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Step 8: The Closing Process

Congratulations! You've successfully applied for your mortgage, completed the home inspection, and signed your Purchase and Sale agreement. The last remaining step is the closing.

The loan closing is attended by you, your Realtor and attorney; the seller and/or his or her representatives; and representatives from the lender; During the closing, paperwork is completed to transfer ownership of the property from the seller to the buyer and all monies are exchanged. While this can be a stressful undertaking, preparation can ensure that all goes well.

How do I prepare?

Conduct a walk-through or final inspection of the premises within 24 hours of closing to ensure that the property is in an acceptable, move-in condition.

If a problem with the house is discovered after the closing, you have no recourse against the seller. Therefore, it's important to take a serious look at the property during the walk-through.

What do I bring to the closing?

The lender's attorney will provide instructions on what to bring. Generally, you'll need a driver's license or other photo ID, and a certified cashier's check or treasurer's check to cover closing costs. The closing attorney will give you the correct amount prior to closing. A homeowners' insurance policy, binder, and a receipt for the first year's premium is also required.

What happens during the closing?

The closing is the actual purchase transaction where the property is deeded from seller to buyer. This generally takes place in the attorney's office or at the Registry of Deeds; it may also be done at your lender's offices. View our Closing Timeline to learn more.

Among other things, you will be asked to sign a number of documents. Read all documentation before signing, and feel free to ask the closing attorney any questions you may have.

Closing Costs

There are a number of costs associated with closing the loan and finalizing the purchase of your new home. Consult your attorney for review and confirmation of your HUD-1 Statement, which itemizes all the costs associated with closing your loan.

The following standard costs are associated with the closing:

- Downpayment
- Any points involved in the transaction (1 point = 1% of the loan amount)
- Attorney fees
- Title search (a check of the title records to ensure that the seller is the legal owner of the property and that there are no liens or other claims outstanding)
- Title insurance (to protect the lender and/or the buyer against loss arising from disputes over ownership of a property)
- Municipal lien search (to determine that there are no outstanding legal claims against the property that must be paid when the property is sold)
- Appraisal
- Credit report and a certified plot plan
- A full-year insurance binder
- Recording fees and transfer charges
- Prepaid interest due on the mortgage for the month in which you are closing the loan
- The first year's mortgage insurance premium, unless you have chosen to finance on a monthly basis

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