

# The Law Offices of Jeffrey P. Ferrier

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**Reply to: Holmdel**

## YOUR CLOSING: WHAT TO EXPECT

**I have found that it is best to provide a brief synopsis of the home purchase process so that you know what to expect. Hopefully this will help answer some of your questions. Obviously, if you have additional questions we are here to answer those for you.**

### Summary of events leading to closing:

- 1. Attorney Review** –This is an approximately 3-day period of time after the contract is signed when the lawyers will propose certain changes to the contract. Either side can cancel the contract during this time. By the time you get this letter attorney review will be finished.
- 2. Deposit**—Typically you have already paid a deposit of \$1,000 to your realtor. Within a few days after the end of attorney review you will pay the second deposit. The amount and date is stated in the contract. This can be sent to the realtor made payable to the Seller's attorney's trust account.
- 3. Inspections**—Within 10 days after the end of attorney review you should hire an inspector to conduct a home inspection of the house. This should include a structural inspection, termite inspection and radon inspection along with any other inspections that the particular property may be required. For example, a house with a septic system should have that checked. A house with an oil tank should have that inspected. Your realtor can provide you with the names of local home inspectors or you can find them in the phone book. Once the report is prepared a copy should be sent to my office and we will go over it with you and request that the seller make any necessary repairs. During the inspection, you should ask the home inspector about other items that may need to be inspected, this could include things like stucco siding, oil or other underground tanks, septic systems, wells, radon, asbestos, lead paint etc.
- 4. Mortgage:** Once the contract comes out of attorney review you should begin working on your loan. The contract contains a mortgage commitment date. This is the date that my office needs a copy of the commitment from your lender. Your lender must provide me with a commitment on time so I can get it to the Seller's attorney. After we get the commitment we will coordinate the closing date and time with the lender.

5. **Title Insurance and Survey--** We will order title insurance and a survey (if necessary). The title insurance is required by your lender and is a one-time insurance policy that remains in effect for as long as you own the property. The cost depends on the price of the house (for example a \$300,000 house will cost approx. \$1750 and a \$500,000 will cost approx. \$2500 for title insurance).
6. **Closing of title-** We make every effort to close the house on the date set out in the contract and we coordinate this date with the seller's attorney. The closing date is subject to your lender's approval. If you need to change that date please let us know as soon as possible. Typically the closing will take place in my office. We will call you either the afternoon before or the morning of the closing (again depending on your lender) and provide you with the amount that you need to bring to the closing (if any). **You will have to bring a BANK or CERTIFIED check for this amount.**
7. **Closing Costs:** Unfortunately I cannot tell you exactly what your closing costs will be because many of the costs come from the lender. However, as a very general rule of thumb, the closing costs will include the following items:
  - a. **Lender costs: application, appraisal, points etc... You should get a good faith estimate from lender to compare their costs.**
  - b. **Pre-paid property taxes (assume one quarter of the annual prop. tax bill)**
  - c. **Title insurance (depends on the price of the house but approx. \$2500)**
  - d. **Survey (\$500-\$750 could be more depending on the size of the property.)**
  - e. **Recording costs charged by County Clerk --\$400.**
  - f. **Attorney fee**
  - g. **Condo/Homeowner's fees (if applicable)**

As a very general rule of thumb, I tell people to budget approx. \$7500-\$9000 for closing costs if they are not paying any points with their loan. Keep in mind that the closing costs may be higher or lower depending on the price of the house and the loan terms.

**Also, you will be hearing from my paralegal, Lori at Denise's paralegal services. They work with my office to help facilitate a smooth closing. If you cannot reach me for any reason, you can call Lori at (732) 566-0881.**