



PURCHASES AND SALES OF HOMES

**PREPARATION FOR CLOSING
CLOSING
POST CLOSING MATTERS**

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I. Post- Contract Closing Preparation

- As Buyer's Attorney:
 - Create a tickler and closing checklist
 - Be aware of time frames for contingencies, inspections, etc.
 - Get an extension if they can't be met
 - Order Title Report; send to parties
 - Review Title Report and send title objection letter to Seller's attorney if required
 - Order survey inspection/update or new survey
 - Review survey and survey reading



Post-Contract Closing Prep (cont'd)

- Review Mortgage Commitment; send to Seller's attorney
- Confirm all Conditions met
- Note expiration dates of Commitment, Rate-Lock
- Confirm Coop or Condo Board Application completed and submitted
- Request assignment of Seller's mortgage



Post-Contract Closing Prep (cont'd)

- As Seller's Attorney:
 - Review Title Report
 - Check Schedule A; Schedule B
 - Mortgage Schedule
 - Confirm all conditions and obligations of seller have been met
 - Obtain new C/O or re-sale C/O, if required
 - Termite certification
 - Letter from a pool company



Post-Contract Closing Prep (cont'd)

- Condo: Obtain waiver of right of first refusal
Common charge letter
- Coop: Confirm board application and approval
- Confirm Stock & Lease to be delivered at Closing
- Order mortgage payoff statement
- Order a final water meter, fuel oil and propane reading
- Obtain Boundary Line Agreement if necessary



II. Closing Preparation

- Schedule the Closing
 - Real Estate: House/Condo: Buyer, Seller, Lender's Attorney, Title Company, Managing Agent, Brokers
 - Coop: Buyer, Seller, Lender's Attorney, Managing Agent, Payoff Bank, Brokers
 - Time is of the Essence



Closing Preparation (cont'd)

- As Buyer's Attorney:
 - Confirm Coop Board Approval/ Condo Waiver
 - Prepare closing statement
 - Confirm closing adjustments
 - Obtain check breakdown
 - Obtain net funding figures
 - Confirm Purchaser has insurance
 - Obtain title bill



Closing Preparation (cont'd)

- Comply with TRID (Tila Respa Integrated Disclosure Rule) – advise lender's attorney of all fees, for both Seller and Purchaser.
- Review Closing Disclosure (to be received at least 3 business days prior to closing) with Purchaser.
- Advise client of bank checks to be delivered at Closing:
 - Balance of purchase price (as adjusted)
 - Title charges (mansion tax; mortgage tax)



Closing Preparation (cont'd)

- As Seller's Attorney:
- Obtain Updated Mortgage Payoff
- Prepare Closing Statement
 - Adjustments of:
 - Real Estate Taxes
 - Common Charges/Maintenance
 - Homeowner's Association Dues
 - Security systems or other services
 - Rents/Security Deposit

FINANCIAL STATEMENT

	<u>Credit Seller</u>	<u>Credit Purchase</u>
Purchase Price	\$1,365,000.00	
Downpayment		\$136,500.00
Adjustment for School Tax paid by Purchaser covering period from 7/01/16 – 6/30/17 in the amount of \$17,839.57 ÷ 365 = \$48.88 x 64 days		3,128.32
Adjustment for Town Tax paid by Seller covering period from 1/01/16 – 12/31/16 in the amount of \$4,521.08 ÷ 365 = \$12.39 x 120 days	1,486.80	
Adjustment for Village Tax paid by Seller Covering period from 6/1/16 – 5/31/17 in The amount of \$3,686.77 ÷ 365 = \$10.10 x 240 days	2,424.00	
Property Condition Disclosure Credit	_____	<u>500.00</u>
Total Credits to Seller	\$1,368,910.80	<u>\$140,128.32</u>
Total Credits to Purchaser	<u>(\$140,128.32)</u>	
Balance due Seller at Closing	<u>\$1,228,782.48</u>	

The Balance Due Seller was paid as follows:

TO: National Bank by bank check of Purchaser's Lender	\$397,632.13
TO: Seller by bank check of Purchaser's Lender	678,417.65
TO: Seller by bank check of Purchaser	152,732.70
	<u>\$1,228,782.48</u>



Closing Preparation (cont'd)

○ Closing Documents:

○ Contract Documents:

- Deed
- FIRPTA Affidavit – Certification of Non-Foreign Seller
- If Seller is a Foreign Person – Form 8288 & 8288A
- 1099 S
- Corporate documents
- Not-for profit org. - court order/ affidavit
- Purchase Money Note & Mortgage if applicable
- Post-Closing Occupancy Agreement



Closing Preparation (cont'd)

- Tax Documents:
 - TP-584
 - IT 2663 or 2664
 - NYC – RPT (If in NYC)
 - RP-5217 (RP 5217 NYC) Equalization and Assessment form
 - Smoke Detector and Carbon Monoxide Detector Affidavit
 - Automated City Register Information System (ACRIS)
 - Westchester PREP
 - Peconic Bay Preservation Fund, if applicable



Closing Preparation (cont'd)

- Title Documents:
 - Title Affidavits
 - HELOC freeze/cancellation notice
- Seller to bring to Closing:
 - All keys, garage door openers, warranties, instruction manuals, etc.



Closing Preparation (cont'd)

- Both Attorneys
- Confirm client attendance at closing
 - If not, prepare a power of attorney & obtain approvals
- Confirm checks and payees
- Remind clients to bring photo ID and checkbook
- Seller to cancel insurance and utilities as of closing date
- Purchaser to set up utilities in their name



The Walk Through

- Buyer schedules walk through with broker(s)
- Buyer should check everything thoroughly
- Raise any issues as soon as possible



Form of Closing Proceeds

- Bank checks only for balance of proceeds
- Attorney trust OK for brokers' commission and title
- Cash (up to \$1,000)



III. The Closing

○ **Seller's Attorney:**

- Check all documents carefully
- Explain documents and payments to clients
- Examine checks - confirm amounts and names of payees
- Seller deliverables: keys, certificates, warranties, etc.
- Pay title bill
- Disburse down payment



The Closing (cont'd)

○ Buyer's Attorney:

- Check all documents carefully
- Get copies of all documents (2 Deeds)
- Make sure all checks are correct
- Remember to collect \$500 PCDA credit
- Collect smoke & carbon monoxide detector affidavit
- FIRPTA Affidavit
- Get marked up title report/title policy
- Get keys
- Pay title bill
- Gratuity to title closer



The Closing (cont'd)

- **Issues at Closing:**
 - Cash at Closing
 - Damage to House/Apartment
 - Title Issues Requiring Escrow



IV. Post Closing

- Recording of Documents
- Getting paid
- Prepare a closing binder
- Remind client of timelines for real estate taxes
- Remind buyer to apply for STAR
- File 1099



V. Conclusion

- Be calm
- Be careful
- Be professional
- Be prepared