



HOME BUILDERS ASSOCIATION
of Dayton

Eight Good Tips For a Headache-Free Closing

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A couple of weeks ago you read in this column how and when to prepare to build your new home. Now it's time to consider a few very important things that may weigh heavy on your mind when the light at the end of the new home building and buying tunnel is visible.

When your loan has been approved and the house is officially under contract. Only time and the construction process separates you from closing on your new home.

Before you can throw out the welcome mat, however, there are still a few hurdles to jump. The decisions you make between the signing of the contract and closing can delay, impede and even stop the transaction completely, creating one monstrous headache along the way.

Here are eight good tips that will reduce your need for aspirin.

Stay in you current job. Keep you employment stable unless it's absolutely necessary to make a job change. Lenders like to see a consistent work history and changing employers can cause uncertainty. Likewise avoid a change to self-employment

Wait to move money around. Moving money around between checking and savings accounts, money markets, stock or even retirement accounts – even if you are just consolidating funds – may exasperate your lender.

Hold major purchases until AFTER closing. Why? The most important reason is to stabilize your debt-to-income ratio – the percentage of monthly gross income (before taxes) you spend on housing, credit cards, student loans, installment debt and car payments.

Use a third party to manage a FSBO account. Many war stories have been told about For Sale By Owner (FSBO)

sellers who spent “good faith” deposits prior to closing. When the transaction is canceled for valid reasons, buyers then have to battle for a refund. A better choice is to escrow this money with a bank or attorney.

Keep your emotions in check. While you may have fallen head-over-heels for your new home, be careful not to let Cupid’s arrow lead you astray. Buying a house is a business transaction, and you must have a cool head throughout the entire deal. For existing homes, try not to be so enamored that you ignore major repairs that you can’t afford. On the other hand, avoid the urge to walk away from a terrific home because of a seller’s refusal to make a minor repair.

Work with builders and be realistic. Be proactive with your builder. If you are involved and responsive – especially with decisions on colors, carpet and fixture selections, etc. – you will have established a good working relationship.

Estimate closing costs well in advance. Always have sufficient funds for closing, as well as additional funds to cover unanticipated costs. Keep in close contact with your lender so you understand his or her requirements and know what to expect on closing day.

Consider hiring representation. In most cases, the seller will be represented by a broker who is concerned primarily with the seller’s interests. If you are in the least bit concerned about your ability to handle the closing yourself, retain good representation on closing day – either your broker, or attorney or both. In any event, you want to be certain that all bases are covered and no details are missed.

Following these simple tips will allow you to keep the bottle of aspirin in your medicine cabinet where it belongs.