Short Sale Addendum if necessary / if third Party Approval Required
- E. Home Inspection
- F. Bank Application and Approval
- G. Bank Appraiser
- H. Bank Attorney (Title Search)
- I. Walk thru (Buyer Agent and Buyer)
- J. Scheduling of Closing
 - a. Utility Transfer
 - b. Seller calls their Insurance Company to cancel

VIII. RESPA Concerns & Possible Violations

- A. Suggested Handouts
 - a. Loan Disclosure
 - b. Closing Disclosure
- B. Resources:
 - a. CFPB website
 - b. RESPA- FAQ

IX. E Closings

- A. Currently considered a Hybrid closing in MA
- B. Massachusetts does not recognize e-notaries
 - a. Wet print the notary docs and upload