

COMMON HURDLES

in the Home Closing Process



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Title & Escrow, Inc.

The real estate contract has been signed and now it's time for the closing process to begin. It generally takes 30-60 days to close on a home, but it's possible you may encounter hurdles that cause delays. Don't worry - they're more common than you might think! Even the most straightforward transactions rely on the timing of multiple parties and involve numerous steps, so delays can happen. We've compiled a list of some of the most common closing hurdles that can create such delays:

- 1 LENDER UNDERWRITING DELAYS:** During the loan process, a loan file may come back from the underwriter with conditions that need to be met before the file can be finalized. Common conditions include but are not limited to: recent high-dollar credit card purchases; down payment verification; insufficient income; concerns with employment history; changes in employment during the escrow process; and an additional cash reserve requirement. Meeting these conditions can often cause delays. To prevent delays, verify your credit ratings, make sure you have enough money in the bank and spend time learning about the financial requirements for the mortgage loan you intend to utilize long before you begin the closing process. It's also critical to have continuous communication with your loan officer in order to address any issues as soon as they arise.
- 2 ISSUES WITH THE APPRAISAL:** If you're obtaining financing to purchase your home, your lender will most likely require an independent appraisal of the property to calculate its fair market value - even if you and the seller agree on the sales price. If there is a significant difference between the appraised value and the sales price, the buyer may have to secure additional financing to obtain the home. This could mean a larger down payment. In any case, appraisal issues can cause delays in the closing process.



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- 3 HOME INSPECTION CONCERNS:** Although not required, a third-party home inspector is often retained by the buyer to provide a professional assessment of various features of the home, such as the roof; the foundation; and the HVAC, electrical and plumbing systems. The assessment provides a list of items that may be damaged or present safety hazards. Once the inspection is complete, a full report is provided listing items that may require attention, such as a leaky roof, termites, uneven floors and signs of water damage. If the home inspection has an extensive list of issues, the buyer could potentially back out of the sale, if a written contingency is in place permitting this. On the other hand, the buyer may require the seller to fix the issues or negotiate a price reduction to account for needed repairs. Either way, navigating through any home inspection issues may cause delays in the closing process.
- 4 ERRORS IN LOAN DOCUMENTS:** Errors in loan documents can lead not only to delays, but unexpected costs to the borrower. Mistakes in loan documents can range from minor typos to more significant issues, like missing pages or improper loan amounts. Since everything needs to be in order before closing, these mistakes can delay the process by a few hours or even days. Reviewing all documents sent by your lender in a timely manner and reporting mistakes immediately can help mitigate delays.
- 5 TITLE DEFECTS:** A title search is performed to find out if the title to the property is clear of any potential errors in the public records that can be addressed during the closing. Yet, even after the most meticulous title search, hidden title defects may remain that you may not learn about until months or even years after purchase. Title insurance exists to help protect your property rights from covered title defects long after you've bought your home.
- 6 WALKTHROUGH SURPRISES:** About a week before closing, some buyers may request a final walkthrough of the property. During this time, buyers may find issues that were not previously noted. For instance, the buyer may discover that walls have been damaged by the movers, or there is a significant discoloration in the flooring now that the seller's furniture has been removed. The aftermath of a walkthrough may require more time for both parties to negotiate how to address new issues or repairs that may have been overlooked.
- 7 SCHEDULING CONFLICTS:** The closing procedure may be delayed if there is a scheduling conflict by any of the parties – the buyer, seller, or notary. It is important for buyers and sellers to immediately disclose plans to travel out of town during the closing process with their closing agent.



The best strategy to overcome closing hurdles is to remain calm; stay organized and maintain frequent communication with your loan officer, closing agent and real estate professional.

By taking this approach, you will aid in fostering a smoother closing process.

FOR MORE INFORMATION ABOUT THE CLOSING PROCESS, CONTACT OUR OFFICE TODAY!