

## **Seller's Step – From Contract to Close**

So you've accepted their offer and have signed the contract to sell your home. This afternoon the "Sale Pending" sign went up. Everyone got excited and maybe there was even a nice dinner to celebrate. Now it's the next morning (and let's pretend you aren't hungover), and now you start wondering what's next? Don't worry – you are in the same position a lot of other first time, and even repeat, homeowners are in. The hard part is done, right? Your REALTOR® found the perfect buyers and now you just sit back and relax till the close date, right? Wrong!!!

The checklist remaining in front of you can be quite long actually. But don't worry – that's where specialists like the REALTORS® at NextHome Top Shelf Realty come in. NHTSR has the experience to smoothly and professionally guide you through all the steps "from contract to close."

### **Let's review the steps you've taken to get to this point:**

You decided to sell your home. You asked around and all your friends overwhelmingly shouted the same name. So, you made the wisest choice and hired NHTSR to sell your home. Your agent was a blessing; some even used the word miraculous. Your agent came out to your home often and helped guide you during the staging process for professional photos and open houses. Your agent's Comparative Market Analysis (CMA) provided an accurate price and a strong listing strategy. Your home was magnificently marketed and amazingly advertised. As a result, you quickly received multiple offers. You reviewed all offers with your exceedingly knowledgeable agent, and you decided which contract to accept. Your agent put the "Sale Pending" sign in the front yard and updated the online resources. And now here we are...

### **So what's next?**

Do we just hang out until closing and then sign a couple papers and go home and start packing? As a fellow 'Nole would say (and it's probably trademarked, so please don't tell ESPN I used it), "Not so fast my friend." There are many unique situations, and every home sale is different. That being said, the following items are the most common, and relate to the majority of home sales.

These items are what we'll be discussing in further detail:

- *Title Agency & EMD*
- *Inspection(s)*
- *Appraisal*
- *Title Search and Title Insurance*
- *Final Walk Through*
- *All Things Closing*

### **Title Agency & EMD**

Your REALTOR® (who is also known as the listing agent in this transaction) typically designates the title agency which will be used. NHTSR has relationships with many title agencies in multiple counties to cover you wherever your home may be sold. Your REALTOR® will provide a copy of the fully executed contract to the title agent (aka the closing agent). Your REALTOR® will have

previously given the title agent a copy of the original listing agreement (signed between you, your agent, and NHTSR). This previously would have prompted the title agent to create a file for this sale. Now, the fully executed sales contract is the new file which will trigger the closing agent to begin actively working the file from here until close.

Also happening within the first 72 hours after contract, the buyer's agent (or buyer themselves) delivers agreed upon escrow deposit (often referred to as an Earnest Money Deposit) to the title agency.

### **Inspection(s)**

The buyer's agent sets up inspections. These are not mandatory and are completely the buyer's choice. They are also the buyer's expense. The most common is the general home inspection itself. We only recommend working with licensed home inspectors or licensed General Contractors. These inspections can vary in length depending on age, size, and condition of home. They typically last from 1 to 3 hours, and the inspector prepares a written report within 48-72 hours.

The inspector may check every inch of the house, both inside and out. From our experience, the inspectors focus a lot on the following:

*HVAC, Roof, Attic, Foundation, Windows & Doors, Pool, Eaves and Exterior Façade, Decking, Irrigation systems, Water Heater, Solar Panels, Electric, Smoke Detectors, all items/areas with running water (bathrooms, kitchen, etc), floors and cabinets, and any signs of moisture, or funny smells.*

Depending on the preferences of the buyer, or any special lender requirements, the next most common inspection is a termite/WDO/pest inspection. Along with that, the buyer may elect, at their expense, for any other number of inspections during the inspection period.

*This next part is very important – if you know of any areas of your home which you feel are in need of repair, please let your agent know. They may want to review the items with you and may suggest making repairs prior to the inspections occurring.*

*\*Please note: the number of days for inspection period defaults to 15 in Florida (if left blank on the standard FAR "AS IS" contract), but the number of days is negotiable during the initial offer and counteroffer period. The number of days is very important as it is the amount of time the buyer has to inspect the home and decide whether or not to move forward with the sale, without penalty of losing their EMD.*

*\*Your REALTOR® can go over "as is" contracts versus other types, which are less commonly used contracts, should the need arise.*

### **Appraisal**

A lot of agents will refer to appraisal and financing as the last major hurdle before getting to the finish line. So why do I need an appraisal? Before I answer that question, let me take a step back.

Not sure if you knew this or not, but basically, there are two types of buyers. There are those who have enough cash saved that they do not need to borrow any money, and then there are the rest of us who take out a loan.

If the buyer is 100% cash, an appraisal is optional to them. Many cash buyers work with only elite REALTORS®, like our agents at NHTSR, who are very knowledgeable on market conditions. These buyers may elect to save the money and not purchase an appraisal as they are confident in their REALTORS® value assessment of the home they are buying.

For the majority of sales, the buyer will require a loan. In these situations the lender will arrange for a licensed professional appraisal. This cost is paid by the buyer. The lender requires an appraisal to ensure that the amount of money they are loaning the buyer is equal to, or less than, the value of the home. (*This is the simplified version of financing – we go deeper into that topic during our buyer's steps to close series*). The appraiser uses the values of comparable property sales, as well as many other variables specific to your home. All of those items are calculated and an appraised value will be issued.

Choose your own adventure:

- The house appraises at, or above, the sales price...
  - YAAAAAY, you are not eaten by the monster under the bridge!
  - Your good to go to the next steps up to close!
  
- The house appraises below the sales price...
  - “NOOOOO” you scream as the monster starts shaking the bridge ...
  - Don't worry though, your REALTOR® is here to help you fight the mean bridge monster if this happens. They (your agent, not the bridge monster) will walk you through the options. In a nutshell, you will either agree to lower the sale price, the buyer will agree to pay the difference out of pocket, the sale will fall through, or the appraisal may be challenged.

### **Title Search and Title Insurance**

The closing agent will order what is called a “title search”. This is where a company will officially review all the public records to make sure everything is on the up and up for the buyer. They check to make sure you, the seller, are the legal owner of the property, and that you have the right to sell the property free and clear. They check to make sure there are no claims, judgments, or liens on the property. Your agent can go into further detail with you on this topic, should you have questions specific to your home. If the title agent finds issues, they must be resolved for the sale to move forward.

So why do I need title insurance when I have homeowner's insurance already? Seems like a scam to me! Whoa, pump your brakes cowboy. They are not the same thing. Homeowner's insurance helps protect you in events like fires or hurricanes, etc. Title insurance actually protects you against the ghosts of Christmases past. Ok, so it doesn't actually cover against ghosts. But it does cover against past events affecting your home.

Let's look at an example: You are selling your home and the title search finds a lien filed against your home for an unpaid construction bill from two years ago. You didn't have any construction done on your home two years ago. You will not be able to move forward with the sale until this is cleared up.

Title Insurance is also here to provide future protection in the opposite of this situation – where the construction lien actually was correct, but unfortunately it was a lien from the owner before you! And the title search from your purchase of the home did not uncover it. But luckily, you have title insurance! So you are typically covered for situations like this.

### **Final Walk-through**

The final walk-through typically will occur 24 hours before closing, or morning of the closing (at the latest). The buyer and their agent will walk the property one last time to make sure everything is in the agreed upon condition. They will check that any required maintenance or repair items have been completed. They also want to make sure that the property is clear of all possessions, unless other arrangements have been made. If everything is not the way it was supposed to be per contract, the closing may be delayed.

### **All Things Closing**

So what exactly is a “closing”? Everyone uses the word to describe different things and I'm confused! Don't worry, it can be confusing. Let me try to simplify it. Closing is actually the stage during the sales process when money and documents exchange hands in order to convey ownership of the property from seller to buyer. The entire closing process is all of the steps which were outlined and agreed upon in the sales contract that must happen before the closing date.

The closing date is the date ownership is officially transferred. At the closing table, typically seller goes first. You will sign a boatload of paperwork (maybe literally – it would depend on the size of the boat). One of the main documents you sign will be the deed to the property. Don't be afraid to ask your attorney or escrow agent about any documents you don't understand. You have the right to know what you're signing. And guess what, NHTSR has an attorney on staff!

The closing can take place at a variety of places. The most common would be at the title agency, or your attorney's office. The seller may also sign remotely, in certain situations. Check with your agent or attorney for further details.

So what do you need to bring to the closing with you? That's a great question; I am glad you asked! Actually - not much. You need your government issued photo ID (like your license), any keys and garage door openers to the property, and any special documents you are told to bring (for instance, you and buyer agreed that you'd pay to have the AC serviced prior to close, and you need to bring this paid invoice receipt).

**BUT WAIT THERE'S MORE...** What the ... my closing is delayed?! What happened?

Don't worry, this is very common. The National Association of REALTORS® reports that almost one out of every 3 closings is delayed. There are several factors that could cause a delay. One of the most common is financing and underwriting. Sometimes the loan simply isn't ready on time. The seller and buyer agree to push the close date out and then we wait a little longer. Appraisals, inspections, and other things we've discussed in this article can contribute to closing delays.

Ok, so we're back on and ready to close. So how much money and I am making again? As a standard at NHTSR, we provide estimated seller's net proceeds files right up front. We go over the target sales price and provide an estimated list of costs you can expect to pay at closing. According to Realtor.com, closing costs typically average between 1 to 7 percent of the home's sale price, typically split between both parties. On average, the home seller usually pays between 1 to 3 percent of the final sale price.

The last thing to remember is each side has responsibilities to fulfill during the close phase. As the sellers, you need to remove all your possessions. Don't leave your trash to be cleaned up by the person giving you probably hundreds of thousands of dollars to buy your house. If you told the buyer you'd do something, do it. Replace the light bulbs or fix the fridge handle ... whatever it was that you and the buyer agreed to – do it. And clean the house one last time. You don't need to scrub every inch, but typically acceptable is "broom-swept", and in the same condition it was when the buyers saw the property.

### **IS THAT IT??**

Yes, that's it! Once you've signed everything, and then the buyer has signed everything, the funds will be disbursed. The buyer will officially own the property. And now you throw that big, fancy party where you celebrate the awesome job done by the greatest Real Estate Brokerage of all time, NextHome Top Shelf Realty. Plus, we ask that you write us one helluva great testimonial for our website! And don't forget to post the heck out of it all over social media. #topshelfrealtygroup #doesyourREALTORdothat